

**PA14-7**

SB283

House	3074-3078	14
Senate	824-835, 872-873	5
Banking	139, 143, 177, 179	4

**23**

**S - 671**

**CONNECTICUT  
GENERAL ASSEMBLY  
SENATE**

**PROCEEDINGS  
2014**

**VOL. 57  
PART 3  
703 - 1013**

mhr/gbr  
SENATE

93  
April 17, 2014

Are there further remarks? Will you remark further?

If not, Senator Stillman.

SENATOR STILLMAN:

Yes; thank you, Mr. President.

If there isn't an objection, I'd like to place this on  
the Consent Calendar.

THE CHAIR:

Without objection, so ordered.

Mr. Clerk.

THE CLERK:

On page 15, Calendar 244, Substitute for Senate Bill  
Number 283, AN ACT CONCERNING THE BANKING LAWS, THE  
UNIFORM COMMERCIAL CODE, THE ELECTRONIC FUND TRANSFER  
ACT AND MORTGAGE -- MORTGAGORS IN GOOD STANDING;  
Favorable Report of the Committee on Banks.

THE CHAIR:

Senator Leone.

SENATOR LEONE:

Thank you, Mr. President.

Mr. President, I move acceptance of the joint  
committee's Favorable Report and passage of the bill.

THE CHAIR:

The motion is acceptance and passage. Do you care to  
remark further?

SENATOR LEONE:

Yes, I do. Thank you, Mr. President.

mhr/gbr  
SENATE

94  
April 17, 2014

Colleagues, this is a bill that combines several bills in the Banking Committee that were supported by all members and bipartisanly. Basically, Sections 1 through 13 is the Department of Bankers' minor and technical changes to the banking laws.

Sections 14 to 16 is DOB's Constructive Service on Banking and Commissioner's bill. It allows for service by certified mail, return receipt requested. It eases the way the information is transferred back and forth.

Sections 18 and 19 is protections of exempt funds and the bank accounts bill. It prohibits a serving officer from serving the same financial execution on a financial institution if a direct deposit from a readily identifiable source, such as Veteran benefits, Social Security benefits, and disability benefits were made to judgment debtor's account during the look-back period; so it would exempt that.

Section 20 is expanding our savings and promotion of raffles. This expands the raffles to all Connecticut banks. Last year we passed this bill, but it was specific to a limiting amount of banks in the state. But it was perceived as very successful, so all Connecticut banks want to participate in this.

And, finally, Section 21, it's a good standing of mortgagors. This would require mortgagees to provide a mortgagor with their Certificate of Good Standing, basically a letter stating that they've been current with mortgage payments of at least three years, upon request. So if anyone one having any credit difficulties and for the past and forthcoming three years they were consistent, then they would have this letter in good standing, and this obviously would be beneficial on a credit report.

So with that, Mr. Speaker -- I mean Mr. President -- excuse me, that's my -- my old experience coming to play here from the House, as some members may remember -- but anyways, this is a culmination of working with the department, the -- the other side, with our Ranking Member, and all members to bring out bills that everybody thought was favorable. We put it

mhr/gbr  
SENATE

95  
April 17, 2014

together in one, lump sum, and -- and I urge our support.

Thank you.

THE CHAIR:

Thank you, Senator. That happens to the best of us.

Senator Linares.

SENATOR LINARES:

Thank you, Mr. President.

I rise in support of this bill. This bill has bipartisan support from the Banking Committee, and I do believe the Banks Commissioner is also in support of this. And I thank my friend, a good Senator, Senator Leone for working, for leading us on this bill.

This bill does, as the good Senator has mentioned, a number of things, technical changes in licensure and in bond requirements. And it also makes a technical change to the -- the law that was passed last year, encouraging savings through raffle promotion. This would allow banks to participate in those savings' raffles. Today's date, day and age, one of the biggest issues we face is the unemployment in our youth and financial literacy issues in our youth. And this will encourage them to open up a savings account.

So I'm happy to see that in this bill, also an idea proposed by Senator Witkos to require a mortgagee to provide a Certificate of Good Standing to a mortgagor who has completed the Foreclosure Mediation Program, if specified conditions are met. So this allows someone who has participated in the mediation program, who has paid their bills and is in good financial status, can reach out to their bank and get a Certificate of Good Standing and hopefully help them improve their -- their credit rating and -- and get them up and going again.

So I -- Mr. President -- I do support this bill and ask my colleagues to do the same.

mhr/gbr  
SENATE

96  
April 17, 2014

Thank you.

THE CHAIR:

Thank you, Senator.

Senator Fasano.

