

TESTIMONY SUBMITTED TO THE HOUSING COMMITTEE
February 19, 2009

Commissioner Howard F. Pitkin
Department of Banking

**HB 6378, AN ACT CONCERNING RELIEF FOR FAMILIES FACING
FORECLOSURE.**

Good morning Chairman Gomes, Chairman Green, 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 *HB 6378, An Act Concerning Relief For Families Facing Foreclosure.*

Section 1 of the proposed bill expands CHFA's residential mortgage loan refinancing guarantee program to all homeowners who are facing financial hardships affecting their ability to meet their monthly mortgage obligations.—Currently, only those homeowners with adjustable rate mortgages are eligible for assistance.

For purposes of the Emergency Mortgage Assistance Program (EMAP), Section 2 expands the definition of “financial hardship due to circumstances beyond the mortgagor’s control” to include a loss of income equaling less than 25% of aggregate family household income if accompanied by evidence of an unanticipated rise in housing costs or other expenses that can be documented as unrelated to the accumulation of credit or installment debt incurred for recreational or non-essential items.

For example, an increase in expenses caused by a recent purchase of a boat or another non-essential purchase, would not qualify under the definition. But, if the increase is attributable to the purchase of a furnace that needed to be replaced, then it would be a qualified expense within the definition. Additionally, the mortgagor must have a decrease in income *and* an increase in home related expenses.

Section 3 expands the circumstances in which a mortgagor may apply for EMAP payments. Under the Governor’s bill, a mortgagor who has received a notice of intent to foreclose or is 60 or more days delinquent on a mortgage, would be eligible. Under current law, the mortgagor could not apply until the mortgagee has begun the foreclosure process. This legislative change will also allow CHFA to refer the mortgagor to a credit counselor before the foreclosure process has begun.

The concept of this bill is generally to provide assistance to more homeowners who are having difficulty meeting their mortgage obligations. The number of applications that had been approved under the existing programs was very small; this

should allow more applicants to qualify for assistance. Again, I encourage you to support the bill.

Thank you for your attention to this matter and I will answer any questions you may have.