

Act Number:	09-144	
Bill Number:	951	
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GENERAL ASSEMBLY
SENATE**

**PROCEEDINGS
2009**

**VOL. 52
PART 8
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179, File Number 170, Substitute for Senate Bill 951,
AN ACT CONCERNING NEIGHBORHOOD PROTECTION, Favorable
Report of Committees on Banks, Planning and
Development and Judiciary. Clerk is in possession of
Amendments.

THE CHAIR:

Senator Duff.

SENATOR DUFF:

Thank you, Mr. President. Mr. President, I move
acceptance of the Joint Committee's Favorable Report
and passage of the bill.

THE CHAIR:

Questions on passage? Would you like comment,
Senator Duff?

SENATOR DUFF:

Thank you, Mr. President. Mr. President, the
Clerk is in possession of LCO number 7365. I ask that
he call and I be allowed to summarize.

THE CHAIR:

Mr. Clerk, will you please call the Amendment?

THE CLERK:

LCO 7365, which will be designated Senate
Amendment Schedule "A" that is offered by Senator Duff

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of the 25th District.

THE CHAIR:

Senator Duff.

SENATOR DUFF:

Thank you, Mr. President. Mr. President, I move adoption.

THE CHAIR:

Questions on adoption? Senator Duff, would you like to comment?

SENATOR DUFF:

Thank you, Mr. President. Mr. President this is a strike-all Amendment that becomes the bill once this is adopted. And basically, what the Amendment does and -- first of all, I'd like to thank those who have worked so hard on this, including the industry and those in -- around the Circle, and, also, the Attorney General's office, my cochair and others.

This bill first came to us -- came to me through a constituent of mine who happened to see some foreclosed homes in their neighborhoods and the interesting statistic -- it's kind of disturbing, is the fact that when there's a foreclosed home in the neighborhood, the statistics say that a foreclosed

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home will sometimes lead to property values being lowered by one or two percent in the neighborhood and crime increasing by about the same percentage. And that is, obviously, disturbing to many of our communities throughout the State of Connecticut. What this bill does is actually sets up a system where servicers, loan servicers, banks and others who own -- who have taken title to foreclosed properties, they have to disclose themselves through what's called a MERS system, Mortgage Electronic Registration System. If they're not part of that system, which is free to communities, they then have to register with the Town Clerk's office. And if those properties are not maintained to some of the State standards that we have, then the community can then send notice to say that they see high grass. Or if they see windows that are broken or boarded up, buildings that will contribute to the downturn of a neighborhood, the communities can then go to that system, look to see who is owning and who is managing it and then ask them to correct it.

If it is not corrected within a certain amount of time, the communities can then go -- the cities or

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towns across the State can then go and fix it themselves and fine whoever is managing it and owning the properties. And then, after that, if it has not been taken care of, they can put a lien on the property.

So we feel that this going to help many of our communities that are seeing foreclosed homes that are boarded up. And we do get a lot of complaints, obviously, about houses that have not been taken care of.

So I do ask for the support of the Circle, Mr. President. And again, I'd like to thank my constituent for bringing this to our attention. I think, actually, this has been adopted in a number of cities across the country. I don't know that it's been adopted anywhere as a statewide policy. So I think that we may be one of the first states to adopt something like this, which I think, hopefully, will serve as a model for other states around the nation. Thank you, Mr. President.

THE CHAIR:

Thank you, Senator Duff. Further comment on the Amendment? Senator Kane.

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SENATOR KANE:

Thank you, Mr. President. I, too, rise in favor of the Amendment. I know this is a very big work-in-progress done by Senator Duff and Representative Barry as Chairs of the Banks Committee. And I do appreciate all they've done on this particular issue. I know there was a lot of concern as it progressed through the Banks Committee, but the way this clarification comes through, I think all of us in the Chamber can support it. Thank you, Mr. President.

THE CHAIR:

Thank you, Senator Kane. Senator Witkos.

SENATOR WITKOS:

Thank you, Mr. President. If I may, just one or two questions for the proponent of the Amendment?

THE CHAIR:

Please proceed.

SENATOR WITKOS:

Thank you, Senator Duff, for your explanation. I just wanted to make certain that this language is applicable only to those that are in foreclosure and not a dwelling that is just vacant for an extended period of time. Thank you, Mr. President.

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THE CHAIR:

Senator Duff.

SENATOR DUFF:

Yes, that would be correct.

THE CHAIR:

Senator Witkos.

SENATOR WITKOS:

Thank you, Mr. President. I thank the gentleman for his answers.

THE CHAIR:

Thank you. Further comment on the Amendment? If no further comment, move to a voice vote. All those in favor, please signify by saying Aye.

SENATORS:

Aye.

THE CHAIR:

Opposed? The Amendment is adopted. Senator Duff.

SENATOR DUFF:

Mr. President?

THE CHAIR:

I'm sorry. Senator Looney.

SENATOR LOONEY:

Thank you, Mr. President. Mr. President, I

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wanted to commend Senator Duff for his efforts on this bill. It's a very important for all of the municipalities in the State that are dealing with questions of blight caused by foreclosed, on foreclosed properties and the concern about lack of maintenance, and sometimes, even the lack of clarity on the accountability about who is responsible for that maintenance. So, this bill deals with a problem, an issue that has becoming larger because of the mortgage crisis, not only in our central cities, but in many suburban communities as well. But it is especially felt in our urban areas. And I want to commend Senator Duff for tackling this problem with this bill and some of the other initiatives for this term. Thank you, Mr. President.

THE CHAIR:

Thank you, Senator. Senator Duff.

SENATOR DUFF:

Thank you, Mr. President. Mr. President, if there's no objection, I would place this on the Consent Calendar.

THE CHAIR:

Seeing no objection, the item will be placed on

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the Consent Calendar. Mr. Clerk. I'm sorry, Senator
Looney.

SENATOR LOONEY:

Yes, thank you, Mr. President. Mr. President,
the Clerk might call next on Calendar page 27,
Calendar 207, Senate Bill 950.

THE CHAIR:

Mr. Clerk.

THE CLERK:

Calendar page 27, Calendar Number 207, File
Number 233, Substitute Senate Bill 950, AN ACT
CONCERNING CONSUMER CREDIT LICENSEES, Favorable Report
out of Banks and Judiciary.

THE CHAIR:

Senator Duff.

SENATOR DUFF:

Thank you, Mr. President. Mr. President, I move
acceptance of the Joint Committee's Favorable Report
and passage of the bill.

THE CHAIR:

Questions on passage? Senator Duff, would you
like to comment?

