

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009**

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SENATE JOINT RESOLUTION DRSJR75048-ME-22 (2/11)

Sponsors: Senator Shaw.

Referred to:

1 A JOINT RESOLUTION SUPPORTING THE IMPLEMENTATION OF THE
2 HOMEOWNERS AND BANK PROTECTION ACT.

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

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

9 Whereas, this financial crisis is now threatening the integrity of both state and
10 federally chartered banks, as typified by the run on deposits of Countrywide Financial in
11 California during the month of August 2007; and such a banking collapse would wipe out the
12 life savings of American citizens and drastically undermine the economic stability of our states
13 and cities; and

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

19 Be it resolved by the Senate, the House of Representatives concurring:

20 **SECTION 1.** The General Assembly hereby endorses the Homeowners and Bank
21 Protection Act. This crisis is such that it requires emergency action to keep people in their
22 homes and to avert social chaos. Action must include the following provisions:

- 23 (1) A federal agency should be established to place the federal and state
24 chartered banks under protection, freezing all existing home mortgages for a
25 period of months or years which would be required to adjust the values to
26 fair prices, and restructure existing mortgages at appropriate interest rates.
27 Further, this action would also write off all of the speculative debt
28 obligations of mortgage-backed securities, derivatives, and other forms of
29 Ponzi Schemes that have brought the banking system to the point of
30 bankruptcy.
- 31 (2) During the transitional period, all individual homeowner foreclosures should
32 be frozen, allowing American families to retain their homes. Monthly
33 payments, the equivalent of rental payments, should be made to designated
34 banks, which can use the funds as collateral for normal lending practices,
35 thus recapitalizing the banking systems. Ultimately, these affordable
36 monthly payments will be factored into new mortgages, reflecting the
37 deflating of the housing bubble, the establishment of appropriate property



1 valuations, and reduced fixed mortgage interest rates. This adjustment will
2 take several years to achieve. In the interim period no homeowner should be
3 evicted from his or her property, and the federal and state chartered banks
4 should be protected so they can resume their traditional functions, serving
5 local communities, and facilitating credit for investment in productive
6 industries, agriculture, infrastructure, and other prudent financing needs.

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

11 **SECTION 2.** The Principal Clerk shall transmit a certified copy of this resolution
12 to each member of the North Carolina congressional delegation and to the President of the
13 United States for immediate implementation.

14 **SECTION 3.** This resolution is effective upon ratification.