



February 7, 2019

TO: Senator Bergstein, Representative Santiago, and esteemed Members of the Banking Committee  
FR: Kelly Ramsey Fuhlbrigge, Vice President – Government Relations  
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RE: Testimony in opposition to HB 5163 AN ACT CONCERNING DEFICIENCY JUDGMENTS AND CRUMBLING FOUNDATIONS and HB 5164 AN ACT PROHIBITING THE LENDER OF A HOME EQUITY LOAN FROM SEEKING A DEFICIENCY JUDGMENT AGAINST CERTAIN BORROWERS.

On behalf of Connecticut's 94 credit unions, I respectfully offer testimony today in opposition to HB 5163 An Act Concerning Deficiency Judgements and Crumbling Foundations and HB 5164 An Act Prohibiting the Lender of a Home Equity Loan from Seeking a Deficiency Judgement Against Certain Borrowers.

Most members of the Banking Committee know that credit unions are not-for-profit financial cooperatives, owned by and existing only to serve their members. It is how credit unions are structured that provides important context for our position on this issue. Credit unions do not issue stock or pay dividends to outside stockholders. Instead, all earnings are returned to members in the form of better product pricing, community investments, or improved processes that result in better access to affordable banking. Credit unions are democratically controlled; every member is an equal owner and their volunteer boards of directors are elected by the membership. In addition to providing a full suite of financial products and services to members, credit unions believe in educating and investing in the communities they serve in their effort to strengthen consumers' financial lives.

The credit union philosophy is that of "people helping people." When a member is struggling, credit unions are there to assist in any way possible. Credit unions have proactively become part of the solution to help homeowners struggling with crumbling foundations fix their foundations and make ends meet, these proposals make this very difficult task impossible. If these proposals pass, lenders who try to step into the breach to help borrowers will increase their risk because a borrower can decide to walk away without any repercussions. Lenders already have exposure on this issue and this approach will be a disincentive to try to help existing borrowers and anyone else in the marketplace who would like to try to keep their home.

We hope you will consider the burden of these proposals on not-for-profit credit unions and all of their members who will be affected should they become law. Thank you very much for your time and consideration. Please let me know if you have any questions.

