Testimony of Jeff Stein

Hello my name is Jeff Stein. I am a resident of Waterbury. I am unable to speak today to in favor of S.B. 423 because I cannot afford to take the time off from work.

In 2005, I received an advertisement about real estate. I was renting at the time and had been interested in owning my own home. So I decided to go house hunting to see if what types of housing were out there that I could afford.

I worked with a real estate agent and, after some searching, I settled on the home I live in today. The real estate agent was also my mortgage broker. I applied for the mortgage with Sterling Lending Group. I gave the broker all the information he asked of me, and I put a deposit down on the house. I never filled-out any paperwork nor did I see any until the day of the closing. There was almost no discussion between the agent and me regarding the terms of the mortgage.

Shortly after the closing I contacted the agent because I was concerned about the terms. I realized that I had two mortgages. The first had a fixed interest rate for two years and would then switch to an adjustable rate after two years. Later I also learned that the first five years were interest only and there was a prepayment penalty for two years. I had a second loan that had an adjustable rate as well as a prepayment penalty. I had asked for a fixed rate before the closing so that was what I had expected to get. The agent's response was that this was the best I could get. The agent assured me though that I would be able to refinance in two years into a better loan and not to worry. I struggled to make the payments for months. I continued to make calls to the agent expressing my concern about the mortgage. At various times he assured me over and over that I would be able to refinance when the two years were up. However, I am frequently late on my payments. The agent knew I was often late but never bothered to tell me that being late would make it harder for me to refinance. Instead, he just kept telling me to wait for two years. In the end, I was told that I could not refinance because my credit was poor.

This was the first time I bought a house or tried to get a mortgage. I was very inexperienced and I believed that my mortgage broker was working in my best interests the entire time. Unfortunately the broker never gave me any information about the type of loan that Sterling was getting for me and didn't follow my instructions to get a fixed-rate loan. Instead this broker misled me and then gave me bad advice after the closing. Had I understood fully that making late payments would leave me unable to refinance, I would have tried to refinance or sell my home sooner. If I had known in advance that this was the only loan I could qualify for, I would have realized that I could not afford to buy this particular house.

I encourage you to vote for S.B. 423. If it had been the law when I bought my house, the mortgage broker would have been required to work in my best interests and would not have been allowed to mislead me.