SENATOR DUFF:

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that it be placed on the Consent Calendar.

THE CHAIR:

Without objection, so ordered. Mr. Clerk, would you please return to the call of the Calendar. Mr. Majority Leader.

SENATOR LOONEY:

Thank you, Mr. President. Mr. President, if the Clerk might call the first Consent Calendar.

THE CHAIR:

Mr. Clerk.

THE CLERK:

The roll call has been ordered in the Senate on the Consent Calendar. Will all Senators please return to the Chamber? An immediate roll call has been ordered in the Senate on the Consent Calendar. Will all Senators please return to the Chamber? Mr. President, those items placed on the first Consent Calendar begin on Calendar page 5. Calendar Number 392, House Bill 6433.

Calendar 397, Substitute for House Bill 5915.

Calendar 405, House Bill 5536.

Calendar page 6, Calendar 406, House Bill 5873.

Calendar 457, substitute for House Bill 6264.

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Calendar page 12. Calendar Number 599,
substitute for House Bill 6463.

Calendar page 13, Calendar 608, House Bill 6640.

Calendar page 14, Calendar 611, substitute for
House Bill 6341.

Calendar 612, substitute for House Bill 6286.

Calendar 620, substitute for House Bill 5664.

Calendar page 15, Calendar 622, substitute for
House Bill 6496.

Calendar page 16, Calendar 628, House Bill 5809.

Calendar 630, substitute for House Bill 5519.

Calendar page 23, Calendar Number 284, substitute
for Senate Bill 290.

Calendar page 24, Calendar 103, Senate Bill 754.

Calendar 120, Senate Bill 818.

Calendar 136, Senate Bill 789.

Calendar page 26, Calendar 179, substitute for
Senate Bill 951.

Calendar page 27, Calendar 207, substitute for
Senate Bill 950.

Calendar page 29, Calendar 252, substitute for
Senate Bill 1068.

Calendar page 34, Calendar Number 420, Senate

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Bill 325.

And Calendar page 40, Calendar Number 541, House
Bill 6076.

Mr. President, that completes the items placed on
the first Consent Calendar.

THE CHAIR:

On the first Consent Calendar, the machine is
open.

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 call on
the Consent Calendar. Will all Senators please return
to the Chamber?

THE CHAIR:

Have all the Senators voted? Seeing that all
Senators have voted, the machine will be closed.
Clerk, please announce the tally.

THE CLERK:

Motions on adoption to the Consent Calendar,
number 1.

Total Number Voting	36
Those voting Yea	36

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Those voting Nay 0

Those absent and not voting 0

THE CHAIR:

The Consent Calendar is adopted. Mr. Majority
Leader.

SENATOR LOONEY:

Thank you, Mr. President. Mr. President, a few
more items to be marked "go." First, Calendar page
29, Calendar 249, House Bill 6185. Calendar page 35,
Calendar 424, Senate Bill 1045. Calendar page 36,
Calendar 429, Senate Bill 940. Thank you, Mr.
President.

THE CHAIR:

Thank you, sir. Mr. Clerk.

THE CLERK:

Turning to Calendar page 29, Calendar Number 249,
Files number 49 and 285, House Bill 6185, AN ACT
CONCERNING PENALTIES FOR VIOLATIONS OF CERTAIN
PERSONNEL FILE STATUTES as amended by House Amendment,
Schedule "A". Favorably Reported, Committee on Labor
and Judiciary.

THE CHAIR:

Senator Prague.

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We thank them for their service.

Will the Clerk please call Calendar Number 649.

THE CLERK:

State of Connecticut House of Representatives
Calendar for Friday, May 29, 2009. On Page 22,
Calendar Number 649, Substitute for Senate Bill Number
951 AN ACT CONCERNIGN NEIGHBORHOOD PROTECTION.
Favorable Report of the Committee on Judiciary.

SPEAKER DONOVAN:

Representative Ryan Barry.

REP. BARRY (12th):

Thank you very much, Mr. Speaker. I move for
acceptance of the Joint Committee's Favorable Report
and passage of the Bill in concurrence with the
Senate.

SPEAKER DONOVAN:

The question is on acceptance of the Joint
Committee's Favorable Report and passage of the Bill
in concurrence with the Senate. Will you remark?

REP. BARRY (12th):

Yes. Thank you very much, Mr. Speaker. This is
a, Senate "A" is a strike-all Amendment and the Clerk
has an Amendment, LCO Number 7365 and I would ask the

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Clerk to please call the Amendment and I be granted
leave of the Chamber to summarize.

SPEAKER DONOVAN:

Will the Clerk please call LCO Number 7365, which
is designated Senate "A".

THE CLERK:

LCO Number 7365, Senate "A", offered by Senator
Duff and Representative Barry.

SPEAKER DONOVAN:

The Representative seeks leave of the Chamber to
summarize the Amendment. Is there any objection?
Representative Barry, you may proceed with
summarization.

REP. BARRY (12th):

Thank you very much, Mr. Speaker. This Bill,
this Bill creates a registration system for tracking
down the owners of uninhabited one to four-family
homes obtained by strict foreclosure or foreclosure by
sale, and it specifically allows municipalities to
enforce against a registrant, any provision of the
statutes or municipal ordinances on the repair or
maintenance of the real estate after the town has
provided notice and an opportunity to remedy the
situation.

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The registrants, the foreclosing parties can register either with the town clerk's office in their respective towns or with the mortgage electronic recording system MERS, and this is a Bill that has come down from the Senate on consent, and I urge passage of the Bill.

SPEAKER DONOVAN:

The question before the Chamber is adoption of Senate "A". Will you remark on the Amendment? Representative Harkins.

REP. HARKINS (120th):

Thank you, Mr. Speaker. Mr. Speaker, I rise in support of the Amendment. This Amendment has been worked on and fine tuned.

This is creating a registry, which is going to help actually identify property owners of vacant residential property, and I urge my colleagues to support the Amendment.

Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative. Will you remark further on the Amendment? Will you remark further on Senate "A"?

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If not, let me try your minds. All those in favor of the Amendment please signify by saying Aye.

REPRESENTATIVES:

Aye.

SPEAKER DONOVAN:

All those opposed, Nay. The Ayes have it. The Amendment is adopted.

Will you remark further on the Bill as amended?

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Mr. Speaker, and I just had a quick question. If I understood the Amendment, which now becomes the Bill, the person who owns the, is foreclosed on a piece of property, which is vacant, has an option between the town clerk's office, I guess and the MERS, mortgage electronic mortgage recording system, is there any, how is, since the concept here, I think is to create a list.

