

TO: Banking Committee Members

FROM: The Connecticut Mortgage Bankers Association, Inc.

RE: Statement Regarding Senate Bill No. 884, An Act Concerning Prohibited Acts of Mortgage Servicers and a Certificate of Good Standing in the Foreclosure Mediation Program

The Connecticut Mortgage Bankers Association, Inc. ("CMBA"), which numbers over one hundred fifty organizations and 700 individuals, is a non-profit association formed in 1984. The two principal purposes of the CMBA are to promote the welfare of the mortgage lending industry in Connecticut and to improve its service to the citizens of Connecticut. The CMBA is Connecticut's only trade association dedicated exclusively to the mortgage banking industry in the State of Connecticut.

The CMBA recognizes the need to ensure the proper functioning of the residential mortgage credit markets to serve current and prospective borrowers. The CMBA also recognizes the need for appropriate supervision of mortgage lenders and servicers.

The CMBA supports S.B. 884 for the following reasons.

Section 1

Section 1 of the proposed Bill would provide clarity as to certain prohibitions on mortgage servicer conduct. The CMBA believes that certain provisions of the current mortgage servicer licensing statute contain vague and overly broad language that makes compliance with those statutory provisions unduly burdensome. In that regard, the CMBA believes that the proposed changes to the language of Section 36a-719h subsections (4), (5) and (8), which have been agreed upon in consultation with the Banking Commissioner, will serve to clarify those statutory provisions while in no way compromising the Commissioner's ability to regulate mortgage servicers in Connecticut.

Section 2

Section 2 of the Proposed Bill would repeal Section 49-31u, which provides that mortgagees furnish mortgagors with a certificate of good standing, at the request of such mortgagor, if such mortgagor has successfully completed the foreclosure mediation program and has remained current on mortgage payments for a period of three or more years following the completion of such program. Given the existing state and federal servicing and fair credit reporting laws and regulations designed, among other things, to protect a consumer's credit standing and given the prospective difficulties that mortgagees in Connecticut would encounter in attempting to comply with this statutory requirement, the CMBA believes that the repeal of Section 49-31u will remove a statutory requirement that is both unnecessary for the protection of Connecticut consumers and unduly burdensome on lenders who wish to make mortgage loans in Connecticut.

Finally, it should be noted once again that representatives of the CMBA met with the Banking Commissioner and the Director of Consumer Credit concerning SB 884 and the Commissioner conveyed to the CMBA representatives his support of SB 884

For these reasons, the CMBA supports S.B. 884.