

LEGISLATIVE REFERENCE BUREAU

HR 418

RESOLUTION

INTRODUCED September 27, 20 07

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NO. 186

BY Rep. Jewell Williams, SEAT
NO. 197

BY Rep. John Myers, SEAT
NO. 201

BY Rep. Thaddeus Kirkland, SEAT
NO. 159

BY Rep. W. Curtis Thomas, SEAT
NO. 181

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By <u>Rep. Babetz Josephs</u>	Dist. NO. 182	By _____	Dist. NO. _____
By <u>Rep. Tim Mahoney</u>	Dist. NO. 51	By _____	Dist. NO. _____
By <u>Rep. Michael O'Brien</u>	Dist. NO. 175	By _____	Dist. NO. _____
By <u>Rep. Joseph Petrarca</u>	Dist. NO. 55	By _____	Dist. NO. _____
By <u>Rep. Thomas Petrone</u>	Dist. NO. 27	By _____	Dist. NO. _____

A RESOLUTION

1 Memorializing Congress to take emergency action to protect
2 homeowners and banks and enact a Homeowners and Banks
3 Protection Act.

4 WHEREAS, The onrushing financial crisis involving home
5 mortgages, debt instruments of all types and the banking system
6 of the United States threatens to set off an economic collapse
7 worse than the Great Depression of the 1930s; and

8 WHEREAS, Millions of Americans are faced with foreclosure and
9 loss of their homes over the coming months; and

10 WHEREAS, The hedge funds which spread this financial collapse
11 among markets worldwide, by dominating speculation in all those
12 markets, are now going bankrupt and demanding government bailout
13 of their securities and derivatives, and the nominal value of
14 the derivatives based on mortgages alone is the size of the
15 combined GDP of the nations of the world; and

16 WHEREAS, This financial crisis threatens the integrity of
17 both Federal and State chartered banks, as typified by the run
18 on deposits of Countrywide Financial Corporation in California

1 on August 16, which could wipe out the life savings of too many
2 American people and drastically undermine the economic stability
3 of our states and cities; and

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

13 RESOLVED, That the House of Representatives of the
14 Commonwealth of Pennsylvania call upon Congress to take
15 emergency action to protect homeowners and banks by enacting a
16 Homeowners and Banks Protection Act specifically to:

17 (1) Establish a Federal agency to place Federal and
18 State chartered banks under protection, freezing all existing
19 home mortgages for a period of time, adjusting mortgage
20 values to fair prices, restructuring existing mortgages at
21 appropriate interest rates and writing off speculative debt
22 obligations of mortgage-backed securities, financial
23 derivatives and other forms of financial pyramid schemes that
24 have brought the banking system to the point of bankruptcy.

25 (2) Declare a moratorium on all home foreclosures for
26 the duration of the transitional period, allowing families to
27 retain their homes. Monthly payments, the equivalent of
28 "rental payments," shall be made to designated banks, which
29 can use the funds as collateral for normal lending practices,
30 thus recapitalizing the banking system. These affordable

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1 monthly payments will be factored into new mortgages,
2 reflecting the orderly deflating of the housing bubble, the
3 establishment of appropriate property valuations and reduced
4 fixed mortgage interest rates. While this may take several
5 years to achieve, in the interim period no homeowner shall be
6 evicted from his or her property, and the Federal and State
7 chartered banks shall be protected so that they can resume
8 their traditional functions, serving local communities and
9 facilitating credit for investment in productive entities.

10 (3) Authorize governors of several states to assume the
11 administrative responsibilities for implementing the program,
12 including the "rental" assessments to designated banks, with
13 the Federal Government providing the necessary credits and
14 guarantees to assure the successful transition;
15 and be it further

16 RESOLVED, That a copy of this resolution be transmitted to
17 the President of the United States and to each member of the
18 Pennsylvania Congressional delegation for immediate action.