

Banking Committee JOINT FAVORABLE REPORT

Bill No.: HB-6691
AN ACT CONCERNING CREDIT CARD ACCESS TO HOME EQUITY LINES OF
Title: CREDIT.
Vote Date: 3/7/2023
Vote Action: Joint Favorable
PH Date: 3/2/2023
File No.:

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SPONSORS OF BILL:

Banking Committee

REASONS FOR BILL:

Currently if you have a Home Equity Line of Credit with a state-chartered bank, you cannot have a debit/credit card linked to your line of credit.

RESPONSE FROM ADMINISTRATION/AGENCY:

None expressed.

NATURE AND SOURCES OF SUPPORT:

[Tom Mongellow, Art Corey and Fritz Conway, Connecticut Bankers Association](#) submitted written testimony in support of the bill. They stated that "H.B. 6691 would allow financial institutions to issue cards that can be used by customers to access their home equity lines of credit ("HELOC"). This would bring state law for state-chartered banks into product parity with federal law for national banks, which already permits cards to be linked to HELOCs."

NATURE AND SOURCES OF OPPOSITION:

[Daniel S. Blinn, Managing Partner of Consumer Law Group](#) submitted written testimony in opposition to the bill. He stated "In my 25 years of representing Connecticut consumers, I have learned that a very significant percentage of our residents lack the skills to engage in responsible economic planning. I represented hundreds of homeowners who lost or nearly lost their homes in the aftermath of the 2008 financial crisis, and many of them were in that situation because they had paid credit card debt by refinancing their homes. In an economic

environment where so many lack the skills to protect themselves, it is essential that the State provide the necessary protection by restricting creditor access to home equity."

[Attorney Raphael L. Podolsky, Connecticut Legal Services](#) submitted written testimony opposing the bill. Attorney Podolsky stated "that it makes it too easy to put your house at risk for small purchases that would ordinarily be unsecured." He continued "The Connecticut legislature has long insisted that using your home to secure a debt requires more thought than casual use of a credit card." "The bill undercuts Connecticut's homestead exemption, which is designed to protect your home from being taken by creditors to pay your debts."

[Attorney Joanne S. Faulkner](#) submitted written testimony in opposition. Attorney Faulkner stated "It gives the HELOC lender unfair advantage over people who normally use credit cards for ordinary expenses and run into financial trouble, such as unemployment, illness, or divorce." She continued "Using a credit card with one's home as collateral risks foreclosure if one can't pay. If the home's value drops, the borrower could wind up owing more than it's worth. A HELOC tied to a credit card is too risky."

[Attorney Sarah Poriss](#) submitted written testimony in opposition. Attorney Poriss works "exclusively with clients who have too much credit card debt or who are in foreclosure."

She stated that "Over the course of my 20 years as a practicing attorney, I have worked with hundreds of consumers who have lost track of their spending and end up in dire financial crises."

Attorney Poriss continued "Allowing homeowners easy access to home equity by way of a credit card-type product will not only enable consumers to continue a dangerous trend of spending they don't have, but will result in allowing them to strip themselves of their one remaining asset that was previously not easily accessible."

Reported by: Jeanie Phillips, Clerk

Date: March 8, 2023