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

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

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

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

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

WHEREAS, Freddie Mac and Fannie Mae own a majority of our state’s and nation’s home loans, and the Home Affordability Modification Program (HAMP) was established to assist homeowners who are underwater or behind in payments to lower monthly mortgage payments to thirty-one percent of one’s monthly gross income; and
WHEREAS, Despite significant attempts by Rhode Islanders to remain in their homes through the loan modification process, they still face significant obstacles, delays, and mounting fees that further prolong the process and benefit the companies and loan servicers; and

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

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

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

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

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

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

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

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

The Joint Committee on Legislative Services is hereby authorized and directed to provide suitable quarters for said commission; and be it further
RESOLVED, That the commission shall report its findings and recommendations to the Senate no later than March 7, 2013, and said commission shall expire on May 9, 2013.
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

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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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