

HOUSE JOINT RESOLUTION 146

By Towns

A RESOLUTION to urge Congress to implement the Homeowners and Bank Protection Act.

WHEREAS, the onrushing financial crisis engulfing home mortgages, debt instruments of all types, and the banking system of the United States threatens to set off an economic depression worse than the 1930s; and

WHEREAS, millions of American citizens are threatened with foreclosure and loss of their homes over the upcoming months, according to studies released by Realty Trac and Moody's Economy.com; and

WHEREAS, this financial crisis is now threatening the integrity of both state and federally chartered banks, as typified by the run on deposits of Countywide Financial in California during the month of August 2007. Such a banking collapse would wipe out the life savings of American citizens, and drastically undermine the economic stability of our states and cities; and

WHEREAS, in a similar financial crisis in the 1930s, President Franklin D. Roosevelt intervened to protect banks and homeowners: for example, in April 1933, he introduced legislation as a "declaration of national policy...that the broad interests of the Nation require that special safeguards should be thrown around home ownership as a guarantee of social and economic stability..."; now, therefore,

BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE ONE HUNDRED SIXTH GENERAL ASSEMBLY OF THE STATE OF TENNESSEE, THE SENATE CONCURRING, that we hereby endorse the Homeowners and Bank Protection Act and urge quick passage of this vital legislation by the United States Congress.

BE IT FURTHER RESOLVED, that Congressional action must include the following provisions:

(1) The establishment of a federal agency to place the federal and state chartered banks under protection, freezing all existing home mortgages for a period of months or years which would be required to adjust the values to fair prices, and restructure existing mortgages at appropriate interest rates. Further, this action would also write off all of the speculative debt obligations of mortgage-backed securities, derivatives, and other forms of Ponzi Schemes that have brought the banking system to the point of bankruptcy.

(2) During the transitional period, all individual homeowner foreclosures shall be frozen, allowing American families to retain their homes. Monthly payments, the equivalent of rental payments, shall be made to designated banks, which can use the funds as collateral for normal lending practices, thus recapitalizing the banking systems. Ultimately, these affordable monthly payments will be factored into new mortgages, reflecting the deflating of the housing bubble, and the establishment of appropriate property valuations, and reduced fixed mortgage interest rates. This adjustment will take several years to achieve. In the interim period no homeowner shall be evicted from his or her property, and the federal and state chartered banks shall be protected so they can resume their traditional functions, serving local communities, and facilitating credit for investment in productive industries, agriculture, infrastructure, and other prudent financing needs.

(3) State governors shall assume the administrative responsibilities for implementing the program, including the "rental" assessments to designated banks, with the federal government providing the necessary credits and guarantees to assure the successful transition.

BE IT FURTHER RESOLVED, that the Chief Clerk of the House is directed to transmit a certified copy of this resolution with this final clause omitted from such copy to the President of the United States of America; the President and Secretary of the United States Senate; the

Speaker and the Clerk of the United States House of Representatives; and to each member of the Tennessee Congressional Delegation.