

<b>Act Number:</b>	09-100	
<b>Bill Number:</b>	617	
<b>Senate Pages:</b>	1909-1910, 1935, 1937-1938	<b>5</b>
<b>House Pages:</b>	5723-5727	<b>5</b>
<b>Committee:</b>	Banks: 120-124, 260-261, 345, 419, 425, 440-441	<b>12</b>
	<b>Page Total:</b>	<b>22</b>

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**CONNECTICUT  
GENERAL ASSEMBLY  
SENATE**

**PROCEEDINGS  
2009**

**VOL. 52  
PART 6  
1667 - 2005**

ch/rgd/md  
SENATE

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May 6, 2009

Calendar 149, marked go.

Calendar 151, pass temporarily.

Calendar page 28, Calendar 152, Senate Bill  
Number 1024, Mr. President, I move to place this item  
on the foot of the calendar.

THE CHAIR:

Without objection, so ordered.

SENATOR LOONEY:

Thank you, Mr. President. Calendar 160, PR.

Calendar 162, PR.

Calendar 168, Senate Bill Number 871, Mr.

President, I move to refer this item to the Committee  
on Planning and Development.

THE CHAIR:

Motion is to refer to Planning and Development.

Seeing no objection, so ordered, sir.

SENATOR LOONEY:

Yes, thank you, Mr. President. Calendar 170, PR.

Calendar 173, PR.

Calendar 175, Senate Bill Number 617, Mr.

President, I move to place this item on the Consent  
Calendar.

THE CHAIR:

Motion is on the floor to place the item on

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SENATE

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001910

consent.

Seeing no objection, so ordered.

SENATOR LOONEY:

Yes, thank you, Mr. President. Calendar 179, PR.

Calendar page 30, Calendar 182, Senate Bill  
Number 973, Mr. President, I move to place this item  
on the Consent Calendar.

THE CHAIR:

Motion is on the floor to place the item on  
Consent.

Seeing no objection, so ordered.

SENATOR LOONEY:

Thank you, Mr. President. Calendar 187, Senate  
Bill Number 1002, Mr. President, I move to refer this  
item to the Committee on Government Administration and  
Elections.

THE CHAIR:

Motion is to refer item to GAE.

See no objection, so ordered.

SENATOR LOONEY:

Thank you, Mr. President. Calendar 189, PR.

Calendar 191, PR.

Calendar 197, PR.

Moving to calendar page 31, Calendar 202, PR.

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for House Bill 6643; Calendar 536, Substitute for  
House Bill 6685.

Calendar page 15, Calendar Number 539, Substitute  
for House Bill 6287.

Calendar page 17, Calendar 553, Substitute for  
Senate Bill 885.

Calendar page 20, Calendar 587, Substitute for  
House Bill 6598; Calendar 588, Substitute for House  
Bill 6324.

Calendar page 21, Calendar 592, House Bill 6439.

Calendar page 27, Calendar Number 135, Senate  
Bill 842.

Calendar page 28, Calendar 140, Senate Bill 872.

Calendar page 29, Calendar 175, Substitute for  
Senate Bill 617.

Calendar page 30, Calendar 182, Senate Bill 973.

Calendar page 31, Calendar 206, Substitute for  
Senate Bill 949.

Calendar page 37, Calendar Number 368, Senate  
Bill 846.

Calendar page 38, Calendar 396, House Bill 5841.

Calendar page 42, Calendar 519, Substitute for  
Senate Bill 1092; Calendar 375, Substitute for Senate  
Bill 1021.

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items placed on the first Consent Calendar.

THE CHAIR:

Thank you. Clerk, if you could please call for a roll call vote, I will open the machine.

THE CLERK:

The Senate is now voting by roll call on the Consent Calendar, will all Senators please return to the chamber. The Senate is now voting by roll on the Consent Calendar, will all Senators please return to the chamber.

THE CHAIR:

Have all Senators voted? If all Senators have voted, please check your vote. The machine will be locked.

Mr. Clerk, please call the tally.