Am I correct in that? Do they have an option to go with one or the other of those two choices?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Barry.

REP. BARRY (12th):

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Through you, Mr. Speaker to Representative
O'Neill, yes.

SPEAKER DONOVAN:

Representative O'Neill.

REP. O'NEILL (69th):

And MERS is a private organization. I'm assuming
that the reason why we're compiling this list is for
people in the community to know which properties are
considered, have been foreclosed and are vacant.

Where would one go to check the MERS list?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Barry.

REP. BARRY (12th):

Through you, Mr. Speaker, one would go to
www.mersinc.org and there's an index on the website.

SPEAKER DONOVAN:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Mr. Speaker. And I hope we'll just be
a couple of quick questions.

The MERS option, if someone chooses that option
and either MERS goes out of business entirely or
decides to stop maintaining that particular website or

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maintain that feature of the website, is there any, what is one to do if you've recorded with or filed with MERS?

Through you, Mr. Speaker.

SPEAKER DONOVAN:

Representative Barry.

REP. BARRY (12th):

Through you, Mr. Speaker, if MERS goes out of business, there's obviously the option to go back and file with the town clerk's office and get the information about the registrant there, and obviously we could come back next year, in legislative Session next year and determine another, there may be another database, nationwide database that would cull together the information that MERS has gotten and perhaps we could pass a bill that would allow us to access, or I'm sorry, would allow people to access registrant's information from that national database.

But right now MERS has been working for the last couple of years to put together a comprehensive database based on, you know, the current wave of foreclosures that are sweeping across the country and the municipalities have been really grappling with the problem of unmaintained vacant properties in their

areas, and to assist them in locating the parties responsible for maintaining these types of properties.

MERS, which I understand is a, at this time is a strong and stable company, has been assisting its members in entering preservation contracts with each loan on the MERS system.

SPEAKER DONOVAN:

Representative O'Neill.

REP. O'NEILL (69th):

Thank you, Mr. Speaker, and I thank the gentleman for his answers.

SPEAKER DONOVAN:

Will you remark further on the Bill as amended?
Will you remark further on the Bill as amended?

If not, staff and guests come to the Well of the House. Members take their seats. The machine will be opened.

THE CLERK:

The House of Representatives is voting by Roll Call. Members to the Chamber.

The House is voting by Roll Call. Members to the Chamber.

SPEAKER DONOVAN:

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Have all the Members voted? Have all the Members voted? Please check the Roll Call board to make sure your vote has been properly cast.

If all the Members have voted, the machine will be locked and the Clerk will take a tally.

Will the Clerk please announce the tally.

THE CLERK:

Senate Bill Number 951 as amended by Senate "A" in concurrence with the Senate.

Total Number Voting	131
Necessary for Passage	66
Those voting Yea	131
Those voting Nay	0
Those absent and not voting	20

SPEAKER DONOVAN:

The Bill as amended is passed.

Will the Clerk please call Calendar Number 167.

THE CLERK:

On Page 34, Calendar Number 167, House Bill Number 5099 AN ACT CONCERNING REPOSESSION OF MOTOR VEHICLES FROM RETAIL BUYERS. Favorable Report of the Committee on Judiciary.

SPEAKER DONOVAN:

Representative Ryan Barry.

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10:00 A.M.

can control what happens in our courts and that's what this proposal does.

REP. BARRY: Very well.

Any other questions?

All right, thanks. Thanks a lot.

ANN PARRENT: Thank you.

REP. BARRY: All right.

Gary Hogan.

Good afternoon.

GARY HOGAN: Good afternoon, Mr. Chairman, members of the committee.

My name is Gary Hogan. I'm the Deputy Director of Neighborhood Services for the Liberal City Initiative for the City of New Haven, and to my left is Deputy Director of Code Enforcement, Raphael Ramos. And we'd like to read into the record our support for Bill Number 951, An Act Concerning Neighborhood Protection.

Vacant buildings have skyrocketed in New Haven due to the foreclosure crisis severely impacting our city. In November 2006, on the eve of foreclosure crisis, we hit a low of just under 300 vacancies in the city. By the end of 2008, we were well over 750, and now at the end of -- of January and February -- excuse me, actually February of 2008 we're closer to 843.

We had a front line of officers in charge of managing the blight that inevitably comes to -- as a result of foreclosure. To deal with this flood of vacant properties, the city administrators, such as ourselves, need new tools and powers to prevent our neighborhoods

from falling apart, literally. Bill 951 will provide some of those essential new tools.

Vacancy from foreclosure has spread blight in our neighborhoods. There were properties left unsecured. Vandals break in and steal the copper and the plumbing. Broken windows, overgrown grass, graffiti start to chip away at the neighborhood morale and they set a tone of decline and stagnation. Further more, there's blight and start to depress housing values in neighborhoods as potential residents shy away from a neighborhood that appears to be in decline.

New Haven has therefore always taken an aggressive approach to citing properties for code violation, trying to improve the look and feel of our neighborhood so families feel safe, secure, and happy. Bill 951 will strengthen our ability to address this blight.

On a Code Enforcement 101, our -- our officers in charge of code enforcement in neighborhood services regularly walk the streets of New Haven trying to identify newly vacant properties and assess the condition of vacant properties. This process is time consuming and in neighborhoods with single-family properties, it is quite difficult to determine if a house is vacant.

The registration system proposed in this bill would help bring much needed efficiency to the vacant property management at the city. Armed with a ready list of properties, staff can focus on the critical work of ensuring property security of buildings -- proper security of buildings to prevent the theft of copper, and we can clear graffiti and damage to property to prevent flight and blight.

The proposed bill also helps strengthen code enforcement by giving city officials real teeth to enforce violations. The properties we have filling our vacant registries these days are held by institution property owners. When we cite a property for problems and we try to get a response from the owner, we are sent into the voice mail vortex. That's a comment that I kind of come up with. If you ever called your credit card company or -- or a customer service agency, you get, if you press one you'll get this person, if you press two you get another; you never really end up talking to a person, with no real person to address the issue with.

This bill gives us the three powerful tools that we currently lack. First, it gives us an accessible property maintenance company to speak with, with two -- first it gives us an accessible property maintenance company to speak with to address any violations. No more will we be subject to a voice mail vortex for out of state companies who not -- who do not respond to phone calls or maintaining their properties.

Second, it gives us the power to level fines. To have fines double in some instances and to perform necessary maintenance ourselves, if needed. Therefore, if an institutional owner is unresponsive, we do not have to passively watch the property decline. We can help restore the property and shore up the wider neighborhood to stem vandals, crime, and property values.

