



State of Connecticut
Latino and Puerto Rican
Affairs Commission

18-20 Trinity Street
Hartford, CT 06106
Tel. (860) 240-8330
Fax (860) 240-0315
E-Mail: lprac@cga.ct.gov
Web Site: www.cga.ct.gov/lprac

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Testimony of Fernando Betancourt,
Executive Director of the LPRAC
Before the Banks Committee
2/28/08, 11:00 A.M. in Room 2B of the LOB
S.B. No. 423,

“An Act Concerning Foreclosure Prevention and Responsible Lending.”

Good morning Senator Duff, Representative Barry and members of the Banks Committee. My name is Fernando Betancourt, Executive Director of the Latino and Puerto Rican Affairs Commission (LPRAC). I am here today on behalf of the LPRAC to speak in support of Raised Senate Bill Number 423, “An Act Concerning Foreclosure Prevention and Responsible Lending.”

It is an auspicious moment for the Connecticut General Assembly to take a serious look at the foreclosure crisis in Connecticut, especially now that many economists indicate foreclosures are on the rise, and weakening the national economy. Case in point is the report released on February 26, 2008 by *RealtyTrac*, a nationally recognized online marketer of foreclosed properties that shows foreclosure filings nationwide soared by 57% or roughly 233 thousand homes – which is 8% higher than reported in the month of December. In Connecticut alone, the same marketer pointed-out that more than 7,700 foreclosure filings occurred in the third quarter of 2007. The LPRAC is extremely interested in this issue because many experts agree that subprime loans had a major impact on the high rates of foreclosures and subprime lenders cultivate a large portion of their business by targeting Latinos and African-Americans. While the LPRAC understands that subprime loans are still legal, we adamantly believe that the subprime industry and its many predatory practices continue to have a negative effect on the Latino home market.

The LPRAC is encouraged to learn that the State of Connecticut is beginning to pursue civil and criminal action against several state lenders over an extensive statewide predatory lending practice that devastated many non-English speaking and first-time homebuyers back in September of 2007. However, this is not enough to stop the noxious practice that caused the mortgage meltdown. It is estimated that current federal and state protections only cover 0.1% of loans and therefore we agree that industry regulation is necessary.

Senate Bill 423, if approved by this committee, would regulate mortgage products that increase the risk of foreclosure, ban abusive practices, and create accountability for mortgage lenders. In essence, this proposal would protect homeowners facing foreclosure by allowing them to utilize the law as a defense against foreclosure.

We would also request that the Banks Committee consider including the Homeownership Preservation Summit Statement of Principles – see attachment – as recommended by the U.S. Senate Banking Committee at the helm of U.S. Senator Chris Dodd in the bill. These principles, in our opinion, have the potential of preserving the homes of many Latino families facing foreclosure and an immense opportunity to help stabilize a weakening economy for everyone in Connecticut.

Therefore, I urge your support for this bill on the Banks Committee.