IV

111TH CONGRESS
1ST SESSION

H. RES. 186

Expressing the sense of the House of Representatives that the States should enact a temporary moratorium on residential mortgage foreclosures.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 24, 2009

Ms. KAPTUR submitted the following resolution; which was referred to the Committee on Financial Services

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RESOLUTION

Expressing the sense of the House of Representatives that the States should enact a temporary moratorium on residential mortgage foreclosures.

Whereas nearly 3,600,000 jobs have been lost in the United States in the past 13 months;

Whereas in January 2009 the unemployment rate jumped to 7.6 percent and the National Conference of State Legislatures reported that 7 States have already exhausted their unemployment insurance trust funds and another 11 States may experience the same by the end of 2009;

Whereas the Director of the Congressional Budget Office testified as follows in a Senate hearing on January 28, 2009: “Challenging conditions seem likely to persist for some time in the housing and mortgage markets as well. Housing sales remain weak, and construction activity continues to decline. With the housing market's large glut of vacant properties, the prices of homes are likely to fall considerably further, pushing the value of more borrowers' homes below the value of their outstanding mortgages. As more of those 'underwater' borrowers experience losses of income during the current recession, rates of delinquency and foreclosure on residential mortgage loans are likely to rise further.'';

Whereas the current economic situation began to unfold some time ago and, in fact, the Federal Reserve first began to supply additional liquidity to credit markets in August 2007, as pressures from losses on mortgage-related assets unexpectedly began to mount;

Whereas many economists today believe that at the crux of our Nation's financial crisis, and a key component to overcoming this crisis, is the Nation's housing markets, not ignoring the necessary changes for our Nation's financial markets;

Whereas the intent of the Troubled Assets Relief Program of the Department of the Treasury, established by the Emergency Economic Stabilization Act of 2008 (Public Law 110–343; 12 U.S.C. 5211 et seq.), was to, in large portion, purchase troubled assets, including securitized mortgages, and to enable banks and other lenders engaged in the mortgage market to engage in mortgage modifications, loan workouts, and other processes designed to stem off the ever-rising tide of foreclosures, and that has not happened to the level necessary to stem the tide of foreclosures and it continues;

Whereas, according to the Center for Responsible Lending, there are 6,600 new foreclosures each day, which is approximately one new foreclosure every 13 seconds;

Whereas it is projected that there could be as many as 2,400,000 foreclosures in the United States before the end of 2009, along with double-digit unemployment;

Whereas although the United States is not experiencing a depression, we are in housing situation that is similar in nature, where homeowners' mortgage balances are larger than the current value of their homes and where people are losing their homes at an accelerating rate;

Whereas during the Great Depression, the State of Minnesota declared an economic emergency, and enacted a law granting relief in certain cases, "for inequitable foreclosure of mortgages on real estate and execution sales and for postponing certain others" (Chapter 339, Laws of Minnesota, 1933, page 514);

Whereas the Minnesota statute included provisions that postponed foreclosure sales or extended mortgage redemption, as well as taking actions relating to the jurisdiction of such activities, and the Minnesota statute established a hard and fast deadline of when such relief would end, making the Act temporary in nature;

Whereas this law was challenged in the case Home Building & Loan Association v. Blaisdell, which was argued before the United States Supreme Court in 1933, with the Court ruling in 1934 in favor of the Minnesota law;

Whereas there are clear challenges to implementing a nationwide moratorium on mortgage foreclosures, yet this case tells us that the States can take action using the police power of the State; and

Whereas in this time of emergency, with unemployment at 7.6 percent for January 2009, a financial system in disarray also affecting world markets, a market that is not yet stabilizing, and our Nation's citizens struggling to find work and maintain housing and nutrition, it is time that the Nation, through the action of the President of the United States, declare a national foreclosure emergency and State by State, seek to end the foreclosure crisis: Now, therefore, be it

Resolved, That it is the sense of the House of Representatives that—

(1) the President of the United States should declare a national residential mortgage foreclosure emergency and, through such declaration, encourage the States, by use of their police power, to enact a moratorium on residential mortgage foreclosures similar to the moratorium enacted by the State of Minnesota in 1933 and upheld by the Supreme Court of the United States in Home Building & Loan Association v. Blaisdell (290 U.S. 398 (1934)); and

(2) the States should exercise such power and enact such a moratorium.

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