THE CLERK:

The motion is on adoption of Consent Calendar  
Number 1:

Total Number Voting	36
Necessary for Adoption	19
Those Voting Yea	36
Those Voting Nay	0
Those Absent/Not Voting	0

THE CHAIR:

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SENATE

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Consent Calendar Number 1 passes.

Senator Looney.

SENATOR LOONEY:

Thank you. Thank you, Mr. President. Mr. President, I would move for suspension for immediate transmittal to the House of Representatives of item on calendar page 42, Calendar 519, Senate Bill 1092, An Act Concerning the Client's Security Fund, that was included in the immediately preceding vote on the Consent Calendar.

THE CHAIR:

Motion is to suspend down to the House Calendar 519.

Without objection, so ordered, sir.

SENATOR LOONEY:

Yes, thank you, Mr. President. Mr. President, as the second order of the day, I would ask the Clerk to call the item on calendar page 22, Calendar 595, Substitute for House Bill 6648.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Turning to calendar page 22, a matter marked second order of the day, Calendar Number 595, File



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**CONNECTICUT  
GENERAL ASSEMBLY  
HOUSE**

**PROCEEDINGS  
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HOUSE OF REPRESENTATIVES

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May 21, 2009

to the well of the House. Members take your seats.

The machine will be open.

THE CLERK:

The House of Representatives is voting roll call.

Members of the chamber. The House is taking a roll call vote. Members of the chamber, please.

DEPUTY SPEAKER ORANGE:

Have all the members voted? Have all the members voted? Please be sure to check the board to make sure that your vote is properly cast. If so, the machine will be locked. And the Clerk will take a tally. And the Clerk will announce the tally, please.

THE CLERK:

House Bill 6585 as amended by House A.

Total Number Voting 141

Necessary for Passage 71

Those voting Yea 127

Those voting Nay 14

Those absent and not voting 10

DEPUTY SPEAKER ORANGE:

The bill passes.

Will the Clerk please call Calendar Number 605.

THE CLERK:

On page 21, Calendar 605, substitute for Senate

Bill Number 617, AN ACT CONCERNING BRANCHING AND  
AUTHORITY TO IMPLEMENT THE NATIONAL DEFENSE  
AUTHORIZATION ACT, favorable report by the Committee  
on Finance.

DEPUTY SPEAKER ORANGE:

Representative Ryan Barry, you have the floor,  
sir.

REP. BARRY (12th):

Thank you very much, Madam Speaker. I move for  
acceptance of the joint committee's favorable report  
and passage of the bill.

DEPUTY SPEAKER ORANGE:

The question is acceptance of the joint  
committee's favorable report and passage of the bill.  
Representative Barry, you have the floor, sir.

REP. BARRY (12th):

Thank you very much, Madam Speaker. This bill  
is -- it allows the commissioner of the Department of  
Banking to accept applications for expedited  
Connecticut banks and these are applications for banks  
that would be organized primarily for the purpose of  
assuming liabilities and purchasing assets from the  
FDIC. Additionally, the bill allows the banking  
commissioner to waive the filing of a community

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reinvestment act plan for banks to meet certain standards. It expedites the process for them to establish bank branches.

It's a good bill. It passed unanimously in the Banks Committee and it has also passed the Senate already. And that vote was unanimous as well, and I urge passage.

DEPUTY SPEAKER ORANGE:

Thank you, sir. Will you care to remark further on the bill? Will you care to remark further on the bill? Representative Stripp, you have the floor, sir.

REP. STRIPP (135th):

Thank you, Madam Speaker. Madam Speaker, this reduces paperwork and makes the banking process more efficiently. And I think any time we do that in troubled economic times is a good direction to go in. It also makes Connecticut banks subject to federal law regarding the caps as to how much they can charge interest rate to members of the Armed Forces and their dependents. I think that's a good bill also. So Madam Speaker, I support the bill. Thank you.

DEPUTY SPEAKER ORANGE:

Thank you, Representative Stripp.

Will you care to remark further on the bill?

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Representative Cafero, Mr. Leader, you have the floor, sir.

