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112TH CONGRESS
2D SESSION

H. R. 6397

To prohibit Fannie Mae and Freddie Mac from purchasing, the FHA from insuring, and the Department of Veterans Affairs from guaranteeing, making, or insuring, a mortgage that is secured by a residence or residential structure located in a county in which the State has used the power of eminent domain to take a residential mortgage.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 13, 2012

Mr. CAMPBELL introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Veterans' Affairs, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To prohibit Fannie Mae and Freddie Mac from purchasing, the FHA from insuring, and the Department of Veterans Affairs from guaranteeing, making, or insuring, a mortgage that is secured by a residence or residential structure located in a county in which the State has used the power of eminent domain to take a residential mortgage.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 Such term includes a first mortgage loan or any subordi-
2 nate mortgage loan.”.

3 (b) FREDDIE MAC.—Subsection (a) of section 305 of
4 the Federal Home Loan Mortgage Corporation Act (12
5 U.S.C. 1454(a)) is amended by adding at the end the fol-
6 lowing new paragraph:

7 “(6)(A) Notwithstanding any other provision of law,
8 the Corporation may not purchase any mortgage that is
9 secured by a structure or dwelling unit that is located
10 within a county that contains any structure or dwelling
11 unit that secures or secured a residential mortgage loan
12 that the State (or the District of Columbia, the Common-
13 wealth of Puerto Rico, or any territory or possession of
14 the United States), including any agency or political sub-
15 division thereof, obtained during the preceding 120
16 months by exercise of the power of eminent domain.

17 “(B) For purposes of this paragraph, the term ‘resi-
18 dential mortgage loan’ means a mortgage loan that is evi-
19 denced by a promissory note and secured by a mortgage,
20 deed of trust, or other security instrument on a residential
21 structure or a dwelling unit in a residential structure.
22 Such term includes a first mortgage or any subordinate
23 mortgage.”.

} as defined
in Chapter

1 (1) IN GENERAL.—Chapter 37 of title 38,
2 United States Code, is amended by adding after sec-
3 tion 3736 the following new section:

4 **“SEC. 3737. PROHIBITION RELATING TO USE OF POWER OF**
5 **EMINENT DOMAIN.**

6 “(a) PROHIBITION.—The Secretary may not guar-
7 antee, make, or insure a loan under this chapter if such
8 loan is for a residence that is located within a county (or
9 trust land with respect to a loan under subchapter V) that
10 contains any residence that secures or secured a residen-
11 tial mortgage loan that the State, including any agency
12 or political subdivision thereof, obtained during the pre-
13 ceding 120 months by exercise of the power of eminent
14 domain.

15 “(b) DEFINITIONS.—In this section:

16 “(1) The term ‘residential mortgage loan’
17 means a mortgage loan that is evidenced by a prom-
18 issory note and secured by a mortgage, deed of
19 trust, or other security instrument on a residential
20 structure or a dwelling unit in a residential struc-
21 ture. Such term includes a first mortgage or any
22 subordinate mortgage.

23 “(2) The term ‘State’ means each of the several
24 States, the District of Columbia, the Commonwealth
25 of Puerto Rico, any other territory or possession of