Third, it gives the fines priority lien status. Currently we will -- what we call "clean and lean. "We will, through code violations send out a notice to the property owner. If they do not respond, we will clean the property or secure it. We will lien it,

but that lien is so junior to so many other liens that we do not collect on those -- on those liens. But this Bill 951 actually gives us a little more teeth by doubling the fines and also allowing us to foreclose on them or receive a judgment.

Before (inaudible) could ignore our fines. Before, they carried real no -- no real teeth. We now can take the property and put it back into productive use, if necessary. Currently, cities face most of the fall out from the foreclosure crisis, yet we have had few tools at our disposal to manage the impending crisis of vacancies. This legislation helps us start fighting back and gives us the about to save our neighborhoods house by house and block by block.

It is our role here at City of New Haven, Raphael and I, to be the front line managers of property. Vacant properties in New Haven, both vacant lots and -- and buildings are really stifling us, but more importantly, the number of vacant buildings. Just this past winter, just snow removal of vacant properties that were institutionally owned was astronomical for us because we have 800 vacant buildings. Let's take 25 percent and say 200. Those are 200 properties where snow is not removed where mailmen can't walk by, children can't play, elderly can't walk down the street. And the city took it upon itself through code enforcement as well to cite some of these owners, but we still had to remove the snow.

As we move into spring, we start to see the litter that was left underneath the snow, the houses that were left vacant through foreclosure now have furniture either in the yards or -- or in the backyard or, you know, broken windows. We now have to take action to

secure those. As we move further into spring closer to summer, we now have to cut the grass as the quality of life starts to change when these homes are unkempt and unmaintained. And it is our position to be aggressive at the City of New Haven through -- through doing some property maintenance.

Now, we do have some laws that we've enacted recently. We have the anti-blight ordinance. Well, the anti-blight ordinance allows us to fine the property owner \$100 per day, yet after those fines are -- are -- are -- are -- are levied, it's hard to get a judge to actually grant us foreclosure or to seek a judgment because they're so junior to taxes and other liens.

We just enacted a graffiti ordinance. In some neighborhoods throughout our city, we're actually hit with hard graffiti. The most common graffiti happens to be on homes is if there's been a death or acts of violence or a car accident, the -- there will be a memorial painted, R -- rest in peace -- R.I.P. on several houses, particularly in our -- in our Fair Haven neighborhood. But more importantly, we have taggers that are now starting to pick up the pace, and we even enacted a graffiti ordinance to, one, limit the sale of spray cans to -- to folks under 18 and also enforce our laws with, and you know, a strict -- stricter penalty for being caught with graffiti.

I have a staff of -- of eight which actually go out and identify and track blight; they're out there daily. The man-hours involved with -- to just maintain or -- or just inspecting for properties through the whole city is a bit much. As we have -- I begin to identify these, some of them are really hard. Some of the bank-owned properties, which are

particularly ones that we really focus on, folks will leave and the bank will take over. And they'll just put a lock box on the front. Once that lock box, which has a key in it for the realtor to get in, that is a symbol that this house is vacant and that's where our vandals and a certain set of society decided to prey upon that property. I

It is our deepest concern that with the high number of buildings that are -- are becoming vacant in the city that we have a manageable plan and a manageable effort and a -- and a really positive strategy, working with as many partners as we can to solve this problem throughout our -- our city.

Raphael, do you want to --

RAPHAEL RAMOS: Yeah. I just want might to add that we had (inaudible) --

GARY HOGAN: You have to push the button.

RAPHAEL RAMOS: We -- we had a similar, an ordinance that's similar to this bill pass last October in New Haven and it -- but it relates to foreclosed properties and owners of foreclosed property, banks, institutions or individuals to register their address with the city clerk. So the bills mimic each other, and so we're excited about that. But this bill really gives us the teeth that we need as the local official who is responsible for the maintenance overall properties in New Haven, whether it's vacant and/or occupied. Vacant properties create a -- particularly, vacant, unsecured properties or properties with broken a window, trash and debris create a nuisance to the surrounding properties that are still occupied. Our job is to protect the health, safety, and welfare of the general public that resides in these properties, whether --

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whether they're bank-owned and/or privately owned.

But vacant properties keep us very busy; 24 hours a day we get referrals from the fire department, who are the first responders. And then we get referrals from police department and/or other agencies that are concerned with the neighborhood. Our job is 24 hours a day. As you know, and -- and this is problem typical, as most of the major cities in Connecticut that 70 percent of all the residential housing in New Haven are absentee rental and absentee owners. Only 30 percent of the folks in New Haven own their own property.

Vacant properties cause an immediate nuisance and define a nuisance as anything that may impede on the immediate health, safe -- safety, health, and welfare of an individual. When these properties -- I witnessed a fire last fall where the property 60 feet away, across a street was charred from the fire of one house that was 60 feet away; that is the -- the siding melted and the underlayment also caught on fire. So these vacant houses do pose a big sort of nuisance, not only putting the occupants in the surrounding properties at risk but also the emergency personnel that have to respond -

GARY HOGAN: Right. Right.

RAPHAEL RAMOS: -- to these emergencies. Needless to say, all of the above puts a strain on the taxpayers and ultimately the -- on the taxpayers who ultimately pay for all the above emergencies. Not only that but when a -- a -- a adjacent property is affected by the fire, we are also responsible for that emergency, you know, location, which is actually a state statute, the emergency relocation act which

says that anytime a -- there's a government action that displaces people from their place of residence, the municipality is responsibilities for the initial cost of relocation.

Not only do the breadwinner in the house lose days of work, but children miss school because the school buses do not go to hotels and et cetera. So having a -- a firmer grip on the status of vacant properties and having a number that we can contact immediately for a property owner when a door is found open or a window is broken would really help us in reducing the incidents of emergency activities at vacant properties which are not only astronomical but create a nuisance not only to people who provide a service but to the adjacent properties.

Of course --

SENATOR DUFF: Thank you.

RAPHAEL RAMOS: -- we know --

SENATOR DUFF: Thank you.

RAPHAEL RAMOS: -- broke --

SENATOR DUFF: Can you just cut you off for --

RAPHAEL RAMOS: Yes.

SENATOR DUFF: -- a second?

RAPHAEL RAMOS: Okay.

SENATOR DUFF: Or can I ask you just to wrap it up --

RAPHAEL RAMOS: Yeah.

SENATOR DUFF: -- if you --

RAPHAEL RAMOS: Yeah.

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SENATOR DUFF: -- don't mind, please?

