



TESTIMONY

of the

CONNECTICUT CONFERENCE OF MUNICIPALITIES

to the

COMMITTEE ON BANKS

February 21, 2007

The Connecticut Conference of Municipalities appreciates the opportunity to testify on the following bill of concern to towns and cities:

**S.B. 21, "An Act Concerning Mortgage Lending"**

**H.B. 5164, "An Act Concerning Buyer Protection in Foreclosure by Sales"**

**H.B. 5165, "An Act Concerning the Emergency Mortgage Assistance Program"**

**H.B. 5166, "An Act Concerning Mortgage Prepayment Penalties"**

The drastic condition of the current mortgage crisis has not only escalated apprehension for both consumers and businesses, but it has also forced thousands of homeowners into foreclosure.

As reported by the Connecticut Law Tribune, foreclosure cases in Connecticut between 2004-2005 and 2006-2007 fiscal years increased by 50%, totaling out to 15,773 cases in the state. In this statistic, Ansonia, Danbury, Fairfield, Hartford, Litchfield, Middletown, Meriden, New Britain, New Haven, New London, Stamford, Tolland, Waterbury and Willimantic had the largest increases in foreclosure cases. The New Haven Judicial District, which increased in foreclosure cases by 877 cases in two years, saw the most foreclosure cases in Fiscal Year '06-'07 with 2,878 cases.

As seen from the statistic just described, the problem is not isolated to low-income towns and cities. Homeowners all over the state are struggling to keep up with their mortgage payments. CCM asks that the federal and state government continue to collaborate in helping municipalities ease the burden being suffered by homeowners. When these homeowners are forced to primarily use their income for their outstanding mortgage payments, it affects every level of government. The looming recession and steady stream of inflation combined with high interest rates directly drives consumers to cut back on spending. This will directly harm local markets and foreign

businesses that depend on steady buying habits to remain in business. Once businesses can no longer stay competitive, other state fiscal indicators such as the unemployment and consumer confidence rates will negatively affect the economy of the State.

The continuing fears these foreclosure cases present great challenges and opponents for the Committee and General Assembly.

Thank you for your time and consideration.

## ## ##

If you have any questions, please call Mike Johnson or Ron Thomas of CCM, at (203) 498-3000.