SENATOR FASANO:

Thank you, Mr. President.

Mr. President, I'm supportive of this bill, but for the purpose of legislative intent I would ask to ask the proponent some questions relative to Section 21.

THE CHAIR:

You may proceed.

SENATOR FASANO:

Senator, with respect to Section 21, which is the completion, the successful completion of the foreclosure mediation followed by the three-year-current-on-the-mortgage payments, if I can, through you, Mr. President, does that, for legislative intent, we're talking about someone who's completed the foreclosure mediation, goes into these payments but substantively complies with the mortgage payments; in other words, let's say it's due on the fifth of the month or the first of the month and they pay with the grace period of the fifth -- to the fifth -- and they pay on the sixth and they pay a penalty. Would that preclude them from getting a good-standing certificate for legislative intent?

Through you, Mr. President.

THE CHAIR:

Senator Leone.

SENATOR LEONE:

mhr/gbr  
SENATE

97  
April 17, 2014

So if I understand your -- through you, Mr. -- Mr. President. So if I understand the question, if it's within the grace period, that to me would be that they are consistent with on-time payment.

If they fall outside the grace period, that could be up for debate between the mortgagor and the mortgagee. And if they come to a conclusion that's beneficial to both parties, then -- then so be it. But technically, they could be considered outside the -- the grace period and being late. That's how I would perceive it to be.

Through you, Mr. President.

THE CHAIR:

Senator Fasano.

SENATOR FASANO:

Thank you, Mr. President.

So just so we're clear, because I want to, you know, when people go through these mediation programs and they enter into these agreements, sometimes the institutions can be a little heavy handed, thereafter, the larger institutions, not the community banks.

And so it would be your -- your view of the bill that if, in fact, they, it's due on the first, the grace period is to the fifth, they pay on the sixth, they pay the late fee that's included, before any default is sent by the bank, before anybody knows if default is sent by the bank, they cure the default by making that, that penalty payment; would that bar them from receiving a letter of good standing?

Through you, Mr. President.

THE CHAIR:

Senator Leone.

SENATOR LEONE:

Thank you, Mr. President.

mhr/gbr  
SENATE

98  
April 17, 2014

Through you, potentially if the -- the entity that is receiving the payment says it's a late payment even though the fee is paid, technically they could be outside the scope of the intent here. I would hope that if they are paying on time, within the grace period, they would be able to be under this particular legislation.

Through you, Mr. President.

SENATOR FASANO:

Thank you.

THE CHAIR:

Senator Fasano.

SENATOR FASANO:

To Senator Leone, Mr. President, if I may; if the individual made the payments timely, but let's say failed to carry the insurance, so it's not a payment issue it is a failure to carry insurance -- maybe their insurance lapsed or sometimes what happens if you don't pay your insurance, you're late, there's a notice that the insurance is going to get canceled -- would that, would that interfere with the individual getting a Certificate in Good Standing?

Through you, Mr. President.

SENATOR LEONE:

Through you, Mr. President, since we don't technically put that in this bill, that potentially could be the case. Again, I think it would be between the mortgagee and the mortgagor to come to an understanding. So if they want to -- technically speaking, by the letter of the law, then -- then they could be deemed late. But, again, that could be a conversation between the two entities to not fall into that conundrum.

Through you, Mr. President.

mhr/gbr  
SENATE

99  
April 17, 2014

THE CHAIR:

Senator Fasano.

SENATOR FASANO:

Okay. And if I -- I don't have the bill that does the lines, but it's on the bill. It says in that Section 21, has successfully completed the mediation program and has remained current on mortgage payments for a period of three years or more.

SENATOR LEONE:

Correct.

SENATOR FASANO:

So it, the only thing it deals with, unless I'm misreading this, are the mortgage payments.

Is that correct, through you, Mr. President?

THE CHAIR:

Senator Leone.

SENATOR LEONE:

Through you, Mr. President, that is how I read it. That's how it was proposed to us to raise this as a bill, and that's how we put it in, through this one.

Through you, Mr. President.

THE CHAIR:

Senator Fasano.

SENATOR FASANO:

So -- Mr. -- Mr. President, through you to Senator Leone -- so with respect to the insurance, that wouldn't affect their ability to get good standing; only if they were late on a payment would that be the only time which a bank could say I'm not going to give you that letter of good standing.

mhr/gbr  
SENATE

100  
April 17, 2014

Through you, Mr. President, is that correct?

THE CHAIR:

Senator Leone.

SENATOR LEONE:

Through you, Mr. President, as -- as it's read here,  
that would be correct.

THE CHAIR:

Senator Fasano.