RAPHAEL RAMOS: Okay. So we are here in support of this -- of this bill, and thank you for your consideration.

Vacant properties, to us, equals vandalism, criminal activities, fire, and the lost values of other properties surrounding vacant properties.

Thank you.

SENATOR DUFF: Thank you.

Sorry about that. We're just --

RAPHAEL RAMOS: Okay.

SENATOR DUFF: -- trying to keep things moving along.

GARY HOGAN: Okay.

SENATOR DUFF: I appreciate that, and thank you for your testimony.

This -- this idea, actually, came out of a constituent of mine from Norwalk who was noticing the same types of things as you're noticing in your community. And hopefully we can get this through this year, because I think it will make a real difference for -- for people in -- in our state. So --

RAPHAEL RAMOS: May --

SENATOR DUFF: -- any questions from members of the committee?

RAPHAEL RAMOS: May I just have one more --

SENATOR DUFF: Sure.

RAPHAEL RAMOS: -- second? Is it possible to get it through by July?

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SENATOR DUFF: Well, we end our session on
June 3rd, so it's either June 3rd or nothin.

RAPHAEL RAMOS: Okay, great. Thank you.

SENATOR DUFF: Okay? Thanks. Thank you --

GARY HOGAN: All right.

SENATOR DUFF: -- very much.

GARY HOGAN: Thank you.

SENATOR DUFF: David Townsend, Board of Selectmen
in Clinton.

DAVID TOWNSEND: Good afternoon, Senator and
members of the committee.

My name is David Townsend, not an attorney;
I'm a home inspector, and I'd like to speak in
favor of Bill 951, An Act Concerning
Neighborhood Protection.

I think, actually, this bill may contribute to
the beginning of the end of the slide in the
housing market. I have a perspective that's
maybe a little different from what we've heard
some of today; I see it from the street. When
people are considering buying a house, I'm the
guy that goes out and looks it over and
assesses the condition of the house. It's not
terribly uncommon.

I have occasion to see some of these
foreclosed houses also and -- and very
frequently there are health concerns, blight
scenarios as we've heard in New --
with gentlemen from New Haven, decline in
property value, vandalism. Materials have
been stolen from the house. Fundamentally,
from my experience, the general procedure
after a bank forecloses on a residential
property is to unplug it. They turn off the
heat. They turn off the electricity, the gas,

the oil, and they abandon the property and they stick a sign out front that says "for sale." It's very easy to identify these properties as you're travelling down a street.

There was a question a few minutes ago as to why the properties seem to have lower net recovery. There's no maintenance done on them, generally speaking. What happens as the seasons progress is the lots get grown up, the gutters get full, moisture penetrates the structure, there's mold in the basement, mold is in the interior walls. They aren't subject to inspection evaluation. If a limb comes down from a tree and penetrates the roof, nobody does anything about it and it gets that much worse that much faster. It's a -- it's a consistent problem that has become evidence, literally, in -- in thousands of vacant structures in the state.

Maybe somebody can help me with how many foreclosures we have encountered on a residential basis. I've been unable to pin down an accurate number, but it's many, many, many thousands. And until we can put a stop to the decline and decay of these foreclosed structures, I don't think we can begin to solve our problem.

I would suggest that we give consideration with this bill to making previously foreclosed structures inclusive within the bill so that there's some responsibility on the part of the foreclosing institutions to maintain the ones that are already out there. Again, there are thousands and it's -- it's imperative. We have a problem in Connecticut with workforce housing. Many of these structures, if they were in good condition could contribute to improving the housing out there for our work force community. They can't afford to drop an extra, unforeseen quantity of money in the

structures because there may be a failure in the heating system or because of some significant maintenance issues and mold that's already evolved.

You know, the bill can be very encompassing and very constructive.

SENATOR DUFF: Okay. Thank you, very much. I appreciate those suggestions and we'll take them under consideration. Thank you for your time in coming up here today.

Representative O'Connor.

REP. O'CONNOR: Thank you, Mr. Chairman.

Thank you, David, for coming up.

I was wondering if you can kind of meld the -- the two perspectives as far as, you know, you are a home inspector but you're also for the Town of Clinton. Does the Town of Clinton have any mechanism or any knowledge of whose -- who properties are foreclosed within the town and -- and has there been issues right now of any kind of blight where -- where the town has had to act?

DAVID TOWNSEND: I -- in Clinton, it's difficult to say. I am aware of several foreclosed properties. To my knowledge, the ones I have seen have foreclosed in the latter of fall before things have had an opportunity to grow up and cover the lots. I do have concerns as it pertains to our tax collector, quite frankly. There are a number of scenarios where it's very difficult to define exactly who owns this property or who is responsible for the tax bill. That's one of the advantages with registration as proposed in this bill.

In Clinton, itself, I'm not aware at this point of any significant maintenance issues, but without this bill we won't have any ability to monitor and maintain these houses. I do anticipate with the evolution of this bill, hopefully quickly passed, that -- that it won't impact the local property values of -- of multiple neighborhoods. I think, frankly, we have these houses in every town in Connecticut that have been foreclosed and many, many, many neighborhoods. So I think it's imperative we move forward with this.

REP. O'CONNOR: In reading through my testimony, I saw that the -- the Connecticut Banker's Association has some opposition to that, basically saying that it would be burden some for them to, you know, maintain the property, even though they are the title holder. They basically, what I thought, was emphasized that it's really not their responsibility. Could -- could you speak to that as far as, you know, the -- the imposition of a home inspection and -- and what they may or may not consider a burden?

DAVID TOWNSEND: Well, it's a great deal of imposition with a home inspection employed for an individual or a couple looking to buy a house, quite frequently for the benefit of an inspection you cannot get the electricity or the plumbing or the heat active which -- which renders a huge question on the part of the buyers. They often will have to walk away from a house because they -- they cannot have a full, competent evaluation. That would be a factor.

Apparently there's some concern that they feel they shouldn't be responsible for avoiding blight. I think it's significantly deeper than that. I mean, I think there's an inherent responsibility if you own or have

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charge of a property to make sure you don't contribute to blight, and I don't think they're doing that.

REP. O'CONNOR: Very good.

And then just one final question, as far as an inspected property. What would be the responsibility of the -- the person holding the title after that initial inspection; you know, let's say the property stays on the market for six months. In two year -- what's to say that, you know, the piping wouldn't be pulled out, they wouldn't, you know, clean the gutters and such like that? You know, what would be the -- the remedy at that point?

DAVID TOWNSEND: Well, it becomes a question of simple maintenance. Without that done, the house will degrade that much further; thusly the value is that much more reduced.

