

# HOUSE JOINT RESOLUTION 1

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(PRE-FILED)

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By: **Delegates Stukes and Robinson**

Requested: November 2, 2007

Introduced and read first time: January 9, 2008

Assigned to: Rules and Executive Nominations

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## HOUSE JOINT RESOLUTION

1 A House Joint Resolution concerning

2 **Federal Legislation to Protect Homeowners and Banks**

3 FOR the purpose of urging the United States Congress to enact legislation that  
4 establishes a federal agency authorized to take certain actions with respect to  
5 existing mortgages and speculative debt obligations, declares a moratorium on  
6 home foreclosures, and authorizes the governors of the several states to assume  
7 the administrative responsibilities of implementing the program created by the  
8 legislation.

9 WHEREAS, The ongoing financial crisis involving home mortgages, debt  
10 instruments of all types, and the banking system of the United States threatens to set  
11 off an economic collapse worse than the Great Depression of the 1930s; and

12 WHEREAS, Hedge funds spread this financial collapse among markets  
13 worldwide by dominating speculation in the worldwide markets, and many of those  
14 hedge funds are now going bankrupt and demanding government bailout; and

15 WHEREAS, This financial crisis threatens the integrity of both state and  
16 federally chartered banks, as typified by the run on deposits of Countrywide Financial  
17 Corporation in California in August, 2007; and

18 WHEREAS, This financial crisis could wipe out the life savings of many  
19 Americans and drastically undermine the economic stability of our states and cities;  
20 and

21 WHEREAS, Millions of Americans could face foreclosure and the loss of their  
22 homes over the coming months; and

23 WHEREAS, According to the Maryland Department of Labor, Licensing, and  
24 Regulation, foreclosures in the State, from the second quarter of 2006 to the third  
25 quarter of 2007, increased by 639%; and



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1           WHEREAS, Under similar circumstances in the 1930s, President Franklin D.  
2 Roosevelt successfully intervened to protect banks and homeowners, addressing the  
3 United States Congress with a “declaration of national policy” on April 13, 1933, which  
4 stated “that the broad interests of the Nation require that special safeguards should be  
5 thrown around home ownership as a guarantee of social and economic stability, and  
6 that to protect homeowners from inequitable enforced liquidation in a time of general  
7 distress is a proper concern of the Government”; and

8           WHEREAS, Federal legislation is needed to protect homeowners and banks  
9 from an impending financial crisis by freezing and restructuring existing mortgages  
10 and authorizing the write-off of speculative debt obligations of mortgage-backed  
11 securities, financial derivatives, and other forms of financial pyramid schemes that  
12 have brought the banking system to the point of bankruptcy; and

13           WHEREAS, Federal legislation is needed to impose a moratorium on  
14 foreclosures during a transitional period, during which families will be able to retain  
15 their homes; and

16           WHEREAS, Federal legislation is needed to recapitalize the banking system by  
17 requiring borrowers to make affordable monthly payments, the equivalent of “rental  
18 payments”, to designated banks which can use the funds as capital for normal lending  
19 practices; and

20           WHEREAS, The affordable monthly “rental payments” need to be factored into  
21 new mortgages, facilitating the orderly deflating of the housing bubble, the  
22 establishment of appropriate property valuations, and the reduction of fixed mortgage  
23 interest rates; and

24           WHEREAS, Although the stabilization of the housing and mortgage markets  
25 may take several years, in the interim no homeowner will be evicted from the  
26 homeowner’s property, and federal and state chartered banks will be protected and  
27 can resume their traditional functions; now, therefore, be it

28           **RESOLVED BY THE GENERAL ASSEMBLY OF MARYLAND, That the**  
29 **General Assembly urges the United States Congress to enact legislation that:**

30           (1) establishes a federal agency that will protect federal and state  
31 chartered banks by freezing all existing home mortgages for a period of time, adjusting  
32 mortgage values to fair prices, restructuring existing mortgages at appropriate  
33 interest rates, and writing off speculative debt obligations of mortgage-backed  
34 securities, financial derivatives, and other forms of financial pyramid schemes;

35           (2) declares a moratorium on all home foreclosures for the duration of  
36 a certain transitional period, during which borrowers would make monthly payments  
37 in an amount equivalent to “rental payments” to designated banks; and

38           (3) authorizes the governors of the several states to assume the  
39 administrative responsibilities of implementing the program created by the

1 legislation, with the federal government providing the necessary credits and  
2 guarantees to assure the successful transition; and be it further

3           RESOLVED, That a copy of this Resolution be forwarded by the Department of  
4 Legislative Services to President George W. Bush, The White House, Washington,  
5 D.C. 20500; and to the Maryland Congressional Delegation: Senators Barbara A.  
6 Mikulski and Benjamin L. Cardin, Senate Office Building, Washington, D.C. 20510;  
7 and Representatives Wayne T. Gilchrest, C. A. Dutch Ruppersberger III, John P.  
8 Sarbanes, Albert R. Wynn, Steny Hamilton Hoyer, Roscoe G. Bartlett, Elijah E.  
9 Cummings, and Christopher Van Hollen, Jr., House Office Building, Washington, D.C.  
10 20515.