REP. CAFERO (142nd):

Thank you, Madam Speaker. Madam Speaker, ladies and gentlemen of the chamber, I think it's worthy to note that in this bill we are eliminating requirements because they are burdensome to banks.

Representative Barry and Representative Stripp indicated as much that we're trying to streamline processes, that we're trying to make it easier to be in business, in this case, a bank. And I have to comment that I hope this trend continues not only for business, but for our own municipalities who are also saddled with mandates and requirements and paperwork, that in this year of dire fiscal times where we're giving less and potentially -- well, we're giving potentially less to our municipalities, that we help them out by relieving them of some burdensome requirements, paperwork and mandates. So I stand in support of the bill. Thank you, Madam Speaker.

DEPUTY SPEAKER ORANGE:

Thank you, sir. Will you care to remark further on the bill? Will you care to remark further on the bill? Will you care to remark further? If not, staff

and guests, please come to the well of the House.

Members take your seats. The machine will be open.

THE CLERK:

The House of Representatives is voting by roll call. Members to the chamber. The House is taking a roll call vote. Members to the chamber, please.

DEPUTY SPEAKER ORANGE:

Have all the members voted? Have all the members voted? Please check the board to determine if your vote has been properly cast. If so, the machine will be locked and the Clerk will take a tally. And the Clerk will announce the tally, please.

THE CLERK:

On Senate Bill 617, in concurrence with the Senate.

Total Number Voting	136
Necessary for Passage	69
Those voting Yea	136
Those voting Nay	0
Those absent and not voting	15

DEPUTY SPEAKER ORANGE:

The bill passes.

Will the Clerk please call Calendar Number 624.

THE CLERK:

**JOINT  
STANDING  
COMMITTEE  
HEARINGS**

**BANKS  
PART 1  
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mhr BANKS COMMITTEE

February 24, 2009  
10:00 A.M.

CHAIRMEN: Senator Duff  
Representative Barry

VICE CHAIRMEN: Senator Crisco  
Representative Wright

MEMBERS PRESENT:  
SENATOR: Kane

REPRESENTATIVES: Frey, Graziani,  
Guerrera, Hamzy, Harkins,  
Kirkley-Bey, Larson,  
O'Connor, Schofield,  
Stripp, Widlitz

SENATOR DUFF: Could everybody please take their  
seats? Good morning. Thank you.

I'd like to reconvene the public hearing for  
the Banks Committee and thank everybody for  
their patience, as we settle in this morning.

I might as well get started, and first up is  
Alan Chichetti from the banks -- Banking  
Department.

Good morning.

ALAN CHICHETTI: Good morning, Chairman Duff.

Members of the committee, my name is Alan  
Chichetti, and I am the Deputy Banking  
Commissioner of the Connecticut Department of  
Banking, here on behalf of Commissioner  
Pitkin, who is ill.

I am here to testify in favor of five pieces  
of legislation. Since I am testifying on so  
many bills, I will attempt to keep my remarks  
as brief as possible.

SB617  
HB6232  
HB6368  
HB6366  
HB6367



The first bill I am commenting on is SB 617, An Act Concerning Branching And Authority To Implement The National Defense Authorization Act. This bill would eliminate the requirement that banks submit a Community Reinvestment Act plan with certain applications, provided certain conditions are met and unless the agency determines the submission of such a plan is appropriate. These plans are costly for the bank to produce and are rarely examined by outside individuals. During these difficult economic times, this action will save Connecticut banks expense.

Since the original inception of the bill, the agency has asked the committee to add an important provision to the bill. This new section would add language which would allow for the preliminary approval of investors who the agency determines to have the funds to form a bank. This power would be a temporary one, in place for only two years. I believe it would be a valuable tool in attracting business and economic development to our region during this difficult time.

The next bill is HB 6232, An Act Concerning The Connecticut Business Opportunity Investment Act. This bill makes certain technical changes, clarifies the agency's business opportunity registration process, enhances disclosures by the seller of a business opportunity, and strengthens the enforcement authority of the department.

