

Testimony of Atty. Amy Eppler-Epstein
New Haven Legal Assistance Association
In support of HB 6143

The news reports have been filled, in recent months, with talk of the mortgage foreclosure crisis. What is missing, from most of these discussions, is any mention of the innocent victims of this crisis: the tenants.

Around the state, hundreds of families have been facing eviction by the banks that foreclosed on their landlords. Often, the tenants did not even know their landlords were under foreclosure, until they got the letter from the bank, offering them a "cash for keys" deal if they would move out within 14 days, and threatening them with eviction if they won't accept the deal. Almost uniformly, the banks or mortgage lenders and servicers have "automatic eviction" policies: they refuse to enter into leases with tenants, and refuse to let them stay under any circumstances. They insist on emptying out the property before putting it up for sale, because this is their "policy," even when they are shown that the policy makes no sense.

I have for you today some stories: the story of a house, and a neighborhood, and a man. These stories will show you why tenants in Connecticut are relying on you, to stop the lenders and loan servicers from bringing these evictions that hurt everyone: the tenants, the neighborhood, and even the banks themselves.

First, the story of a house, and its neighborhood. The pictures I have here show the house, in the Fair Haven area of New Haven, before the foreclosure. Four families lived there, and it was listed for sale at \$160,000. Then Deutsche Bank foreclosed, and forced the tenants to leave, either through evictions, or "cash for keys" payments. The building was emptied, and boarded up. Within a matter of weeks, the house was stripped bare; everything from the copper pipes, to the aluminum siding was taken by vandals, and every wall was destroyed to get to the pipes within. After 17 months vacant, during which time the bank received no rent from the four vacant apartments, the house finally sold for \$16,000, 1/10th of its original price. That house is now one of three boarded up, vacant buildings on the block, hurting not only the tenants who were forced to move, but the property owners and residents living nearby as their neighborhood faces blight, crime, and destabilization.

Next, the story of a man. John's mother will testify today about how he struggles for a normal life despite his daily struggle with muscular dystrophy, and the emotional effect on him and his family of the thought of being forced to move from the house that they have spent thousands of dollars to renovate to meet his physical needs. As his lawyer, I will tell you the story of the bank's reaction: of how I have sent three letters to the lawyer for HSBC Bank, telling them of his plight, and offering them his rent while they market the property for sale. How I have gotten no response, except for the filing of the eviction action. How I have spoken to the realtor for the property, who tells me that ***he has a buyer who wants to buy the property and keep John as a tenant, but the bank refuses to set a sale price until the property is vacant!!*** It is hard to imagine a more

sympathetic case, or a more absurd result: a bank insisting on evicting a disabled tenant who has renovated his apartment to make it accessible, so they can empty the building for sale—despite the fact that there is a buyer who wants to buy the building with John living there. You can imagine how tenants without a lawyer fare in such eviction cases: they don't stand a chance, and are forced to move out in short order.

And so you can see why this legislation is necessary. Common sense, and even financial logic, apparently is not enough to make the banks or their loan servicers change their automatic eviction policy. It will take a law, prohibiting evictions of tenants after foreclosure, to change this situation.

Section 3 of HB 6143 accomplishes that goal. It provides that lenders cannot evict tenants, or eject them in a foreclosure action, unless they have "good cause" as provided in CGS Sec. 47a-23c, such as non-payment of rent, or a tenant damaging the property; or unless they have a contract to sell the property that requires that it be vacant. The law does not prevent lenders from offering "cash for keys," and does not prevent tenants from accepting such offers if they choose to move. But if a tenant wants to stay, they can't be forced to move by eviction, so long as they pay their rent and live up to their tenant responsibilities; and so long as their staying does not prevent the bank from being able to sell the property.

Connecticut's tenants are counting on you to stop the foreclosure crisis from spreading its harm to these innocent victims, and help stabilize neighborhoods by keeping people in their homes. I urge you to pass HB 6143.