SENATOR FASANO:

And, Mr. President, as I read this section -- and I think it's a good section -- as I read this section it's to help those who maybe found some difficulty in life and are getting back on track, and it should not be used under technical circumstance to prohibit someone who is now back on their feet, trying to make good efforts to make payments from being denied such a letter. In other words, is there essence of good-faith obligation that the bank will look at what this person has done over the last three years and on close calls give them the letter because we want people to get good standing so they're able to go on in life and maybe refinance or whatever the issue may be, that they redeem that good standing. Is that the general intent of this paragraph?

Through you, Mr. President.

THE CHAIR:

Senator Leone.

SENATOR LEONE:

Thank you, Mr. President.

That is correct. We want to make sure that if anyone were having financial difficulties and they were to have gone through the mediation program -- and

mhr/gbr  
SENATE

101  
April 17, 2014

obviously they would have credit issues by fact of being in the program -- but then they're able to turn their life around, get a new job or -- or just come into a situation where they can correct their finances and for three years make their payments on time, then that should be, that should, they should be given credit for that. And this letter would substantiate that, and we would hope that that would help them moving forward in order to obtain new credit or to, you know, further their situation.

If within that three years a person was a day late from, say, the fifth and -- and on the sixth, that could be waived by the bank and they could disregard that. I would hope that they would and, you know, and -- and that's the spirit of the law and that's the spirit of the intent of this legislation that those kind of circumstances would not hold a person back. If they were able to make three years' worth of good payments, they should be credited for that.

Through you, Mr. President.

THE CHAIR:

Senator Fasano.

SENATOR FASANO:

Thank you, Mr. President.

Mr. President, I concur with that analysis, and may I say this: I think the purpose also of that provision, as Senator Leone said, is to make sure that we can get folks who fall into trouble, we have the mediation program, get back on their feet, they're making payments, and if they're a day late, that's not the purpose. It's not an I-gotcha clause. It is a clause that people can turn to, to say I'm going to buy a house; I'm going to buy a car; I'm going to buy whatever. Yes, I had some difficulty, but here's a good-standing certificate. And the intent of this Legislature in passing this bill and particular this paragraph is to suggest that we want other financial institutions to look at this and say this person is okay and the Legislature's, a legislative policy put this in to get people back on their feet.

mhr/gbr  
SENATE

102  
April 17, 2014

The reason why I bring this out and put it on the record now is that I can envision a time where a debtor may be a day late or two days late for maybe circumstances beyond their control. And that should not prohibit somebody from receiving such a letter of good standing when the intent of this Legislature is to make sure that we get these people back on their feet and moving. So I appreciate the bill and I appreciate that paragraph, and thank you, Senator Leone, for answering the questions.

With respect to the mediation program, while we're on it, we changed the mediation program. And recently we changed it to have a pretrial conference. In a pretrial conference what happens, a debtor and the bank gets to a meeting, and the debtor must send to the mediator documents as required under the pretrial order.

And then it's my understanding that if those documents don't meet the standards of the mediator, the mediator doesn't say you don't meet, Document A is insufficient or Document B is insufficient; they return all of the documents to the debtor and say you haven't complied and then do, and you have a second chance. Well, if you don't know where you are deficient, then I defy someone to say how they're going to correct the problem. So you have to guess where you're deficient and send it in.

Well, if you guess wrong, the mediator rejects them, yet again, without an explanation. And then a note goes to the judge saying you are noncompliant with the mediation program. I would suggest that's not the intent of this Legislature. When mediators are asked why don't you tell them, the mediator says I am not the lawyer; I cannot determine whether or not or how you could correct the document. My argument would be if you're able to determine that the documents as a whole are not sufficient to satisfy a bank, then you're making a decision. All we're asking you is to identify the document for which it fails to meet the standard.

I mean, what we've done is we try to make this more simple but in actuality and practice, it's gotten a

mhr/gbr  
SENATE

103  
April 17, 2014

tad more difficult. But after twice, a debtor can be kicked out of the program, stuck in foreclosure and incur fees. I, mea culpa, because the bill came too fast; I was looking to correct that problem.

I look forward to another bill -- and maybe working with Senator Leone and Senator Linares -- look at another bill to correct that problem so a debtor can get the proper feedback to make sure they know what they have to correct and we know we have a foreclosure process that I know this Circle put in to help everybody and somehow when it gets out there, it's looked at in a little bit different light.

(The President in the Chair.)

SENATOR FASANO:

So with that, I'm going to support this bill, Madam President -- good to see you back -- support this bill. Number two, I look forward to working with Senator Leone on that particular problem. I think we can straighten out relatively quickly and move this foreclosure process or foreclosure mediation to a better end.

