



HR0761

LRB095 13961 AJO 39773 r

1

HOUSE RESOLUTION

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

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

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

14 WHEREAS, This financial crisis threatens the integrity of
15 both Federal and State chartered banks, as typified by the run
16 on deposits of Countrywide Financial Corporation in California
17 on August 16, which could wipe out the life savings of too many
18 American people and drastically undermine the economic
19 stability of our states and cities; and

20 WHEREAS, Under similar circumstances in the 1930s,
21 President Franklin D. Roosevelt successfully intervened to

1 protect banks and homeowners, addressing Congress with a
2 "declaration of national policy" on April 13, 1933, which
3 stated "that the broad interests of the Nation require that
4 special safeguards should be thrown around home ownership as a
5 guarantee of social and economic stability, and that to protect
6 homeowners from inequitable enforced liquidation in a time of
7 general distress is a proper concern of the Government";
8 therefore, be it

9 RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE
10 NINETY-FIFTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, that we
11 call upon Congress to take emergency action to protect
12 homeowners and banks by enacting a Homeowners and Banks
13 Protection Act specifically to:

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

23 (2) Declare a moratorium on all home foreclosures for
24 the duration of the transitional period, allowing families
25 to retain their homes. Monthly payments, the equivalent of

1 "rental payments", shall be made to designated banks, which
2 can use the funds as collateral for normal lending
3 practices, thus recapitalizing the banking system. These
4 affordable monthly payments will be factored into new
5 mortgages, reflecting the orderly deflating of the housing
6 bubble, the establishment of appropriate property
7 valuations and reduced fixed mortgage interest rates.
8 While this may take several years to achieve, in the
9 interim period no homeowner shall be evicted from his or
10 her property, and the Federal and State chartered banks
11 shall be protected so that they can resume their
12 traditional functions, serving local communities and
13 facilitating credit for investment in productive entities;
14 and

15 (3) Authorize Governors of several states to assume the
16 administrative responsibilities for implementing the
17 program, including the "rental" assessments to designated
18 banks, with the Federal government providing the necessary
19 credits and guarantees to assure the successful
20 transition; and be it further

21 RESOLVED, That suitable copies of this resolution be
22 delivered to the President of the United States and to each
23 member of the Illinois congressional delegation for immediate
24 action.