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**TESTIMONY IN SUPPORT OF
S.B. 551 – AN ACT CONCERNING PROTECTION FROM
FORECLOSURE FOR UNEMPLOYED AND UNDEREMPLOYED PERSONS**

My name is Erin Kemple. I am the Executive Director of the Connecticut Fair Housing Center. Since 2003, my agency has been taking complaints from homeowners who are unable to pay their mortgage because of a change in household income or because of predatory lending practices. The Connecticut Fair Housing Center has been contacted by many homeowners and the number of people contacting the Center is growing every month.

The current federal administration has made its goal clear: increase minority homeownership by 5.5 million by the end of the decade. As a result, HUD, Fannie Mae, and Freddie Mac have joined forces to increase homeownership among African-Americans, Latinos, and other minorities. As a result, the number of households owning a home has risen every year since the start of the 21st century. Yet these gains are threatened by rising foreclosure rates among Connecticut's minorities. While the number of new foreclosures filed in Connecticut in 2005 remains substantially the same over the last five years, according to a recent *New York Times* article, neighborhoods with large poor and minority populations have experienced a sharp rise in foreclosures, in some cases more than doubling.¹

The cost of foreclosure is massive and multi-faceted. In addition to the loss of a household's most important asset, the community where foreclosures take place also suffers. Overcrowding results from the foreclosed family doubling up with relatives or friends, children's schooling is disrupted, medical appointments are missed, and the parents' ability to work is

¹ *New York Times*, "For Minorities, Signs of Trouble in Foreclosures," February 200, 2006.

threatened. In addition, if the foreclosed homes remain vacant, they attract vandalism or crime while the city or town loses important tax revenue.²

Raised Bill 551 will assist Connecticut homeowners who find themselves faced with foreclosure due to a period of unemployment or underemployment. Instead of losing their homes to foreclosure, these Connecticut homeowners will be given the chance to save their most important asset. In February, the Center received a call from a family that could greatly benefit from the changes suggested by Senate Bill 551. A family of seven is in danger of losing the home they have lived in for nearly 20 years because of a recent period of unemployment for the father of the family. The father has been employed for more than 25 years doing technical work for telephone companies. However, as the industry has diversified, his company has been sold and he has seen a drop in his earnings and hours. He was unemployed for approximately one and a half years and only became re-employed in 2004. While his new job paid him \$15,000 less a year than his previous employment, it did give him substantial overtime so that he could attempt to make up the difference.

This family is now facing foreclosure because it has been unable to keep current on the mortgage while at the same time paying all of the other bills which accumulated during the father's period of unemployment. Given the father's current employment situation, the family will be financially self-sufficient in just a few months. If this family had been able to understand and use the Unemployed/Underemployed Homeowners Protection Act, it could have saved itself needless hours of worry. But this family did not know or understand how to use this important protection.

The proposed bill will make the Unemployed/Underemployed Homeowners Protection Act more user friendly for both the courts and those families who need to invoke its protections.

²Renuart, *Stop Predatory Lending*, National Consumer Law Center at 197, 2002.

By mandating the creation of a plain language form for the notice to homeowners as well as a financial affidavit for homeowners to complete, the courts, lenders, and homeowners will be able to determine more quickly if the Act applies to a particular foreclosure. The proposed changes also clarify which mortgage are protected by the Act. As proposed, the Act would be expanded to include second mortgage lenders as well as owners who are liable for the mortgage but not on the property deed. In sum, the proposed legislation makes few substantive changes to a statute that provides important protections for Connecticut's homeowners while at the same time making the statute more accessible to those who need it most.

The Connecticut Fair Housing Center and the Connecticut Anti-Predatory Lending Task Force, a group of more than 60 organizations and individuals, urges you to report favorably on Senate Bill 551 so that homeowners like the one described in my testimony, minority homebuyers and all of Connecticut's cities and towns are protected from the devastating effects of unnecessary foreclosures.

Respectfully submitted,

Erin Kemple
Executive Director

March 14, 2006