



Connecticut Mortgage Bankers Association, Inc.

March 14, 2006

TO: The Committee on Judiciary

FROM: The Connecticut Mortgage Bankers Association, Inc.

RE: Statement Regarding An Act Concerning Time Limits for Providing Payoff Statements to Mortgagors (Raised Bill No. 5734 (LCO No. 2927))

The Connecticut Mortgage Bankers Association ("CMBA"), which numbers more than two hundred individual and corporate members, is a non-profit association formed in 1984 for the principal purpose of promoting the welfare of the mortgage lending industry in Connecticut and to improve its service to the citizens of Connecticut. The Connecticut Mortgage Bankers Association is Connecticut's only trade association dedicated exclusively to the mortgage banking industry in the State of Connecticut.

The CMBA opposes Raised Bill No. 5734, An Act Concerning Time Limits for Providing Payoff Statements for Mortgagors (the "Bill"), for the reasons set forth below:

1. Number of Days Within Which Payoff Statement Must Be Provided to Mortgagors is not Sufficient to Allow Mortgagees to Provide Statement.

The Bill would reduce the time period within which a mortgagee must provide a payoff statement to a mortgagor, by cutting the current time period from ten to five business days after the date of receipt of written request for a payoff statement. The current ten day time-frame to process such a request is reasonable. Inasmuch as borrowers' applications for a new loan generally take a new lender thirty or more days to process, approve and close, the current ten day period should afford borrowers and their attorneys adequate time to request payoff statements in advance of closings.

2. Involvement of Mortgagee's Attorney in Providing Payoff Statements is Unnecessary and Will Increase Closing Expenses.

2.1 The Involvement of the Mortgagee's Attorney is Unnecessary and Time Consuming. The Bill would permit requests for payoff statements to be sent to the mortgagee's attorney. Permitting requests for payoff statements to be sent to a mortgagee's attorney will result in the mortgagee's attorney thereafter requesting this information from the mortgagee. This additional step will result in additional time, not less time, for the request to be processed than if the request were directly sent from the mortgagor to the mortgagee. Therefore, this change would lengthen rather than shorten the total time for a mortgagee to provide a payoff statement.

2.2 Use of the Mortgagee's Attorney Adds Cost to the Loan Closing Process, Which Will Hurt the Consumer. The involvement of the mortgagee's attorney will entail additional expenses in the closing process. These expenses will be ultimately shouldered by the borrower and therefore will lead to the unintended result of more cost to the borrower.

3. The Act May Adversely Impact State Chartered Banks and State Licensed Lenders. This Bill may be pre-empted as to federally chartered lenders such as national banks and federal savings banks. In that case, the increased obligations and associated costs of providing payoff statements on five days notice rather than ten days notice would adversely impact state chartered banks and lenders but not federally chartered banks. That consequence would be an unintended result that would hamper the objectives of this legislation.