Thank you, Madam President.

THE CHAIR:

Thank you, Senator Fasano.

Will you remark, sir, Senator Leone?

SENATOR LEONE:

Thank you, Madam President.

And I appreciate the support for the legislation by my colleagues and my Ranking Members and Senator Fasano; his points are well taken. We definitely want to make sure all our consumers have the ability to rectify their -- their financial situation and if they were to fall into a place of financial difficulty. And that was the intent of the previous legislation, as

mhr/gbr  
SENATE

104  
April 17, 2014

mentioned through Senator Fasano's as well as this legislation. So I do appreciate everyone's support.

And if there are no objections, Madam President, I would move to place this item on Consent.

THE CHAIR:

Seeing no objection, so ordered, sir.

Mr. Clerk.

THE CLERK:

On page 17, Calendar 255, Substitute for Senate Bill Number 477, AN ACT CONCERNING THE EXPUNGEMENT OF A PUPIL'S CUMULATIVE EDUCATION RECORD FOR CERTAIN EXPULSIONS; Favorable Report of the Committee on Education, and there are amendments.

THE CHAIR:

Good afternoon, Senator Stillman; so good to see you.

SENATOR STILLMAN:

Good afternoon, Madam President; good to see you, as well. Welcome back.

THE CHAIR:

Thank you.

SENATOR STILLMAN:

We missed you.

THE CHAIR:

I'm glad to be back.

SENATOR STILLMAN:

Thank you.

I move the joint committee's Favorable Report and passage of the bill.

mhr/gbr  
SENATE

141  
April 17, 2014

Page 8, Calendar 74, Senate Bill Number 95; also on page 8, Calendar 80, Senate Bill 188.

On Calendar page 9 -- I'm sorry -- on page, yeah, page 9, Calendar 110, Senate Bill 125; Calendar 112, Senate Bill 255; Calendar 113, Senate Bill Number 256; Calendar 122, Senate Bill 260.

On page 11, Calendar 163, Senate Bill 280; Calendar 177, Senate Bill 271.

On page 13, Calendar 207, Senate Bill Number 193.

On page 14, Calendar 225, Senate Bill Number 281.

On page 15, Calendar 244, Senate Bill 283.

Page 17, Calendar 255, Senate Bill 477.

On page 23, Calendar 288, Senate Bill 413; Calendar 290, Senate Bill 418.

And on page 25, Calendar 303, Senate Bill Number 217.

THE CHAIR:

I'm sorry. At this time, Mr. Clerk, will you call for a roll call vote, and the machine will be open on the second Consent Calendar.

THE CLERK:

Immediate roll call has been ordered in the Senate on the second Consent Calendar of the day. Immediate roll call has been ordered in the Senate.

THE CHAIR:

If all members voted, all members voted, the machine will be closed.

Mr. Clerk, will you please call the tally.

THE CLERK:

On the second Consent Calendar for today.

mhr/gbr  
SENATE

142  
April 17, 2014

Total Number Voting	35
Those voting Yea	35
Those voting Nay	0
Absent, not voting	1

THE CHAIR:

The Consent Calendar passes.

Mr. Clerk -- oh, I'm sorry -- Senator Looney.

SENATOR LOONEY:

Thank you, Madam President.

Madam President, if we might go back to the item that was removed from Consent and ask for a roll call vote on that item. That was Calendar page 8, Calendar 78, Senate Bill 186.

THE CHAIR:

Mr. Clerk, will you call for a roll call vote, and the machine will be open.

THE CLERK:

Immediate roll call has been ordered in the Senate.  
~~Immediate roll call has been ordered in the Senate.~~  
 Immediate roll call ordered in the Senate. An  
 immediate roll call has been ordered in the Senate.

THE CHAIR:

Have all members voted; all members voted? The machine will be closed.

Mr. Clerk, will you please call the tally.

THE CLERK:

Senate Bill Number 186.

Total Number Voting	33
Those voting Yea	23
Those voting Nay	10
Absent, not voting	3

**H - 1190**

**CONNECTICUT  
GENERAL ASSEMBLY  
HOUSE**

**PROCEEDINGS  
2014**

**VOL.57  
PART 10  
3044 - 3394**

djp/gbr  
SENATE

150  
May 6, 2014

I rise for a few questions to the proponent of the bill?

THE CHAIR:

Please proceed, sir.

SENATOR KANE:

Thank you, Madame President.