REP. O'CONNOR: Plus they'd have, you know, in looking through the bill, I -- I forgot that -- that we had a -- a contact that there would be, you know, a instant --

DAVID TOWNSEND: Oh, absolutely.

REP. O'CONNOR: -- contact.

DAVID TOWNSEND: Then -- then the -- the local municipality could contact whomever is -- is designated to maintain that structure and request that same be done which, again, maintains the value of the surrounding houses in the neighborhood and as well enhances the value of that house and the saleability so that we can get through this critical time.

REP. O'CONNOR: Thank you.

Thank you, Mr. Chairman.

SENATOR DUFF: Thank you, Representative.

modification defaults. Again, HUD-certified counselors I think are critical. I think if you were to look into the research about the modifications that have failed, I think you would probably find that those were done directly between servicers and homeowners without the benefit of HUD-certified counselors.

SENATOR DUFF: Great. Thank you, very much, for your testimony.

ROBIN GOLDEN: Okay.

SENATOR DUFF: Appreciate it.

Sameera followed by Raphael Podolsky.

SAMEERA FAZILI: Thank you.

SENATOR DUFF: Please, go ahead.

SAMEERA FAZILI: Okay. Since there's so many people saying here at this point, I'm also testifying in support of Bill Number 951, An Act Concerning Neighborhood Protection.

My name is Sameera Fazili and I am the Ludwig Community Development Fellow and a Clinical Lecturer of Law at Yale Law School, as well, where I work with Robin Golden and others on anti-foreclosure efforts in new Haven.

By now, you've already heard testimony about the effects that the crisis is having on homeowners and cities. This bill provides an important tool for cities that need to manage vacant properties. The management of vacant properties is critical to help both the crime that accompanies abandoned properties and the rapid decline in local real estate values from the blight. And I'm going to express my support of this bill but also suggest two minor changes to potential improve the bill.

First, currently cities are facing the problem of unresponsive owners after the foreclosure occurs. When the city attempts to contact them, they get no call-backs.

This is because of the securitization process and what that did to ownership and responsibility. Due to securitization, after foreclosure the ownership of the property has been transferred to securitization trusts. These trusts are then managed by investment banks such as Deutsche Bank or Bank of New York who now have portfolios of thousands of vacant properties scattered throughout the U.S. When local city code officials attempt to contact the listed owner who are the trustees to have the properties kept up to code, they are unable to reach any person with authority who actually manages the building or can remedy any defects, so legislation is excellent because it gives us a local property manager to contact to have these code issues addressed and these blight issues addressed.

However, the bill could be further strengthened if it required the servicer of the securitization trust to be listed. The servicer is actually the actor in the trust who has responsibility for management of the properties after foreclosure. The listed owner, the trustee is just an investment bank with little power or authority to manage the property. The contracts that govern the securitization trust place that responsibility in the hands of the servicers; however, it is very difficult, nearly impossible currently to find out the name of the servicer on a given property by searching the public records. Their name doesn't appear on the foreclosure records, on the property records, et cetera. So to truly hold the securitization trust accountable for the vacant property that are

accumulating in our cities, the bill should require servicers to be lists so the cities can directly contact and negotiate with the servicers. The servicers are actually the people who the property managers work under who hire them, what they answer to. So that's one recommended change.

The second change is I'm going to echo what Raphael said to move the effective date up to July 1 instead of October 1, for more a different reason, not for anti-blight reasons as much as the reality that the state has recently received a grant from the Department of Housing and Urban Development caused the neighborhood stabilization program grant that's being administered by the Department of Economic and Community Development. So as part of this NSP -- it's called -- as part of this NSP the Connecticut cities have created programs to take vacant properties and put them back into productive use. By moving up the effective date, the bill can help strengthen the local NSP efforts and enable Connecticut cities to more efficiently spend the federal dollars that have been allocated for neighborhood stabilization efforts.

By having this contact person listed from the trustee investment bank, from the local property manager and a servicer contact, cities can more easily connect -- contact the people they must negotiate with to purchase the properties bulk or wholesale as required by or encouraged by the NSP funds.

The NSP grant is also very time-limited. If Connecticut has not committed that money within 18 months, we have to return the money to HUD, so therefore I urge you to move the effective date up to October -- to July 1. This bill is a very important bill to help the

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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

if you want to see if you can do something with it, but I think there are -- there are enough problems and questions that you should not go forward.

House Bill Number 6481 is the EMAP bill. I would say the two most important things to fix -- we support that bill -- the two most important things to fix are to -- are to get rid of this 25 percent threshold requirement which has had a serious impact and also to make sure that people can apply early, and that's in the bill. I note -- I, as I was sitting there, I was doing the arithmetic. At the present time, EMAP has a 2 percent approval rate. Nine approvals out of 484 applications plus 49 applications that are pending, yet we know the need is enormous. And now we are at risk of losing a chunk of the money. And if, in fact, the Governor's mitigation plan is not changed and the -- the money -- most of the money that's in -- from the Banking Fund is lost, that will impact significantly on the ability to -- to use the bonded money, because the bonded money is only going to get bonded -- is my understanding -- if there's an appropriation of some sort to pay the interest and the principal on the bond. So the -- the ongoing funding is at this point in time somewhat, is somewhat at risk. My testimony requests three minor changes in the language, and I would ask you to take a look at those.

Senate Bill 951, which is a bill you've just heard on neighborhood protection, we support that. And I would also note for you that in my written testimony it suggests two minor amendments. I would ask you to look at that. And the one thing I would note that you should make -- that you should understand is I read the bill, it sets up specific maintenance

standards for vacant, foreclosed properties, which is a good thing in the cities. But you should know owners, you do not need -- the owners are already responsible once they take title to the property for any law that applies to owners so that what this does is it sets a special rule for -- in the case of vacant, foreclosed property, but as a general rule, towns can and should be enforcing the law against any owner. And once the bank becomes the owner, they are subject to all the rules that apply to owners.

And, finally, the last thing I want to say before concluding is in regard to the first bill I mentioned, House Bill Number 6484. The reason it fills such a critical gap is that it creates the capacity to require modifications that are economically and fiscally reasonable in light of the -- both the value of the property and the circumstances of the -- of the homeowner. Right now our programs rely on voluntary -- on voluntary agreement by the lender.