The next three bills are proposed by the Governor's office. Our agency has worked extensively with the Governor's office over the past few months in developing these proposals, and we hope to see them through to passage. I thank the Governor for her support and for her work with the Department of

Banking on behalf of the people of Connecticut, especially in these trying times.

The first proposal, HB 6366, An Act Concerning Consumer Credit Licenses fills certain gaps in the agency's enforcement authority and provides the department with certain enforcement tools related to licensee and debt adjusters. The bill also contains new provisions governing payday loans and how to control this type of lending in Connecticut. The department has been working with the Attorney General and other concerned parties in the drafting of this section and believes this language works for all involved.

HB 6367, An Act Concerning Mortgage Practices is a proposal which adds new provisions that define residential mortgage fraud. It also makes a single act of residential mortgage fraud a Class C felony and two or more acts of residential mortgage fraud a Class B felony. The proposal would make certain definitional and technical changes in the Banking Statutes. The bill originally made certain changes to the reverse mortgage statutes, but the department is requesting this language be withdrawn. We are continuing to research the issue and believe that we need additional time to develop a stronger, more-comprehensive response to the issue.

The final bill is HB 6368, An Act Concerning Implementation Of The S.A.F.E. Mortgage Licensing Act. This bill sets forth the policy statement from the Model Act for Implementation of the S.A.F.E. Mortgage Licensing Act, developed by the Conference of State Bank Supervisors in conjunction with the American Association of Residential Mortgage Regulators. The bill details the process for the implementation of the act and the requirements specified related to

registration, freedom of information, and employment in the industry.

I would like to point out that this proposal is necessary in that if Connecticut fails to implement SAFE within a certain time frame from the effective date of July 1, 2008, the Department of Housing and Urban Development may take over the registration and licensing process on behalf of the department. This action would dramatically limit the oversight of the department and would have a profound effect in terms of reputational risk to the state and the department.

I thank you for your attention to these matters and will now answer any questions you may have on this or any other bills.

SENATOR DUFF: Thank you, Mr. Chichetti.

Please send the Commissioner our best and hope that he has a speedy recovery.

ALAN CHICHETTI: Thank you, Senator.

SENATOR DUFF: Thank you.

One question for you: We have had some conversations about these bills already. Just for the record, on Senate Bill 617, An Act Concerning Branching And Authority To Implement The National Defense Authorization Act, we spoke about eliminating requirements that banks submit for the Community Reinvestment Act who are -- that are state-chartered banks. What is the requirements for federally-chartered banks and how would this be -- how would this mesh those two requirements?

ALAN CHICHETTI: Senator, I am responsible for the Consumer Credit Division at the Department of Banking and am not involved in the

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10:00 A.M.

state-chartered banks area in the Financial Institution Division, so I am not able to answer that question for you at this time but will get you an answer from that division.

SENATOR DUFF: Okay. Thank you.

Any questions at all from members of the committee?

Thank you, sir.

ALAN CHICHETTI: Thank you.

SENATOR DUFF: Tim Bannon, followed by our Attorney General.

Good morning.

TIM BANNON: Good morning, Senator Duff.

Members of the committee, my name is Timothy Bannon, President, Executive Director of the Connecticut Housing Finance Authority. I have submitted written testimony together with an attachment describing the mortgage situation in Connecticut and some of the programs that the General Assembly adapted last year and the Governor signed to provide relief to homeowners facing foreclosure. I will not read that testimony but would be happy to respond to any questions you have about it or the attachment.

If I may, let me start by saying something very obvious. The foreclosure problem in Connecticut has been severe, and it does not promise to abate at any time in the future; in fact, it is acquiring a new dimension beyond the scope that it had when it originally -- when we originally, the state experienced its onset. Taking you back to 2005, when the -- what we call the "sub-prime" loans were first being written, you had a set of, in many

HB 6481

HB 6378

HB 5908

HB 6366

HB 6367

HB 6368

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Connecticut cities manage the fallout from the foreclosure crisis and to keep our neighborhoods healthy, so I urge you to pass it and to understand again lead the nation in managing the foreclosure crisis like you did with the mediation program last year.

