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**S.B.235 – Minimum Interest Rate on Tenant Security Deposit
Banking Committee public Hearing – March 11, 2010
Testimony of Mark J. Nolan**

My family and I strongly support the Acceptance of S.B. 235.

As landlords of several hundred units of rental housing that is financed both with federal and conventional financing programs we are required to hold tenants security deposit in escrow accounts.

Additionally, we are required to have some of those accounts co-signed with lenders of certain federal programs for regulatory compliance. Most of the banking relations are community based where the rentals units are and have been supported by the financing institution. A standard savings accounts, that tenants security deposits would be deposited to, do not earn 1.5%, they are at the minimum of .25%, today for example.

As a landlord, the escrow accounts for a complex of units and/or an ownership entity are typically held in one escrow account for that complex. Presently, there are individual "tenant escrow accounts" accounts that are available to have each tenant open with the landlord. This is an undue hardship to a residential landlord to have 50,100,500 or however many units that the landlord owns / manages to have individual "tenant escrow accounts" with a bank. The only account to receive 1.5% is an individual account that must be set up with each tenant.

A repeal of the "required 1.5% interest rate" to the "deposit index" as published by the Banking Commissioner each year would decrease the interest rate that landlords pay on security deposits while maintaining a required law to pay interest on rental security deposits in more reasonable and fair manner.

Please make the appropriate changes to the Current Interest Rate. Thanking you in advance, I remain,

Very truly yours,

Mark J. Nolan

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