

Testimony Before
The Banks Committee of the Connecticut General Assembly

By

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Thank you, Chairman Leone and Chairman Tong, and members of the Committee for this opportunity to comment on House Bill No. 5352: An Act Concerning Mortgage Servicers.

My name is Martin Geitz and I am President and Chief Executive officer of Simsbury Bank and also the Co-Chair of the Connecticut Bankers Association Legislative Committee. Our bank is an approximately \$420 million asset size publicly held commercial bank headquartered in Simsbury, CT. We are a state chartered bank subject to the regulatory authority of the Connecticut Department of Banking and the Federal Deposit Insurance Corporation. We serve our customers through four full service branches in western Hartford County and we have teams of commercial relationship managers and mortgage loan advisors who cover much of the state of Connecticut.

Simsbury Bank has invested significantly in the mortgage business since 2009. Prior to 2008, we focused principally on our four town branch market area as the lightly regulated or unregulated mortgage brokers and servicers dominated the mortgage market. The regulatory and market changes since 2008 opened an opportunity for community banks like Simsbury Bank to again be much more active in the mortgage business. With our investments in people and technology, we have expanded our mortgage reach. In 2013, we closed mortgage loans in 78 of Connecticut's 169 towns in

Connecticut. During 2013, we originated 775 loans secured by mortgages totaling \$143 million. In our four town branch market area as well as our 9 town CRA market area, we originated more mortgages than any other market participant. We did more business than Bank of America, Wells Fargo, Webster Bank, Mortgage Master, Quicken or Farmington Bank in our core market. In Hartford County during 2013, we ranked 12th overall in market share and third among Connecticut based community banks behind Rockville and Farmington Bank. We currently service 2187 loans totaling \$282 million including \$139 million for investors. In summary, Simsbury Bank is active and successful in the business of meeting customer needs for mortgage financing in Connecticut.

I am pleased to testify today in favor of the provisions of House Bill No. 5352 which will ensure that non-bank mortgage servicers active in Connecticut meet the same standards as those of regulated bank servicers. Those provisions would ensure that consumers enjoy the same protections irrespective of the type of servicer. This legislation will close a gap between bank servicers and non-bank servicers that currently exists due to the lack of oversight and enforcement powers that the Department of Banking has relative to those non-bank servicers. This legislation will provide the Department of Banking with the authority to license non-bank mortgage servicers and enforce the requirements of the legislation. Those requirements generally mirror the State and Federal bank regulatory servicing requirements in place for banks like Simsbury Bank. With these enforcement powers, the Department of Banking will be in position to hold all mortgage servicers to the same standards of performance.

This is an important step in the aftermath of the 2008 financial market crisis to ensure that consumers enjoy the benefits of a level playing field when it comes to mortgage servicing. Consumers should not have to worry about whether their mortgage servicer is playing by the same rules as other servicers.

It is also an important step from the perspective of regulated banks. All too often, the poor behavior of non-bank servicers is mistakenly presented by the media as representative of regulated bank servicers as well. This legislation will ensure that in the State of Connecticut, the Department of Banking will have the oversight and enforcement powers to create a level playing field for mortgage servicing.

In summary, during the past five years, federal regulators including the Federal Deposit Insurance Corp and the new Consumer Financial Protection Bureau have significantly increased the requirements of mortgage servicers. It is important for consumer protection and a level competitive playing field that all mortgage servicers be held to the same standards. House Bill No. 5352 will ensure that Connecticut is a state where this is the case.

Thank you for this opportunity to speak on House Bill No. 5352.