



CONNECTICUT BANKERS ASSOCIATION

March 19, 2018

To: Members of the Judiciary Committee

Fr: Connecticut Bankers Association – Contact: Tom Mongellow (860-677-5060)

Re: S.B. No. 485 AN ACT CONCERNING THE PROVISION OF A PAYOFF STATEMENT BY A JUDGEMENT LIENHOLDER.

Position: Oppose as drafted

S. B. 485 would require a judgment lienholder (creditor) or an attorney who represents them, to provide a payoff statement indicating what the judgement debtor would have to pay, to satisfy the debt. The proposal includes direction on how the payoff statement would be requested and the time frames that would be required for delivery to the debtor or their counsel.

While the CBA does not oppose the general purpose of the proposal, it *strongly objects to Section (b) which would impose costly and punitive penalties* in the event that a payoff statement is not delivered in the prescribed period of time.

To impose these penalties against a creditor based on a time certain is extremely unfair, as this scheme fails to take into account sometimes uncontrollable situations that may temporarily delay the delivery of the payoff statement. Creditors cannot control events such as snow storms and unforeseen employee circumstances (e.g. medical leave) that may prevent the timely submittal of a payoff statement.

Notably, this penalty provision would hurt *small businesses* that are looking to collect for work they have performed for their customers. These small businesses rely on judgement liens to help them collect legitimate and long overdue debts. Many of these debts owed may be seem small in size, but are large to a small business.

The penalties the bill proposes are so high (\$200 up to \$3000 maximum), that they easily could exceed what is owed by the debtor.

For all the above reasons, we urge the Committee to remove the penalties in Section (b) of the bill.