

House Concurrent Resolution No. 8

95TH GENERAL ASSEMBLY

0641L.011

1 **Whereas**, the onrushing financial crisis involving home mortgages, debt
2 instruments of all types, and the banking system of the United States threatens to set off an
3 economic collapse worse than the Great Depression of the 1930s; and
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5 **Whereas**, millions of Americans are faced with foreclosure and loss of their homes
6 over the coming months; and
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8 **Whereas**, the hedge funds which spread this financial collapse among markets
9 worldwide by dominating speculation in all those markets are now going bankrupt and
10 demanding government bailout of their securities and derivatives, and the nominal value of the
11 derivatives based on mortgages alone is the size of the combined GDP of the nations of the
12 world; and
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14 **Whereas**, this financial crisis threatens the integrity of both federal and state
15 chartered banks, as typified by the run on deposits of Countrywide Financial Corporation in
16 California on August 16, 2007, which could wipe out the life savings of too many American
17 people and drastically undermine the economic stability of our states and cities; and
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19 **Whereas**, under similar circumstances in the 1930s, President Franklin D.
20 Roosevelt successfully intervened to protect banks and homeowners, addressing Congress with
21 a "declaration of national policy" on April 13, 1933, which stated "that the broad interests of the
22 Nation require that special safeguards should be thrown around home ownership as a guarantee
23 of social and economic stability, and that to protect homeowners from inequitable enforced
24 liquidation in a time of general distress is a proper concern of the Government":
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26 **Now, therefore, be it resolved** that the members of the House of
27 Representatives of the Ninety-fifth General Assembly, First Regular Session, the Senate

28 concurring therein, hereby call upon the United States Congress to take emergency action to
29 protect homeowners and banks by enacting a Homeowners and Banks Protection Act specifically
30 to:

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32 (1) Establish a federal agency to place federal and state chartered banks under protection,
33 freezing all existing home mortgages for a period of time, adjusting mortgage values to fair
34 prices, restructuring existing mortgages at appropriate interest rates, and writing off speculative
35 debt obligations of mortgage-backed securities, financial derivatives, and other forms of financial
36 pyramid schemes that have brought the banking system to the point of bankruptcy; and

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38 (2) Declare a moratorium on all home foreclosures for the duration of the transitional
39 period, allowing families to retain their homes. Monthly payments, the equivalent of "rental
40 payments", shall be made to designated banks, which can use the funds as collateral for normal
41 lending practices, thus recapitalizing the banking system. These affordable monthly payments
42 will be factored into new mortgages, reflecting the orderly deflating of the housing bubble, the
43 establishment of appropriate property valuations, and reduced fixed mortgage interest rates.
44 While this may take several years to achieve, in the interim period no homeowner shall be
45 evicted from his or her property, and the federal and state chartered banks shall be protected so
46 that they can resume their traditional functions, serving local communities and facilitating credit
47 for investment in productive entities; and

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49 (3) Authorize governors of several states to assume the administrative responsibilities
50 for implementing the program, including the "rental" assessments to designated banks, with the
51 federal government providing the necessary credits and guarantees to assure the successful
52 transition; and

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54 **Be it further resolved** that the Chief Clerk of the Missouri House of
55 Representatives be instructed to prepare a properly inscribed copies of this resolution for the
56 President of the United States and each member of the Missouri Congressional delegation.

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