

2011 -- S 1054

LC02864

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2011

SENATE RESOLUTION

RESPECTFULLY URGING NATIONAL BANKS TO PARTICIPATE IN THE LOAN
MODIFICATION PROGRAM OF THE HARDEST HIT FUND PROGRAM IN RHODE
ISLAND

Introduced By: Senators Pichardo, Tassoni, Miller, Jabour, and Perry

Date Introduced: June 16, 2011

Referred To: Recommended for Immediate Consideration

1 WHEREAS, Rhode Island ranks as the highest among New England states in both
2 foreclosure starts and serious delinquencies. During the two-year period from January 2009
3 through December 2010, there were a total of 4,738 actual foreclosures filed in Rhode Island; and

4 WHEREAS, Over the last couple of years, the foreclosure crisis has affected an average
5 of 13,750 Rhode Island home-owning families every quarter, either through foreclosure or serious
6 delinquency. This translates into roughly one in every 10 homeowners in our state; and

7 WHEREAS, A foreclosure dramatically erodes the tax base, adding to intense pressure
8 on municipalities to raise taxes on other property owners; and

9 WHEREAS, Unsound lending practices contributed to the rapid escalation of home
10 prices and Rhode Island's subsequent foreclosure crisis. The foreclosure crisis has been a major
11 factor in Rhode Island's continuing high rate of unemployment, which has lead to further
12 mortgage delinquencies and foreclosures; and

13 WHEREAS, The housing market remains in a severe recession. Until the housing market
14 recovers, the economic recovery is imperiled; and

15 WHEREAS, The U.S. Treasury has made available to Rhode Islanders \$80 million to
16 help those at risk of losing their homes through the Hardest Hit Fund Program (HHFRI). The goal
17 of HHFRI is to prevent avoidable foreclosures by helping homeowners who are unable to make
18 their mortgage payments due to a hardship such as job loss or under-employment. This fund
19 includes a Loan Modification Program; and

1 WHEREAS, Local and community banks in Rhode Island have demonstrated a
2 willingness to participate in the Loan Modification Program and work with delinquent customers
3 to keep them in their homes and avoid foreclosure; and

4 WHEREAS, No requirements exist on the national level requiring national banks to
5 participate in the Loan Modification Program of the Hardest Hit Fund; and

6 WHEREAS, No national lender has agreed to participate in the Loan Modification
7 Program of the Hardest Hit Fund in Rhode Island despite the fact the program provides
8 significant financial incentives for lenders to participate; and

9 WHEREAS, The goal in achieving a Loan Modification is to establish new mortgage
10 payment levels that are sufficiently affordable to the borrowers so that they can avoid
11 foreclosures, and by preventing foreclosure, reduce the financial loss to the lender; now, therefore
12 be it

13 RESOLVED, That this Senate of the State of Rhode Island and Providence Plantations
14 hereby urges national banks to voluntarily participate in the Loan Modification Program of the
15 Hardest Hit Fund in Rhode Island; and be it further

16 RESOLVED, That national lenders and servicers make a good faith effort to reach an
17 agreement with each Rhode Island homeowner to fairly re-negotiate the terms of burdensome
18 mortgage loans; and be it further

19 RESOLVED, That the Secretary of State be and he hereby is authorized and directed to
20 transmit a duly certified copy of this resolution to the Rhode Island Mortgage Bankers
21 Association.

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