SENATOR DUFF: Thank you, very much.

Actually, we just -- for your information -- we did have an over sight hearing on NSP program, so I appreciate that. I know we're working closely with DECD on it and your two suggestions, I know our LCO attorney has been copiously taking notes and we will discuss that in our screening. So thank you --

SAMEERA FAZILI: Okay.

SENATOR DUFF: -- very much.

SAMEERA FAZILI: And, once again, with Robin, we are very happy to support and help in any way that we can, over at Yale, at the Law School, and put our students to work for you guys, if need be.

SENATOR DUFF: Thank you, so much.

Raphie, followed by Sam Hamilton.

RAPHAEL PODOLSKY: Senator Duff and Representative Barry, thank you, very much.

I'm Raphael Podolsky with the Legal Assistance Resource Center of Connecticut. We represent low-income consumers, low-income tenants, low-income homeowners. I want to -- I'm -- I'm going to try and speak briefly on a number of bills. I've submitted written testimony and I want to high light some things that -- that are -- that I want to call your attention to, particularly.

HB6484  
SB617  
HB6367  
SB949  
HB6482  
HB6481  
SB951

First of all, in regard to House Bill 84, -- 6484, on which you've had a lot of testimony dealing -- that's the bill on Emergency Mortgage Relief, I just want to say to you I think this is probably the most important bill I've seen in the committee this year, certainly from a consumer perspective, because it fills a critical gap. And I'll come back to it later if I have time. But I just -- I hope that you will really take this bill seriously and look at the possibility of moving it forward.

I want to say a couple things on bills where -- where I'm hoping you'll make some changes. Senate Bill Number 617, I did not submit testimony on because I did not appreciate that Section 2 of that bill amends the Community Reinvestment Act. And essentially what it does is Section 2 allows an exception to the requirement of filing a plan if the bank has a satisfactory rating. Virtually all banks in Connecticut have satisfactory ratings, so it effectively exempts almost all banks. I would ask you either to take Section 2 out or to require that the bank have an outstanding rating in community reinvestment before you exempt it from doing a plan.

In regard to Bills Number 6367 and 40 -- and -- and 949 which are substantially the same bill, the -- there is -- the initial first two -- the initial two sections deal with residential mortgage fraud. An earlier speaker spoke about the forfeiture provisions there. I would -- that is a bill -- those sections are sections that should be industry regulations for lenders and brokers that are engaged in residential foreclosure misconduct. It should -- it is written, however, also to apply to the borrower, and it is not appropriate for the borrower, and I urge you

**JOINT  
STANDING  
COMMITTEE  
HEARINGS**

**BANKS  
PART 2  
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**2009**

# Legal Assistance Resource Center of Connecticut, Inc.

44 Capitol Avenue, Suite 301 ♦ Hartford, Connecticut 06106  
(860) 278-5688 x203 ♦ FAX (860) 278-2957 ♦ Rpodolsky@LARCC.org

## S.B. 617 -- Community Reinvestment Act

Banks Committee public hearing -- February 24, 2009

Testimony of Raphael L. Podolsky

**Recommended Committee action: DELETION OF SECTION 2**

Section 2, which amends the state Community Reinvestment Act (CRA), appears effectively to make it unnecessary for the Banking Commissioner to condition mergers and acquisitions of state financial institutions on the requirement that the institution submit a CRA plan and subject it to a public review process. The CRA works, to a significant extent, by using the Banking Commissioner's approval powers to leverage a greater focus by banks on serving low and moderate income communities. Existing law waives the submission of a CRA plan for mergers only if the bank has received an "outstanding" rating in its last CRA review. This bill waives it for both "outstanding" and "satisfactory" ratings. According to the Banking Department's web site,<sup>1</sup> which lists 45 rated financial institutions, there are no Connecticut banks or credit unions with ratings other than "outstanding" or "satisfactory," i.e., there is not even one Connecticut financial institution with a ranking that reflects a "need to improve" (or "substantial noncompliance). Nine state financial institutions had ratings of "outstanding" and 36 had ratings of "satisfactory." Thus, the practical effect of Section 2 seems to be substantially to eliminate the need for any financial institution to file a CRA plan as a condition of obtaining a merger approval from the Banking Commissioner and substantially to eliminate the public comment process related to review of the plan.

