

Signing of homeowners bill of rights three years late and a \$1 trillion short

Planetary Solutionaries, Article by Patrick Porgans, Solutionist

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Today, California Gov, Jerry Brown, is poised to sign the “Homeowner [Bill of Rights](#)” into law (SB 900 and AB 278. This bill purportedly will curtail banks from fraudulent foreclosures.

[Reportedly](#), Brown [tweeted](#) that “this law will stop banks from foreclosing on Californians who are trying in good faith to renegotiate their mortgages.”

State Attorney General Kamala Harris campaigned for the legislation, and added a [presentation](#) on her website on how it will benefit California families.

Critics point out that the bill does not take effect until the beginning of the year and servicers aren't obligated to consider applications for loan modifications or appeals submitted before Jan 1, 2013. Occupy Fights Foreclosures, a subcommittee of Occupy LA, is calling for an immediate [moratorium](#) on foreclosures to protect the thousands of families facing foreclosures right now.

In the meantime, there are many among the millions of foreclosure victims of the bank-induced [subprime-mortgage crisis](#), robo-signing; derivatives-hedge betting, Wall Street bailout and fraud, that see it as more political grandstanding, years late and, according to some estimates, [\\$1 trillion short](#).

In California alone, the total cost of the foreclosure crisis to homeowners, the property tax base, and local governments could add up to at least \$650 billion and possibly reach as much as [\\$1 trillion?](#) That's just one of the major findings of a report, released by a coalition of faith, community and labor groups in California that are demanding that Wall Street pay its fair share to helping California recover from this devastating crisis.

Many are questioning the government's ability to use or enforce existing laws designed to protect victims of crime.

Others question the need for such a law so late in the game; after all, it is estimated that by year's end two-million foreclosures would have taken place in the Golden State.

Government insiders contend the new law is a clever way to promote the illusion of protection and accountability. They may have a point, the fact that the state's Constitution, Article I, already provides protection for victims of crime. Supporters of the bill point to the positive benefits contained in the bill.

Critics question why make new laws when existing ones are not being enforced. Although the banks have agreed to a multibillion dollar settlement, and have paid hundreds of millions of dollars in fines levied by the [Security Exchange Commission](#); all this has been without an admission of guilt.

One [Congressman](#) recently summed it up like this during a hearing attended by the major bank executives testifying before Congress. He said, members of his constituency have and continue to rob banks, should we grant them the same prosecutorial discretion and/or immunity as the banks' are presently seeking?

The [Rule of Law](#), in its most basic form, is the principle that no one is above the law. The rule follows logically from the idea that truth, and therefore law, is based upon fundamental principles which can be discovered, but which cannot be created through an act of will.

Political insiders recognize that Brown and state's attorney general Kamala Harris can make a lot of political “hey” out of the enactment of this new victims' rights law, which, coincidentally, came out after

the signing of the attorneys generals settlement with the five major banks involved in the subprime mortgage crisis.

The promises made by five of the nation's largest banks under the much-ballyhooed \$25 billion mortgage [settlement](#) have a surprisingly short shelf life.

Under the deal struck in February, Bank of America, Wells Fargo, Citigroup, JPMorgan Chase and Ally Financial pledged to stop the illegal practices that sparked false documentation and "robo-signing," which helped push many homeowners into foreclosure and caused endless headaches for millions of other borrowers.

But the legal agreements among the banks, and the states and federal government hold for only three-and-a-half years; the pledge runs out in 2015.

Others argue that Golden State's Constitution, Article I, already provides a Victim's Bill of Rights. Unfortunately, at this point, concerns as to the applicability of the existing victims' rights law, left unchallenged, may become a moot point, upon signing of the new law.

Supporters of the bill point to the positive benefits contained in the bill, and as a step forward. Opponents contend that it is more like two-steps backwards.

[Planetary Solutionaries](#) point to the simple fact that both Brown and Kamala had the authority to stop foreclosures at least three years ago, and failed to do so.

To Brown's credit, he did threatened to stop foreclosures when he served as state attorney general; however, that did not happen.

Kamala reportedly ran her campaign on the hold the banks accountable and stop bank foreclosures platform.

Despite all the rhetoric the Golden State and its taxpaying residents are the victims of the bank-induced mortgage crisis causing significant economic impact and financial disruption.

Brown could have also exercised his authority to "Declare a State of Financial Emergency", which is also provided for in the State's Constitution, Article IV, section 10(f).

