

**TESTIMONY SUBMITTED TO THE BANKS COMMITTEE**  
**February 24, 2009**

*Commissioner Howard F. Pitkin*  
*Department of Banking*

***SB 617, AN ACT CONCERNING BRANCHING AND AUTHORITY TO  
IMPLEMENT THE NATIONAL DEFENSE AUTHORIZATION ACT,  
HB 6232, AN ACT CONCERNING THE CONNECTICUT BUSINESS  
OPPORTUNITY INVESTMENT ACT,  
HB 6366, AN ACT CONCERNING CONSUMER CREDIT LICENSES,  
HB 6367, AN ACT CONCERNING MORTGAGE PRACTICES AND  
HB 6368, AN ACT CONCERNING IMPLEMENTATION OF THE S.A.F.E.  
MORTGAGE LICENSING ACT***

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Good morning Chairman Duff, Chairman Barry, members of the committee, my name is Howard F. Pitkin and I am the Commissioner of the Connecticut Department of Banking. I am here to testify in favor of five pieces of legislation. Since I am testifying on so many bills I will attempt to keep my remarks as brief as possible.

The first bill I would like to comment on is ***SB 617, An Act Concerning Branching and Authority to Implement the National Defense Authorization Act***. This bill would eliminate the requirement that banks submit a Community Reinvestment Act plan with certain applications provided certain conditions are met and unless the agency determines the submission of such a plan is appropriate. These plans are costly for the bank to produce and are rarely examined by outside individuals. During these difficult economic times, this action will save Connecticut banks some expense.

Since the original inception of the bill the agency has asked the committee to add an important provision to the bill. This new section would add language which would allow for the preliminary approval of investors who the agency determines to have the funds to form a bank. This power would be a temporary one, in place for only two years. I believe it would be a valuable tool in attracting business and economic development to our region during this difficult time.

The next bill I want to speak on is ***HB 6232, An Act Concerning the Connecticut Business Opportunity Investment Act***. This bill makes certain technical changes, clarifies the agency's business opportunity registration process, enhances disclosures by the seller of a business opportunity and strengthens the enforcement authority of the department.

The next three bills I wish to comment on are bills proposed by the Governor's office. The agency has worked extensively with the Governor's office over the past few months

in developing these proposals and we hope to see them through to passage. I thank the Governor for her support and for her work with the Department of Banking on behalf of the people of Connecticut, especially in these trying times.

The first proposal, *HB 6366, An Act Concerning Consumer Credit Licenses* fills certain gaps in the agency's enforcement authority and provides the department with certain enforcement tools related to licensee and debt adjusters. The bill also contains new provisions governing payday loans and how to control this type of lending in this state. The department has been working with the Attorney General and other concerned parties in the drafting of this section and believes this language works for all involved.

*HB 6367, An Act Concerning Mortgage Practices* is a proposal which adds new provisions that define residential mortgage fraud. It also makes a single act of residential mortgage fraud a Class C felony and two or more acts of residential mortgage fraud a Class B felony. The proposal would make certain definitional and technical changes in the Banking Statutes. The bill originally made certain changes to the reverse mortgage statutes but the department is requesting this language be withdrawn. We are continuing to research the issue and believe that we need additional time to develop a stronger more comprehensive response to this problem.

The final bill I would like to comment upon is *HB 6368, An Act Concerning Implementation of the S.A.F.E. Mortgage Licensing Act*. This bill sets forth the policy statement from the Model Act for Implementation of the S.A.F.E. Mortgage Licensing Act ("SAFE") developed by the Conference of State Bank Supervisors/American Association of Residential Mortgage Regulators.

The bill details the process for the implementation of the act and the requirement specified related to registration, freedom of information and employment in the industry.

I would like to point out that this proposal is necessary because if Connecticut fails to implement SAFE within a year from its effective date of July 1, 2008, the Department of Housing and Urban Development may take over regulation of mortgage loan originators in Connecticut. This action would dramatically limit the oversight the Connecticut Department of Banking would have over these individuals.

Thank you for your attention to these matters and I will answer any questions you may have on this or any other bills.