The Banks Committee should delete Section 2 from the bill or, in the alternative, should change "a satisfactory or better rating" to "an outstanding rating" in line 12 of the bill.

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<sup>1</sup>Bank ratings are at [www.ct.gov/dob/cwp/view.asp?a=2227&q=296950](http://www.ct.gov/dob/cwp/view.asp?a=2227&q=296950) Credit union ratings are at [www.ct.gov/dob/cwp/view.asp?a=2237&q=308336](http://www.ct.gov/dob/cwp/view.asp?a=2237&q=308336)





## CT FAIR HOUSING CENTER

### TESTIMONY OF ANN PARRENT OF THE CONNECTICUT FAIR HOUSING CENTER BEFORE THE BANKING COMMITTEE FEBRUARY 24, 2009

My name is Ann Parrent. I am a Senior Staff Attorney for Foreclosure Prevention at the Connecticut Fair Housing Center. I am here this morning to testify in support of H.B. 6484, An Act Concerning Emergency Mortgage Relief. My written testimony also includes comments on several other bills before the Committee today.

#### H.B. 6484 AN ACT CONCERNING EMERGENCY MORTGAGE RELIEF

H.B. 6484 is a refreshingly sensible proposal that protects the interests of the lender while at the same time safeguarding Connecticut homeowners and our communities against the devastating consequences of foreclosure and at no cost to the taxpayer. My work with the Connecticut Fair Housing Center's foreclosure prevention project puts me in daily contact with homeowners and the HUD-approved housing agencies around the state who attempt to negotiate loan modifications on their behalf. Many of the homeowners I talk with have experienced some financial setbacks that caused them to fall behind on their mortgages, but what is notable to me was that they have income and can make reasonable monthly payments. These are preventable foreclosures.

Yet, with disturbing regularity, I hear of cases in which lenders refuse to discuss alternatives to foreclosure with homeowners who have the financial ability to make monthly payments in an amount that would be equivalent to a 30 year mortgage at a market rate on the

HB6367  
SB948  
SB952

HB6485  
SB617  
HB6481

the borrower's best interest. That is why the legislature agreed to subject them to increased regulation by enacting P.A. 08-176 last year and by helping the Department of Banking implement the S.A.F.E. Act establishing a national licensing system. It would be ironic to acknowledge that brokers may have helped drive some borrowers into unaffordable loans, but then to allow them to arrange short sales for borrowers without any supervision or regulation.

**H.B. 617**  
**AN ACT CONCERNING BRANCHING AND AUTHORITY TO IMPLEMENT THE  
NATIONAL DEFENSE AUTHORIZATION ACT**

The Center opposes Raised Bill 617 because it includes an amendment that would allow federally chartered, out-of-state banks to ignore state Fair Lending laws with impunity. We strongly urge the Committee not to pass this bill. As this Committee is likely aware, the subprime lending crisis finds its roots in our country's long history of discrimination, including the denial of credit on the basis of race. As a result, the subprime crisis and the accompanying foreclosure crisis has had a disparate impact on minority areas. Now is the time to hold banks more accountable, not less. Our state fair housing laws are stronger than federal laws in a number of ways, such as including protections against discrimination based on age, gender orientation, and source of income. Banks lending in Connecticut must be held to our state standard of lending discrimination. It is also premature for the legislature to make the proposed amendment at this time. A key issue underlying this proposal, the extent of state authority over federally chartered out-of-state banks, is before the U.S. Supreme Court in *Cuomo v. The Clearing House*, Docket No. 08-453. It does not make sense to pass a law that could well be overturned by an imminent Supreme Court decision.

