

Banking Committee JOINT FAVORABLE REPORT

Bill No.: HB-5974

AN ACT REQUIRING ACCEPTANCE OF PERIODIC AND PARTIAL PAYMENTS
ON CERTAIN MORTGAGE LOANS ISSUED BY CONNECTICUT BANKS AND

Title: CONNECTICUT CREDIT UNIONS.

Vote Date: 3/12/2019

Vote Action: Joint Favorable

PH Date: 2/14/2019

File No.:

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SPONSORS OF BILL:

Banking Committee

Rep. David Rutigliano, 123rd Dist.

REASONS FOR BILL:

That title 36a of the general statutes be amended to allow mortgagor to partially make payments to lenders to relieve some financial burden.

RESPONSE FROM ADMINISTRATION/AGENCY:

[Click [here](#) and Enter Response from Administration/Agency]

NATURE AND SOURCES OF SUPPORT:

Rep. David Rutigliano, 123rd Dist.- Supports this bill because banks are practicing predatory behavior by requiring him to pay his mortgage payment in full as his property taxes increased by 55\$ a month and this led the bank to not apply the principle of interest payment for the month even though both had been paid on time. Rep. Rutigliano believes banks should not be allowed to operate in this manner.

NATURE AND SOURCES OF OPPOSITION:

Kelly Ramsey Fuhlbrigge, Vice President of Government Relations, The Credit Union League of Connecticut –

Opposes this bill because lenders are concerned that if a creditor applies a partial mortgage payment they believe there will be certain confusion for the creditor. Because by law, tax liens supersede interest, principal, and insurance, therefore, regardless of the amount owed in taxes they must be paid first. In addition, this bill could have a detrimental domino effect on the amortization schedule, extending the mortgage past the original term and would require payment of amounts in arrears.

Tom Mongellow, Connecticut Bankers Association –

Opposes this bill because it would be unworkable as partial payment rules are governed in large part by the national secondary mortgage market, and private mortgage investors and banks also buy mortgages and many of those mortgages have clear servicing and contractual restrictions on accepting and applying partial payments, and may be dependent upon the desires of the purchaser.

Reported by: Paige Sorensen

Date: March 18, 2019