

Mr. Chairman, members of the Committee; my name is Richard Tracy I am the President of Campbell Mortgage a Connecticut licensed mortgage broker. I am here today to speak to Raised Bill 226 "An Act Concerning informed consent for Reverse Mortgage Transactions."

This bill creates a great deal of concern for those originating Reverse Mortgages in Connecticut. The impact of requiring consent from an individual that will not be either obligated on the credit instrument or have an ownership position means the terms of the due or payable provisions of a note become meaningless. The concern is based on what might happen post closing. The cause of action made available through this bill to an individual with no ownership rights or obligations exposes both the lender and perhaps the title insurance company. In the event any resident alleges or demonstrates lack of consent for a transaction in which they have no obligation or rights that individual might bring suit against both the lender and title insurance company and this seems to be an open ended opportunity. Lenders are asking themselves why they should put themselves at such a risk from an individual with no obligation. I suspect the Title Insurance companies are likely to ask the same question.

This causes Lenders participating in Reverse Mortgages in Connecticut concern as to the lender's rights under this wording. The concern is sufficient that some Lenders have raised the possibility of ceasing lending activity in Connecticut.

Further, I am concerned that Title Insurance companies might decide to cease activity in the Reverse Mortgage business because of such a trailing non-ending potential liability. Without the availability of Title Insurance the Lender's concern will increase and ceasing lending will become a reality.

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