

Testimony Supporting
H.B. No. 6484, An Act Concerning Emergency Mortgage Relief
Testimony of the Honorable John Stefano, Jr.
Mayor of the City of New Haven
To the Banks Committee

I am writing in support of this bill because we must act now to stem the tide of destabilization that has been wrought by the mortgage foreclosure crisis. My city, like many other cities and towns in Connecticut, has seen hundreds of homeowners lose their homes unnecessarily. Besides the suffering that such losses bring to the impacted families, these foreclosed homes negatively impact their surrounding neighborhood by inviting vandalism and crime, and destroys our already fragile tax base.

This bill goes to the heart of the problem; it creates a reasonable, reliable way to identify which homeowners have the financial capacity to keep their homes and then ensures, through judicial action, that those people can keep their homes.

I have been working on the mortgage foreclosure issue in my city since 2007, and I have been continually disappointed at our federal government's failure to address the core issue. Our federal government has provided enormous financial support to bail out financial institutions, insurance companies and car makers, while never addressing, until very recently, the underlying issue of foreclosures. We hope that the incentives in the new Obama plan will encourage appropriate restructuring of mortgages. But, we have learned over the last 20 months that depending on servicer to act appropriately has not resulted in successful modifications. And we have cannot afford to wait and see if the Obama plan works, but instead should take independent action as we have in the past.

Connecticut has already been a national leader by passing the highly successful mediation program. At that time, we were a bold state, leading the nation in designing innovative solutions to the foreclosure crisis. I urge you to continue to keep Connecticut on the cutting edge, by passing 6484.