Brown exercised this authority in January 2011, at which time he "[declared a state of fiscal emergency in California](#)" due to the state's unrelenting budget crisis.

Although foreclosure victims appealed to Brown to and Kamala to exercise their respective authority to stop the [bank-induced foreclosure](#), they opted not to do so. The appeal was meant as a means to stabilized the crisis and ensure a flow of much needed tax revenues to aid the state's deficit-ridden General Funds.

California's lawmakers approved a \$92.1-billion FY2013 budget on June 15, 2012, with a Senate vote of 23-16 and an Assembly vote of 50-25, along party lines. Gov. Brown signed the budget on June 28, 2012, after vetoing \$195 million in spending, \$91.3 million from the [general fund](#) and \$66.8 from special funds and federal funds.

The money to fund the General Fund comes predominately from sales, income, real estate and property tax.

Brown critics claim that as a two-time governor he should have known that the mortgage crisis and related foreclosures would take a terrible toll on tax revenues used to for the deficit-ridden General Fund.

The cost to the taxpayers for each of those many foreclosures will amount to an estimated \$38 billion, alone. The loss in property values exceed \$600 million, combined with the loss in tax revenue to local and state treasuries more than \$1,000,000,000,000, The nationwide government-bank settlement amounted to just \$25 billion.

Although contact was made with the designated agencies responsible for collecting and distributing taxes collected by the state, none could provide the amount of tax revenue losses and related foreclosure costs incurred to date.

Instead of stopping the financial hemorrhaging, and ensuring anticipated tax revenues, Brown, along with his predecessor, Arnold Schwarzenegger succeeded in axing out more than \$100 billion in General Fund budget cuts in the previous three state approved budgets.

California's Draconian budget cuts continue to take their toll on education, safety-net services, jobs, and, other related taxpayer-funded social programs.

Under Brown and Schwarzenegger's fiscal austerity plan, using the same finance director, Ana Matosantos, they have been pushing the issuance of tens-of-billions of dollars in new debt, via the sale of [General Obligation](#) (GO) bonds, for water and water-related programs, and the high-speed rail; a [plan](#) that could cost taxpayers as much as \$68 billion. . According to state treasurer Bill Lockyer, It will cost us **[two dollars for every dollar borrowed](#)** and spent.... “

Bond measures that appear on statewide ballots include a disclaimer that goes something like this: “This measure appropriates money from the General Fund to pay off bonds.”

[Translation:](#) “This measure does not raise your taxes to repay the bondholders.” Instead, bond debt is repaid from the same limited pot of money that funds our schools, universities, safety-net programs, criminal justice system, and other key public structures. Because voters don't have to weigh the value of what the bonds would buy against their willingness to pay for them, bonds may look a bit like free money to many California voters, according to the [California Budget Project](#).

However, a recent [report](#) from State Treasurer Bill Lockyer makes clear that bonds are no free lunch. Debt service – principal and interest payments – on outstanding bonds will cost the state an estimated \$6.9 billion in 2011-12, equal to 7.8 percent of General Fund revenues.

At its peaking 2007-2008, General Fund spending was \$103 billion. Given the deep spending cuts included in the 2011 Budget and the 2012 Budget, overall General Fund [spending](#) is now \$91.3 billion, \$11.6 billion lower than five years earlier. General fund spending as a share of the state's economy is down to its lowest level since 1972-1973, when Brown served as governor.

The repayment of those bond come essentially off the top of the taxes paid into the General Fund. Currently, depending on government's numbers, the debt service represents about eight or nine percent of the fund.

Estimates by the state indicate that total annual debt service on GO bond could eat up as much as 12% of the fund in the near future.

Although, the use of GO bonds is an established method of funding state projects, serious questions have been raised, that remain unanswered, regarding the alleged misuse of GO bonds.

About a [half of dozen](#) of the state's 100 billionaires have and continue to be the recipients of billions of dollars of profits and give-away programs derived from the issuance, sales and distribution of GO bonds which are repaid from the deficit ridden General Fund.

Brown recently said that the lion's share of the state's portion of the settlement will go into the General Fund. The A matter that will be the subject of an upcoming series of articles, which raises doubts about the seriousness of the state's recurring budget and general fund crises and examines how the issuance of GO bonds amount to a shift in the state's annual debt load. Essentially, how the wealthy are using the public's credit rating, tax base, natural resources, and key-politically held offices to amass and sustain their fortunes as the expense and to the demise of its residents.#

For more information contact pp@planetarysolutionaries.org