

**House Resolution**

**No. 21**

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**Introduced by Assembly Member Jones**

September 11, 2009

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House Resolution No. 21—Relative to financial institution divestiture.

1 WHEREAS, There is currently a financial crisis in our nation  
2 where people are losing their jobs and homes and no longer have  
3 the financial security that was once possible and that contributed  
4 to the growing prosperity of our economy; and

5 WHEREAS, This crisis is affecting communities at all levels,  
6 with working class communities the most severely affected, as  
7 they were often explicitly targeted and preyed upon by lenders and  
8 brokers offering unconventional loans and financing options; and

9 WHEREAS, As the local, state, and federal governments work  
10 on resolving the current foreclosure crisis, one of the key factors  
11 that must be addressed is the modification of loans that are  
12 “upside-down” and that need to be modified to the current market  
13 value of the home instead of the original loan amount, so that  
14 homeowners facing foreclosure receive true relief from the burden  
15 of the loans they were unjustly pushed into by aggressive lenders  
16 and brokers; and

17 WHEREAS, Currently, there is active pressure on financial  
18 institutions to modify loans for homeowners susceptible to  
19 foreclosure by reducing the principal amount of those loans to the  
20 current market value of the home and many financial institutions  
21 are not inclined to do this, particularly with no financial incentive;  
22 and

1 WHEREAS, As with the state and local governments, financial  
2 institutions have an obligation in assisting their customers to  
3 preserve the American Dream; now, therefore, be it  
4 *Resolved by the Assembly of the State of California*, That the  
5 State of California and local governments should explore the  
6 potential divestiture of all financial interests in banking and other  
7 financial institutions that fail to cooperate with foreclosure  
8 prevention efforts that include temporary moratoriums on  
9 foreclosures, renegotiation of mortgage principles to reflect current  
10 values, and good faith negotiations with mortgagees; and be it  
11 further  
12 *Resolved*, That the Assembly also supports retirement programs  
13 that adopt a similar divestiture policy; and be it further  
14 *Resolved*, That the Chief Clerk of the Assembly transmit copies  
15 of this resolution to the author for appropriate distribution.

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