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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

JANUARY 14, 2013

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

RESOLUTION

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

Whereas there are nearly 6,900,000 fewer jobs in the United States economy since the start of the recession;

Whereas, in April 2011, the unemployment rate remains at 9.0 percent, nearly double the unemployment rate of the pre-recession economy;

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 System 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 to avoid relapsing into another devastating financial crisis, a key component is the Nation's housing markets and providing 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), 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 there were nearly 219,000 new foreclosures in April 2011, which is 7,300 homes per day;

Whereas it is projected by housing market experts that there are approximately 11,000,000 homes in the Nation which are underwater or in foreclosure;

Whereas the United States finds its housing market in a precarious and unstable state, where homeowners' mortgage balances are routinely larger than the current value of their homes and where people are losing their homes at an alarming 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 instability and uncertainty, with unemployment at 9.0 percent for April 2011, a global financial system still reeling from the effects of the recession, a volatile housing market, and our Nation's citizens struggling to balance essential needs of housing, work, and nutrition, it is time that the Nation, through the ac-

tion 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

1 *Resolved*, That it is the sense of the House of Rep-
2 representatives that—

3 (1) the President of the United States should
4 declare a national residential mortgage foreclosure
5 emergency and, through such declaration, encourage
6 the States, by use of their police power, to enact a
7 moratorium on residential mortgage foreclosures
8 similar to the moratorium enacted by the State of
9 Minnesota in 1933 and upheld by the Supreme
10 Court of the United States in *Home Building &*
11 *Loan Association v. Blaisdell* (290 U.S. 398
12 (1934)); and

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

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