

2012 -- S 3052

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

SENATE RESOLUTION

ESTABLISHING A SPECIAL SENATE COMMISSION TO STUDY HOMEOWNER LOAN
MODIFICATION PROGRAMS WITHIN THE STATE OF RHODE ISLAND

Introduced By: Senators Moura, Ciccone, Ruggerio, Pinga, and Metts

Date Introduced: June 07, 2012

Referred To: Recommended for Immediate Consideration

1 WHEREAS, The State of Rhode Island was ranked among the top ten states in the nation
2 and the highest state in New England for home foreclosures rates; and

3 WHEREAS, Rhode Island homeowners have been particularly hit hard by the mortgage
4 crisis, with one in four homeowners currently “underwater” on their mortgages, meaning that
5 their home is worth less than the outstanding balance due on the mortgage on the property; and

6 WHEREAS, The mortgage crisis resulted from a number of causes in the housing and
7 credit markets, including an increase in non-traditional mortgages such as risky subprime loans,
8 substandard underwriting practices by lenders, and unstable risk-management practices; and

9 WHEREAS, Local communities lost significant tax revenue through the banks’
10 fraudulent behavior and the total estimated cost to a municipality can be more than \$34,000 per
11 foreclosed property; and

12 WHEREAS, The Federal Housing Finance Agency (FHFA) is responsible for oversight
13 of the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan
14 Mortgage Corporation (Freddie Mac), and has a statutory responsibility to maximize assistance
15 for homeowners to minimize foreclosures; and

16 WHEREAS, Freddie Mac and Fannie Mae own a majority of our state’s and nation’s
17 home loans, and the Home Affordability Modification Program (HAMP) was established to assist
18 homeowners who are underwater or behind in payments to lower monthly mortgage payments to
19 thirty-one percent of one’s monthly gross income; and

1 WHEREAS, Despite significant attempts by Rhode Islanders to remain in their homes
2 through the loan modification process, they still face significant obstacles, delays, and mounting
3 fees that further prolong the process and benefit the companies and loan servicers; and

4 WHEREAS, Effectively examining this foreclosure crisis at the local level and resolving
5 this issue are key to restoring a healthy economy for Rhode Island and our entire country; now,
6 therefore be it

7 RESOLVED, That a special legislative commission to be known as the “Special Senate
8 Commission to Study Homeowner Loan Modification Programs Within The State of Rhode
9 Island” be and the same is hereby created consisting of three (3) members: three (3) of whom
10 shall be members of the Senate, not more than two (2) of whom shall be from the same political
11 party, to be appointed by the President of the Senate.

12 In lieu of any appointment of a member of the legislature to a permanent advisory
13 commission, a legislative study commission, or any commission created by a General Assembly
14 resolution, the appointing authority may appoint a member of the general public to serve in lieu
15 of a legislator, provided that the majority leader or the minority leader of the political party which
16 is entitled to the appointment consents to the member of the general public.

17 The purpose of said commission shall be to conduct a series of hearings with experts
18 from the financial industry, banking industry, and homeowners that will:

19 (1) Fully examine current Rhode Island data and FHFA standards for homeowners that
20 have attempted or completed a loan modification program; and

21 (2) Develop a comprehensive report with recommendations and specific guidelines to the
22 FHFA on loan modification standards, to be shared with the Rhode Island Congressional
23 Delegation; and be it further

24 RESOLVED, That forthwith upon passage of this resolution, the members of the
25 commission shall meet at the call of the Senate President, who shall select a chairperson.
26 Vacancies in said commission shall be filled in like manner as the original appointment.

27 All departments and agencies of the State shall furnish such advice and information,
28 documentary and otherwise, to said commission and its agents as is deemed necessary or
29 desirable by the commission to facilitate the purposes of this resolution.

30 The Joint Committee on Legislative Services is hereby authorized and directed to provide
31 suitable quarters for said commission; and be it further

- 1 RESOLVED, That the commission shall report its findings and recommendations to the
- 2 Senate no later than March 7, 2013, and said commission shall expire on May 9, 2013.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
SENATE RESOLUTION
ESTABLISHING A SPECIAL SENATE COMMISSION TO STUDY HOMEOWNER LOAN
MODIFICATION PROGRAMS WITHIN THE STATE OF RHODE ISLAND

1 This resolution would create a three (3) member special legislative commission whose
2 purpose would be to conduct a series of hearings with experts from the financial industry,
3 banking industry, and homeowners, and who would report back to the Senate no later than March
4 7, 2013, and whose life would expire May 9, 2013.

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