

**Banking Committee
JOINT FAVORABLE REPORT**

Bill No.: HB-5163

AN ACT CONCERNING DEFICIENCY JUDGMENTS AND RESIDENTIAL PROPERTIES WITH A CONCRETE FOUNDATION AFFECTED BY

Title: PYRRHOTITE.

Vote Date: 3/12/2019

Vote Action: Joint Favorable

PH Date: 2/7/2019

File No.:

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SPONSORS OF BILL:

Banking Committee

Rep. Tom Delnicki, 14th Dist.

Rep. Michael A. Winkler, 56th Dist.

REASONS FOR BILL:

House bill 5163 would protect consumers who have been affected by crumbling foundations from deficiency judgements. The intent is to prohibit mortgage lenders and mortgage correspondent lenders from denying an application for residential mortgage loan passed solely on certain prior defaults, conveyances or foreclosures by the applicant, and to ensure that homeowners that have been affected by crumbling foundations do not have deficiency judgements reported to credit rating agencies.

RESPONSE FROM ADMINISTRATION/AGENCY:

None Provided.

NATURE AND SOURCES OF SUPPORT:

Jeff Gentes, Connecticut Fair Housing Center,(FHC):

FHC supports HB 5163 as it would help protect homeowners whose homes are crumbling through no fault of their own.

Sarah Poriss, Attorney at Law, LLC:

Ms. Poriss is in support of HB 5163. Ms. Poriss points to the exercise in futility that homeowners who are affected by crumbling foundations are going through. These homeowners are paying mortgages that they no longer earn any equity as their homes have no or little value.

Debra MacCoy, Linda Tofolowsky, Michelle Burnham, Jean Frezza, Alan Mardirosian, affected homeowners:

The above listed homeowners all support HB 5163, as they see the need for more protections for homeowners affected by crumbling foundations.

NATURE AND SOURCES OF OPPOSITION:

Fritz Conway, Connecticut Bankers Association, (CBA):

The CBA is opposed to HB 5163. CBA feels that although well intentioned, HB5163 could have a major dampening effect on new lending throughout the eastern CT housing market. When lenders learn that they cannot pursue their contract rights under a promissory note (i.e. on mortgage loans where the collateral may become worthless in the future because of crumbling foundations), it is highly unlikely that they will want to lend in that region.

Kelly Ramsey Fuhlbrigge, Vice President-Government Relations, The Credit Union League of CT (CUL):

CUL is in opposition of HB 5163. CUL states that they are owned by and operate to serve its members exclusively, 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. CUL feels that they have been a proactive part of the solution to help homeowners struggling with crumbling foundations fix their foundations. CUL feels that HB 5163 will make a very difficult task impossible. Lenders already have exposure on this issue and passage of the bill could act as a disincentive to try to help borrowers stay in their home.

Reported by: Robert G Forrest

Date: 03/26/2019