

U.S. Rep. John Campbell, R-Irvine, introduced federal legislation Thursday aimed at blocking local governments across the nation from using eminent domain to seize underwater mortgages.

The Defending American Taxpayers from Abusive Government Takings Act, or H.R. 6397, would prohibit the nation's top four mortgage lenders - Fannie Mae, Freddie Mac, the Federal Housing Administration and the Veteran's Administration - from purchasing or guaranteeing loans in counties or cities that use eminent domain to seize underwater mortgages.

"Those four entities make or guarantee 97 percent of all home loans in the U.S. today," Campbell said Friday. "If any city or county does this, no one in that city or county would be able to get a loan in the future. It would eliminate the ability for most people to get loans."

San Francisco investment firm Mortgage Resolution Partners has pitched to cities and counties across the nation hardest hit by the subprime mortgage crisis a proposal to use eminent domain to seize underwater mortgages held in private-label mortgage backed securities, which are held in trust but bundled and sold in bulk to private investors.

San Bernardino County, with roughly 150,000 of its households underwater on their mortgages, is the first to have taken any formal action on the proposal, having formed a joint powers authority with the cities of Ontario and Fontana to consider the plan and any others that are proposed.

And that action sparked a national buzz and blowback from Wall Street and the mortgage industry, which have joined forces to kill the proposal before it becomes a reality. Next week, the Mortgage Bankers Association (MBA) is hosting a half-day symposium in Washington D.C. on the issue, where **Campbell** will be among the featured guest speakers.

"We are surprised that a member of Congress who has regularly obstructed would-be federal responses to the ongoing mortgage crisis that continues to block national economic recovery now would attempt to interfere at the federal level with state and local efforts to solve the

problem," said Steven Gluckstern, chairman of Mortgage Resolution Partners, in a statement Friday. "We are yet more surprised - indeed we are astonished - that this same member of Congress opposes a market-based solution to the problem such as that which San Bernardino and other counties are contemplating. Also, we are surprised that he believes this solution involves any taxpayer expense at all. It doesn't."