

February 19, 2015

To: Members of the Banks Committee

Fr: Connecticut Bankers Association

Contacts: Tom Mongellow, Fritz Conway

Re: H.B. No. 5117, AN ACT CONCERNING THE TIME PERIOD FOR THE FILING OF MECHANIC'S LIENS

We are concerned that this bill may result in additional filings of mechanic's liens on mortgaged properties. The bill extends the filing period from 90 days to 90 business days which would result in over a 20 day increase in filing time.

Mechanics liens frequently hold up closings and in many cases are an unexpected cost which is borne by the buyer. If they are not extinguished (by the borrower paying them off), the closing typically doesn't go forward.

One of the most common title insurance claims is a hidden mechanics lien that appears after the closing and has to be paid off. If there is no title insurance, the new homebuyer is unexpectedly responsible for the lien.

These situations are particularly costly for first time home buyers who typically have little extra money to pay the unanticipated cost.

We would look forward to working with the proponent of the bill to further discuss our concerns and we thank the Committee for the opportunity to comment on the proposal.