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Re: House Bill No. 5314
An Act Concerning Mortgage Payments.

Distinguished Members of the Banking Committee,

Due to other commitments, I am unable to attend your public hearing scheduled for Tuesday, February 17, 2009 regarding House Bill No. 5314 and would ask that you accept this correspondence as my testimony in favor of the Bill.

As a member of the Connecticut bar for thirty years, I have seen many changes in the banking industry especially in the proliferation of out of state banks and financial institutions into the Connecticut mortgage market. For the most part, these additional banks and financial institutions have provided healthy competition which has benefited the homeowners. However, over the past several years, an increasing number of banks are requiring homeowners to pay off their mortgages in full at out of state offices which costs the homeowner additional monies. This is so, despite the fact that the mortgages are originated here in Connecticut and installment payments are accepted at local offices or local branches in Connecticut.

By way of example, if a homeowner sells his home on a Friday and he/she or their attorney is not allowed to pay the mortgage off at a local branch, the homeowner must pay an additional three days interest through the following Monday and in most cases, an overnight mailing fee. By way of example, if the mortgage payoff is One Hundred Seventy Five Thousand Dollars (\$175,000.00) with an annual interest rate of six percent (6%), the additional three days interest the homeowner must pay is Eighty Six and 30/100 Dollars (\$86.30) plus, an overnight mailing fee. If this particular homeowner had the misfortune of closing this past Friday, February 13th, with the intervening holiday, the total additional interest would have been One Hundred Fifteen and 07/100 Dollars (\$115.07).

The technology of today is such that if a bank or financial institution has the capability of accepting installment payments for these mortgages, there is no reason why they cannot accept a final mortgage payment. Their computers and communications provide instant access from one branch to any other branch or office which would allow verification of the proper payoff amount within minutes.

To insist that payoffs be made to offices other than local branches puts an undue financial burden on the homeowner and I would ask that your committee help put an end to such practice and make this Bill a reality for the benefit of all Connecticut homeowners. Thank you for your consideration.

Sincerely,

Martin J. Lawlor, Jr.