



## Connecticut Fair Housing Center

### Testimony in Support of House Bill 5651 and in Opposition to Senate Bill 920

Good afternoon Senator Leone, Representative Lesser, and distinguished members of the Banking Committee. My name is Pamela Heller, and I am a staff attorney at the Connecticut Fair Housing Center. I am here to testify in support of House Bill 5651: An Act Implementing the Recommendations of the Reverse Mortgage Task Force. I am also briefly testifying in opposition to Senate Bill 920: An Act Concerning Mortgage Correspondent Lenders.

House Bill 5651 would implement the recommendations made by the task force created last year. The recommendations are sound, including a requirement of in-person counseling for borrowers considering a reverse mortgage, a seven-day "cooling off" period for borrowers, and making violations of the counseling requirements a per se violation of the Connecticut Unfair Trade Practices Act (CUTPA).

Reverse mortgage loans help many seniors by allowing them to liquidate their home equity, but these transactions also lead to confusion and misunderstanding. The Consumer Financial Protection Bureau has recently released an advisory for consumers in reverse mortgage transactions based on its database of complaints that demonstrate a high level of misunderstanding of the terms and provisions of this type of loan. As an attorney representing homeowners facing foreclosure, I regularly witness this confusion firsthand, and it's difficult to explain to seniors who have lived in this home for most of their life that they will now have to find somewhere new to live. They thought the reverse mortgage would protect them, and they didn't understand that if they aren't a borrower, they have to leave when their spouse dies. They didn't know that if they fell behind on their taxes, the bank could foreclose on them.

The task force recommendation regarding counseling is major step in addressing the confusion and misunderstanding. Providing a remedy under CUTPA makes it far more feasible for seniors to protect their rights when they have been treated unfairly. I respectfully recommend that the committee vote in favor of House Bill 5651.

Senate Bill 920 amends the statute requiring mortgage servicers to be licensed by the Department of Banking by allowing for "correspondent lenders" who will transfer the loan servicing within 90 days to be exempt from licensure. Consumers need protection and accountability from these lenders who already have little at stake given that they will soon transfer the servicing of the loan. Correspondent lenders contributed to a significant degree to the loan origination problems and subprime abuses of last decade; they should not be given a pass on consumer protections. We urge you to vote against this bill.

Thank you for your time today.