

Act Number	Session	Bill Number	Total Number of Committee Pages	Total Number of House Pages	Total Number of Senate Pages
PA 71-310		6809	2	1	1
<u>Committee Pages:</u> <ul style="list-style-type: none"> <i>Banking 91-92</i> 				<u>House Pages:</u> <ul style="list-style-type: none"> 2472 	<u>Senate Pages:</u> <ul style="list-style-type: none"> 1990

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**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
1971**

**VOL. 14
PART 5
1968-2502**

Tuesday, May 11, 1971

70.

roc.

THE CLERK:

Cal.759, House Bill 6809. AN ACT CONCERNING MORTGAGE
LOANS BY SAVINGS BANKS ON LEASEHOLDS.

THE SPEAKER:

Rep. Colucci of the 88th.

MR. COLUCCI: (88th)

I move acceptance of the Committee's favorable report
and passage of the bill.

THE SPEAKER:

Will you remark.

MR. COLUCCI: (88th)

Mr. Speaker, under present law for savings banks to
take a mortgage on a leasehold the term of the lease must be
at least twice the term of the mortgage. Under the bill, the
term of the lease must be at least ten years greater than the
term of the mortgage. This conforms savings bank mortgage power
to that of state bank and trust companies. It is in accord
with the rules of the Federal Home Loan Bank for Federal Savings
and Loans. It is recommended by the State Banking Department.
It's a good bill, Mr. Speaker.

THE SPEAKER:

Further remarks on the bill. If not all those in favor
indicate by saying AYE. Opposed. The bill is PASSED.

THE SPEAKER:

Representative Hannon.

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GENERAL ASSEMBLY

SENATE

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File No. 729. Favorable report of the joint standing committee on Banks and Regulated Activities on House Bill 6809. An Act Concerning Mortgage Loans By Savings Banks on Leaseholds.

SENATOR BUCKLEY:

Mr. President, maybe I should try a Jay Jackson here and speak slowly. I move acceptance of the joint committee's favorable report and passage of the bill.

THE CHAIR:

I note Senator, when you are trying to look at your notes, you do the whole thing. When you're ready, you say acceptance and passage.

SENATOR BUCKLEY:

No, I still haven't found it so I'm going to rely upon memory.

THE CHAIR:

Will you remark?

SENATOR BUCKLEY:

Mr. President and members of the Circle, the bill authorizes savings banks to invest in - to make mortgages on structures that are built upon leaseholds, provided the lease is at least ten years more than the term of the mortgage.

THE CHAIR:

Question is on passage. Will you remark further? If not, all those in favor of passage, signify by saying, "aye". Opposed, nay. The ayes have it. The bill is passed.

THE CLERK:

Second item on Page 14. Calendar No. 718, File No. 745.

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delete the variable interest provision. It wasn't supposed to be there. There is no present restriction in state law on variable interest in the case of construction mortgages anyway.

Rep. Blake: Thank you. Anyone else in opposition to 7371? Hearing none, the hearing on 7371 will be concluded.

We'll now move on to bill #6807. Anyone in favor of 6807? It's a bill Concerning Unrestricted Savings Bank Investments. Anyone in favor?

Unknown: Mr. Chairman, I am in favor of it, but due to the fact that it was left off the list - well, there was a mis-understanding among our members. And, we're not ready to speak on it today.

Dr. Blake: In that case, I'll ask the Clerk to reschedule that bill at a later hearing. Does any member of the Committee have any objection to including that in next week's hearings? Hearing none, the Clerk will include it in next week's hearings. #6807.

Rep. Clark: ---Not legible--- Without completely studying this bill, that particular date. I believe this is ambiguous. And, scheduling it for next week, the 10th, Mr. Blake

Rep. Blake: We have the Conversion Bill and the Demand Deposit Bill next week.

There are objections on the part of the Committee, Mr. Hickey, about scheduling it next week so we'll have it at a later date.

We'll now move on to bill #6809. Any in favor of 6809, please come forward.

Mr. Frieda: Ed Frieda, Chairman, Mortgage Committee, Savings Banks Association of the State of Connecticut. I want to speak in favor of bill 6809, "Statement of Purpose to Authorize a Savings Bank to Make a Mortgage Loan on Security of a Lease Having a Term of at Least 10 Years Beyond the Maturity of the Loan! The present law requires that we

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have a lease term, double the term of the mortgage loan. The reasoning behind this change is the fact that the state chartered commercial banks have the ability to make a leasehold mortgage with a term of at least 10 years beyond the maturity date of the loan. We would like parity in this instance. We also feel it gives us a little bit more flexibility in the writing of a mortgage loan. And, it is also our understanding that the Federal Home Loan Bank has recommended that the Federal Savings and Loan have their lease term reduced from 50 years minimum requirement, to 10 years beyond the maturity date of the mortgage loan.

Rep. Blake:

Thank you. Anyone else wish to speak in favor of this bill? Any in opposition? Hearing none, the hearing on bill #6809 is concluded.

Now, move on to bill #6810. Anyone wish to speak in favor?

Mr. Frieda:

Ed Freida, Chairman, Mortgage Committee, Savings Bank Association, State of Connecticut. I wish to speak in favor of bill 6810, entitled "Participation by Savings Banks in Mortgage Loans". Statement of Purpose: to liberalize the law concerning participation by savings banks in mortgage loans. The present law limits the total of all participation interests of savings banks to 5% of assets. This Act will raise the limit to 25%. The present law limits the participants to banks and Savings & Loan Associations. This negates which may be corporations or business trusts. And, it will permit participation with, for example, insurance companies, pension funds, real estate investment trusts and mortgage trusts. The reason for the increase to 25% from 5% of assets, is based on the request of some smaller savings banks who are nearing their legal limit. A survey recently conducted by the Savings Bank Association of Connecticut, indicated that 4 banks were over 4% and 5 banks had between 3 and 4% of their assets in participation mortgages. Twenty-one banks anticipated that within five years they would exceed the 5% limitation. The