And what I think will happen if you pass this is it will create a situation in which you will get many more voluntary agreements that are on point and that are sustainable because the knowledge that the court could order this will, I think, change the dynamic of the foreclosure mediation process in court and even in the housing counselling process before the case gets to court. You do need the statute, I believe, because I think judges are very unlikely to use equitable powers in the absence of the statute to do something of this sort because I think there is enough doubt that -- that -- that they could use general equity on this. They're just not going to do it, so you really, if you want this to happen, you really do need the statute.

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level, then something could be imposed on you. And so I think -- I think in the -- in the end most -- it'll -- it'll simply impact the way the bargaining goes and a few cases will make it all the way to the judge.

REP. BARRY: Okay. Thanks.

SENATOR DUFF: Okay.

Representative Wright.

REP. WRIGHT: Thank you, Mr. Chairman.

We just heard recently some pretty stark testimony on Senate Bill 951, about some of the socialized and economic costs that may spiral down from the foreclosure crisis and -- and -- and losses that are associated with these bad mortgage loans. And I just wondered if -- are you aware of any -- any research or analysis perhaps even in connection with consideration of the proposed bankruptcy law changes to allow cram-downs of residential mortgages in bankruptcy proceedings that could assess or estimate or some type quantify to any extent what percentage of -- of foreclosures might be avoided or reduced if a judicial modifications or court modifications of loans were allowed either at the federal level or -- or -- or at --

RAPHAEL PODOLSKY: I don't --

REP. WRIGHT: -- at (inaudible) --

RAPHAEL PODOLSKY: -- have --

REP. WRIGHT: -- here?

RAPHAEL PODOLSKY: I personally do not have any data on that. I'm sure there's a -- there are at least some projections out there but I -- I -- and some -- perhaps one of the other witnesses might be better at being able to

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define that for you. So I -- I don't -- I don't think anybody knows for certain. I -- I know that there is activity at the federal level now on the -- on the federal bankruptcy act, the -- the possibility of the adoption of amendments to the Federal Bankruptcy Act. I don't know if it's going to happen or not but I know that there -- there is legislation that's -- that's pending that is being -- efforts are made to -- to push it forward.

But I agree with Professor Breetz that that would not make this -- make -- it would not make 6484 unnecessary.

REP. WRIGHT: (Inaudible) --

RAPHAEL PODOLSKY: So I guess the simple answer is no, I -- I don't have the data.

REP. WRIGHT: Thanks.

And thank you, Mr. Chairman.

SENATOR DUFF: Thank you, very much.

Thank you.

RAPHAEL PODOLSKY: Thank you.

SENATOR DUFF: Sam Hamilton followed by Mike Licamele. I'm not sure if I got that right.

SAM HAMILTON: Good afternoon, Senator Duff, Representative Barry, members of the committee.

My name is Sam Hamilton and I'm the Executive Director of a Hartford Economic Development Corporation, which is a nonprofit 501(c)(3) organization that provides financial and technical assistance to microenterprises and small businesses within the City of Hartford and serves 106 other communities in the state, for which we've done since 1975. It's my

HB6395
HB6484

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REP. BARRY: -- sorry about that. Thank you, very much, for sticking around, and I'm sorry if you are a mayor or something. I'm not --

MARY CAMPBELL: Not that I know of.

REP. BARRY: Okay.

Okay. And there's David Carter. I didn't see Dave, David Carter here. Okay.

A VOICE: (Inaudible).

REP. BARRY: Yeah. And then he signed up here. That's what's -- okay. I see it written. All right.

Okay. All right, Mary.

MARY CAMPBELL: Mary Campbell and representing Northwest Connecticut Property Owners' Association from Torrington, Connecticut, and also I'm as a certified residential appraiser and realtor.

I'm here to speak regarding raised Bill 951, An Act Concerning Neighborhood Protection.

REP. BARRY: Do you have testimony, written testimony or no?

MARY CAMPBELL: No, I don't.

REP. BARRY: Okay. That's fine.

MARY CAMPBELL: I just came across this yesterday afternoon and was here testifying on other things yesterday.

In any case, in the various capacities that I've served on various different task forces and various different things, involved in some coalition organizations and things and have been involved with various different types of codes and regulations to do with housing and

other things. And one thing that both I and my husband who is here as a -- he's a -- a semi-retired community planner and also president of the property owner group that we've been involved with, and we're both members of a codes coalition that meets most monthly that has been going over various different building and fire codes and various different things of that nature.

In any case, there's an assortment of various blight ordinances, blight law, nuisance ordinances, nuisance law, maintenance -- a couple years ago absentee owner property owner registration law passed and I'm very curious as to what there would be necessarily the need for this when a bank, you know, takes back a property or becomes a property owner for any particular reason, when a foreclosure takes place that a property may be sold to another owner and another owner becomes owner, they're just like any other owner in -- in most respects in the assortment of various different laws pertaining to these things apply. And many communities have ones that apply to, say a -- a -- a vacant property under a blight statute. Many of these in -- have been beefed up in various different ways of increased fines, increased abilities to be involved in the past just for several years.

And my husband has been involved in various different code enforcement capacities, and I'm perplexed as to the perceived need for this since many things by competent code officials can be handled quite -- quite well, and that would be many towns have maintenance codes on the books already. And I believe New Haven does. And, you know, as I said, it would seem that there's adequate ways of enforcing things currently. And also I was a little perplexed about the gal from the Yale Law School and her

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references to HUD grant monies or something available and whatnot as to what that would have to do with it.

But I think that it would be a good thing to have people become more aware of what is involved with this if -- you know, and have it be really checked into as to whether there's really a -- a solid need for yet more overlapping regulations or ordinances involved if there's adequate really on the books just not really being used. So --

REP. BARRY: Thank you, very much.

I -- I mean, I guess my comment to you would be that obviously you're up here today to testify on this bill. You had found out about this bill somehow and obviously the --

MARY CAMPBELL: Well, I've served on a task force for the better part of a year going over codes --

REP. BARRY: Yeah.

MARY CAMPBELL: -- and --

REP. BARRY: And --

MARY CAMPBELL: -- maintenance codes and housing codes and -- and things. And that's why, you know, I've had many years experience on this --

REP. BARRY: Yeah, I --

MARY CAMPBELL: -- type of things.

REP. BARRY: -- understand. And people on --

MARY CAMPBELL: It's a --

REP. BARRY: People who want this bill have -- have their own experiences.

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MARY CAMPBELL: Sure.

REP. BARRY: And we've been submitted test --
submitted -- testimony has been submitted by
the legal assistance resource center of
Connecticut and others in favor of this bill.
This bill being here today doesn't mean that
it's going to go anywhere. It's --

MARY CAMPBELL: Um-hum.

