



# CONNECTICUT BANKERS ASSOCIATION

February 16, 2007

TO: Members of the Judiciary Committee  
FROM: Connecticut Bankers Association  
Contacts: Tom Mongellow, Fritz Conway  
RE: Senate Bill 1095 an act updating the value of a motor vehicle exempt from execution on a judgment.  
POSITION: OPPOSE

This bill would increase from \$1500 to \$5000 dollars, the amount of money exempted from execution by unsecured judgment creditors. The purpose of the existing \$1500 exemption is to ensure that a judgment debtor retains enough money to secure transportation, such as a car.

The banking industry appreciates the need this exemption, but feels the proposed increase to \$5000 is unwarranted. In today's auto lending marketplace, no money down loans and leases are commonplace. No credit and bad credit is rarely an issue when obtaining a car loan. When the \$1500 from the exemption is added to the loan underwriting decision, it should be more than sufficient to enhance the credit approval for a consumer.

Thus, in today's auto market, the \$1500 exemption is sufficient to provide for a judgment debtors transportation needs.

Additionally, and importantly, if the exemption is increased to \$5000, it will increase the price and availability of unsecured loans. A loan underwriting decision for an unsecured loan is typically based on credit scores, length of employment and other factors. One of those factors is the availability of assets that may be can be used to pay off the loan in the event of default. This bill will automatically wipe out \$3500 worth of assets (equity) that could be used to enhance a person's ability to obtain an unsecured loan.

This will only make it more difficult and more expensive for consumers to access personal loans. For all the above reasons, we strongly urge your opposition to this legislation.