



August 16, 2012

VIA FEDERAL EXPRESS AND EMAIL (EMINENTDOMAINOGC@FHFA.GOV)

Federal Housing Finance Agency
Office of General Counsel
400 Seventh Street SW, Eighth Floor
Washington, DC 20024

Re: Use of Eminent Domain to Restructure Performing Loans

To the Office of General Counsel of the Federal Housing Finance Agency:

Thank you for the opportunity to comment on the idea of using eminent domain to restructure performing home loans. This is a proposal that is getting wide publicity and appropriately so. Taking the authority of eminent domain and using this power to abrogate individual mortgage contracts is at the very least irresponsible and likely unconstitutional. The Fifth Amendment to the United States Constitution includes a Takings Clause, which states that "private property [shall not] be taken for public use, without just compensation."

In municipalities where such action is taken, the value of current home properties would likely plummet and future home values put into grave question. In addition, the risk and loss of value in the current and future housing market for investors would mean extremely high mortgage financing to reflect this added mega-risk. The measure of using eminent domain in sum would cause far more harm than any illusional short-term benefit conjured by such an action.

As Chicago Mayor Rahm Emanuel was quoted in the August 14, 2012 Chicago Tribune as saying: "I don't think it's the right way to address the problem" when asked by reporters about the idea. He added: "I don't think it's (in) the power of the city to do, to deal with the housing issue. We have a national issue. I think we have to address the issue. I just don't think that's the right instrument."

Our Nation enjoys the rule of law in which there are set foreclosure procedures. Those laws should be allowed to work so that our mortgage market can operate in an orderly and predictable fashion. The Home Loan Bank of New York recognizes what happened in the past when there were shortcuts to home mortgage finance which in turn proved to be a large cause of today's mortgage housing mess. As a Nation, we have to remember that a home is ultimately a home, not a tradable investment. Homes should not be considered plots of land ripe to be seized by government for the process of short-term political gain.

Very truly yours,

Michael M. Horn
Chairman of the Board of Directors of the
Federal Home Loan Bank of New York