REP. BARRY: It doesn't necessarily mean it's going
to get out of committee, but obviously you're
up here as a -- a -- a concerned citizen and
the better act of any democracy is an act of
citizenry; so I appreciate you being up here
telling me what your positions are --

MARY CAMPBELL: Well --

REP. BARRY: And the -- you're -- you -- you said
you're perplexed, several times. I under --

MARY CAMPBELL: Yes.

REP. BARRY: I understand that.

MARY CAMPBELL: Because --

REP. BARRY: That's -- that's the whole purpose for
being up here. It's not like --

MARY CAMPBELL: So --

REP. BARRY: I hope the process isn't perplexing to
you.

MARY CAMPBELL: Much was --

REP. BARRY: It's just --

MARY CAMPBELL: -- made out of --

REP. BARRY: -- the issue may be, but --

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MARY CAMPBELL: -- law of the past couple of years ago regarding that absentee property owners --

REP. BARRY: -- registration?

MARY CAMPBELL: -- registration. And it's very perplexing as to how that would not cover this, that the owners -- the -- such properties changing hands, you know, would likely have to be, probably have to be -- register anyhow.

REP. BARRY: Well, I can only imagine the --

MARY CAMPBELL: -- (inaudible) --

REP. BARRY: The motivation behind this bill, probably, whether it's good or bad is to minimize the destabilization of neighborhoods because of all these foreclosures out there, and this may be wrong-headed, but we'll --

MARY CAMPBELL: Well --

REP. BARRY: -- talk about it --

MARY CAMPBELL: -- it just --

REP. BARRY: -- as a committee, you know. And we --

MARY CAMPBELL: Sure.

REP. BARRY: -- take your testimony, obviously, and we consider that among others and then all of our own viewpoints, and we send it out of committee or we kill it here. So --

MARY CAMPBELL: Sure.

REP. BARRY: -- you know, I -- I can't -- I haven't had a sense of where anyone is going on this thing yet, so I -- we really very much appreciate your testimony.

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MARY CAMPBELL: Well, I know when the -- the codes coalition that has been meeting like -- we have another meeting on the 3rd. We meet at the architects association, and perhaps it's something that they would be interested in -- in -- in going over it as well within, so I'll bring it to their attention.

REP. BARRY: Great. Thanks, very much.

MARY CAMPBELL: You're welcome.

REP. BARRY: Enjoy the rest of the day.

MARY CAMPBELL: Thank you.

REP. BARRY: David Weiss.

DAVID WEISS: Chairman Barry, Chairman Duff, members of the committee, thank you for having me this afternoon.

For the record, my name is Dave Weiss. I'm the partner in the law firm of Hinckley, Allen, and Snyder, and I'm here representing the Connecticut Bankers Association today. And the CBA has submitted some written testimony on quite a few of the bills that are before the committee today. I -- I certainly won't try to repeat that testimony but instead really just to focus on one bill and -- and obviously make myself available to answer any questions that you -- you may have.

The bill I'd like to talk about today is -- is House Bill 6484, which is the -- the cram-down bill. You know, we really do live in some complex and difficult times right now. I think we've never seen anything like this, and -- and it would be great to have really easy solutions to -- to the problems that are before us. And I think we're all struggling with, you know, to try to find those solutions and -- and some are better than others. I

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S.B. 951 – Neighborhood protection
Banks Committee public hearing – February 24, 2009
Testimony of Raphael L. Podolsky

Recommended Committee action : APPROVAL OF THE BILL
with minor amendments

This bill requires lenders that foreclose on vacant property to register the property with the town and to maintain it properly by replacing broken windows, removing graffiti, and maintaining landscaping. These requirements are essential to minimize the destabilizing impact on neighborhoods, and especially on urban neighborhoods, when houses are foreclosed, vacated, and not resold. We suggest two small changes in the wording of the bill:

(1) In l. 18-29, delete “as a result of an execution of ejectment pursuant to section 49-22 of the general statutes.” If, after title vests, the foreclosed building becomes vacant for any reason, the requirements of the bill should be triggered.

(2) In l. 35-39, a fourth item should be added: “comply with applicable codes and other laws applying to owners.” Such a requirement already applies to owners of all buildings and therefore applies to owners of vacant foreclosed buildings, even if not included in this section. Nevertheless, including it here would make sure that foreclosing parties better understand this existing obligation.

Testimony Supporting
S.B. No. 951 (Raised), An Act Concerning Neighborhood Protection
Testimony of Sameera Fazili
To the Banks Committee
February 24, 2009

Senator Duff, Representative Ryan, and distinguished members of the Banks Committee: I appreciate the opportunity to speak to you today in support of the passage of Senate Bill No. 951.

My name is Sameera Fazili and I am the Ludwig Community Development Fellow and a Clinical Lecturer in Law at the Yale Law School, where I co-teach the Community and Economic Development Clinic at the Jerome N. Frank Legal Services Organization. I am also a resident of New Haven.

By now we are all well aware of the effect the mortgage foreclosure crisis is having on homeowners and cities across the nation and across this state. This bill provides an important tool for cities that need to manage vacant properties. The management of vacant properties is critical to help prevent both the crime that accompanies abandoned properties and the rapid decline in local real estate values from blight.

This bill addresses an important problem cities face in the current crisis: lack of accountability or responsiveness by the owners of the vacant property after a foreclosure. Due to securitization of mortgages, after foreclosure the ownership of the property is transferred to a securitization trust. These trusts are managed by investment banks, such as Deutsche Bank or Bank of New York, who now have portfolios of thousands of vacant properties scattered throughout the United States. When local city code officials attempt to contact the owners to have properties kept up to code, they are unable to reach any person with authority who actually manages the building or can remedy any defects.

By requiring a local property manager to be registered, this bill gives city officials a person they can contact who can actually remedy the problem at hand. The bill could be further strengthened if it required the servicer of the securitization trust to be listed. The servicer is the actor in a securitization trust who is actually responsible for management of the properties after foreclosure. The listed owner—the investment bank—has little power or authority to manage the property. Instead, the documents that govern a securitization trust place that responsibility in the hands of servicers. However, it is very difficult currently to find out the name of the servicer on a given property, since their names are not listed on many public records. Therefore, to truly hold the securitization trusts accountable for the vacant properties that are accumulating in our cities, the bill should require servicers to be listed so that cities can directly contact and negotiate with servicers.

This bill will also help strengthen the Neighborhood Stabilization Program's (NSP) that cities are now administering through money provided by the Department of Housing and Urban Development and the Connecticut Department of Economic and Community Development. As part of NSP, Connecticut cities have created programs to take vacant property and put them back