

MEMO# 27429

July 31, 2013

ICI Jointly Submits Letter to Congress Supporting Amendment Regarding Eminent Domain

[27429]

July 31, 2013

TO: FIXED-INCOME ADVISORY COMMITTEE No. 19-13

SEC RULES MEMBERS No. 74-13

INVESTMENT ADVISER MEMBERS No. 56-13

CLOSED-END INVESTMENT COMPANY MEMBERS No. 67-13 RE: ICI JOINTLY SUBMITS LETTER TO CONGRESS SUPPORTING AMENDMENT REGARDING EMINENT DOMAIN

On July 29, ICI, along with several other trade associations, submitted a letter to Congress recommending support of an amendment to the Transportation and HUD Appropriations Act for Fiscal Year 2014 ("Appropriations Act") that would prohibit the Federal Housing Administration ("FHA") from insuring residential mortgages seized through eminent domain. The letter, which is attached, explains that the amendment has become necessary because numerous communities across the country are considering a plan developed by a venture capital firm that envisions using a municipality's eminent domain power to acquire performing but underwater mortgage loans held in private-label mortgage-backed securities ("PLS") and then insuring the new loans through the Federal Housing Administration FHA. * The letter asserts that using the power of eminent domain in this manner would harm the nation's housing markets and the very communities it is intended to help.

The letter states that using the power of eminent domain to abrogate a contractual agreement between borrower and creditor would have significant and lasting negative effects on existing and future homeowners and ordinary investors. It urges Congress' support for this amendment to the Appropriations Act to ensure that taxpayers do not bear the cost of this arguably unconstitutional scheme.

Sarah A. Bessin
Senior Counsel

[Attachment](#)

endnotes

[*] See also ICI Memorandum No. 27397 (July 22, 2013), available at http://www.ici.org/my_ici/memorandum/memo27397.

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.