**TESTIMONY SUBMITTED TO THE BANKS COMMITTEE**  
**February 24, 2009**

*Commissioner Howard F. Pitkin*  
*Department of Banking*

**SB 617, AN ACT CONCERNING BRANCHING AND AUTHORITY TO IMPLEMENT THE NATIONAL DEFENSE AUTHORIZATION ACT,**  
**HB 6232, AN ACT CONCERNING THE CONNECTICUT BUSINESS OPPORTUNITY INVESTMENT ACT,**  
**HB 6366, AN ACT CONCERNING CONSUMER CREDIT LICENSES,**  
**HB 6367, AN ACT CONCERNING MORTGAGE PRACTICES AND**  
**HB 6368, AN ACT CONCERNING IMPLEMENTATION OF THE S.A.F.E. MORTGAGE LICENSING ACT**

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Good morning Chairman Duff, Chairman Barry, members of the committee, my name is Howard F. Pitkin and I am the Commissioner of the Connecticut Department of Banking. I am here to testify in favor of five pieces of legislation. Since I am testifying on so many bills I will attempt to keep my remarks as brief as possible.

The first bill I would like to comment on is **SB 617, An Act Concerning Branching and Authority to Implement the National Defense Authorization Act**. This bill would eliminate the requirement that banks submit a Community Reinvestment Act plan with certain applications provided certain conditions are met and unless the agency determines the submission of such a plan is appropriate. These plans are costly for the bank to produce and are rarely examined by outside individuals. During these difficult economic times, this action will save Connecticut banks some expense.

Since the original inception of the bill the agency has asked the committee to add an important provision to the bill. This new section would add language which would allow for the preliminary approval of investors who the agency determines to have the funds to form a bank. This power would be a temporary one, in place for only two years. I believe it would be a valuable tool in attracting business and economic development to our region during this difficult time.

The next bill I want to speak on is **HB 6232, An Act Concerning the Connecticut Business Opportunity Investment Act**. This bill makes certain technical changes, clarifies the agency's business opportunity registration process, enhances disclosures by the seller of a business opportunity and strengthens the enforcement authority of the department.

The next three bills I wish to comment on are bills proposed by the Governor's office. The agency has worked extensively with the Governor's office over the past few months

in developing these proposals and we hope to see them through to passage. I thank the Governor for her support and for her work with the Department of Banking on behalf of the people of Connecticut, especially in these trying times.

The first proposal, *HB 6366, An Act Concerning Consumer Credit Licenses* fills certain gaps in the agency's enforcement authority and provides the department with certain enforcement tools related to licensee and debt adjusters. The bill also contains new provisions governing payday loans and how to control this type of lending in this state. The department has been working with the Attorney General and other concerned parties in the drafting of this section and believes this language works for all involved.

*HB 6367, An Act Concerning Mortgage Practices* is a proposal which adds new provisions that define residential mortgage fraud. It also makes a single act of residential mortgage fraud a Class C felony and two or more acts of residential mortgage fraud a Class B felony. The proposal would make certain definitional and technical changes in the Banking Statutes. The bill originally made certain changes to the reverse mortgage statutes but the department is requesting this language be withdrawn. We are continuing to research the issue and believe that we need additional time to develop a stronger more comprehensive response to this problem.

The final bill I would like to comment upon is *HB 6368, An Act Concerning Implementation of the S.A.F.E. Mortgage Licensing Act*. This bill sets forth the policy statement from the Model Act for Implementation of the S.A.F.E. Mortgage Licensing Act ("SAFE") developed by the Conference of State Bank Supervisors/American Association of Residential Mortgage Regulators.

The bill details the process for the implementation of the act and the requirement specified related to registration, freedom of information and employment in the industry.

I would like to point out that this proposal is necessary because if Connecticut fails to implement SAFE within a year from its effective date of July 1, 2008, the Department of Housing and Urban Development may take over regulation of mortgage loan originators in Connecticut. This action would dramatically limit the oversight the Connecticut Department of Banking would have over these individuals

Thank you for your attention to these matters and I will answer any questions you may have on this or any other bills.