To the good Senator Slossberg, if you'll indulge me a moment, I apologize. I wasn't in the Chamber when you brought out the bill. If you could give me the overview of the bill again and I'll explain why in a second, through you, Madame President.

THE CHAIR:

Senator Slossberg.

SENATOR SLOSSBERG:

Thank you, through you, Madame President.

The bill basically addresses a problem that we've heard so much about in our state. The ability of families, in particular, parents to be able to find appropriate resources when their children are having behavioral health problems.

And so what this does is this creates what some people would refer to as a behavioral health clearing house within the Office of the Health Care Advocate where people in our state can call, get someone on the other line who is able to hear what the problem is and try to help connect them to the right resource and in addition to that, to actually not just give them a list, but to say, here is a provider who's actually accepting new patients and your payment methodology or your insurance plan -- this covers your insurance plan.

It's like someplace where they can get all of their questions answered and actually make a connection with a provider or a resource they are looking for, for the help that they need. That is the basic premise of the

djp/gbr  
SENATE

151  
May 6, 2014

bill.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madame President.

Isn't that what we currently have 211 for, through you, Madame President?

THE CHAIR:

Senator Slossberg.

SENATOR SLOSSBERG:

Yes, thank you, through you, Madame President.

Two-one-one is a crisis referral. So someone who is in crisis, they call 211 and 211 is a wonderful resource in our state and does a fabulous job. But what they do is they actually provide you with a list, a variety of places that you could go if you're asking, but they don't do what's called a warm referral where they make sure that the provider that they're giving you is actually taking new patients; they don't do anything in terms of whether your insurance covers it or whether maybe you would be eligible for some state assistance in order to get that service.

So, while 211 will continue to do crisis referral, in this instance right now 211 does refer people to the Office of the Health Care Advocate, but there's no way right now where people know to go directly to the Office of the Health Care Advocate and the Office of the Health Care Advocate is doing some of this work but not -- it hasn't been designated as such and is not set up to really handle the volume that we believe is out there for parents and families that are looking for this resource.

THE CHAIR:

djp/gbr  
SENATE

152  
May 6, 2014

Senator Kane.

SENATOR KANE:

Thank you, Madame President.

And what type of referrals are you speaking to when you talk about the underlying bill, through you, Madame President?

THE CHAIR:

Senator Slossberg.

SENATOR SLOSSBERG:

Thank you, through you, Madame President.

You know, things like whether it's going to -- finding a child psychologist or a child psychiatrist or a social worker or a neuro-clinician or outpatient services or inpatient services, anybody who provides those sorts of services. We've also heard from providers as well. So sometimes pediatricians will say, well I know of five adolescent psychiatrists but none of them are taking new patients. So the family has no place to turn. That's the type of providers that we're talking about.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madame President.

And through you, how are these individuals getting to the necessary -- or through the necessary referral basis now? I mentioned a few times that my wife is a clinical psychologist and works for one of the organizations that you talk about. You mentioned they get referrals from all different ways. So how are -- as far as you know through your committee work or through the public hearing, how are people finding the referral process now? I mean this has to be happening already or is it not happening and that is why we have

djp/gbr  
SENATE

153  
May 6, 2014

the need for the bill, through you, Madame President?

THE CHAIR:

Senator Slossberg.

SENATOR SLOSSBERG:

Thank you, through you, Madame President.

Well, certainly in some instances, some people are finding the necessary resources. But in too many instances, we've heard repeatedly and I'm sure that you've heard the stories from Senator Bye's District where parents couldn't find appropriate resources. I can speak for people in my District who were referred to clinicians in our area only to be told that those clinicians weren't taking new patients and then parents are left with no place to go and a child or a family member that needs help and they don't know what to do. So there really isn't a referral system right now which is what we're trying to develop.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Well, I don't know if I agree with that. I think there is a referral system right now. But how are people going to find the Office of Health Care Advocate, through you, Madame President.

THE CHAIR:

Senator Slossberg.

SENATOR SLOSSBERG:

Through you, Madame President.

The idea would be that they would be doing some additional outreach and education and potentially, if you could call it, outreach and education to let people know that this is some place that they can call to get this information and to be able to find the

djp/gbr  
SENATE

154  
May 6, 2014

resources.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madame President.

And how will they do that outreach and education? I mean those are nice words, they sound nice in the underlying bill, but how is it actually put into action, through you, Madame President?

THE CHAIR:

Senator Slossberg.

SENATOR SLOSSBERG:

Through you, Madame President.

That's something that they are going to be working out with all of the stakeholders that are listed in this bill because that is -- it makes more sense for them to sit down with the providers and with the stakeholders and with the agencies who deal with all of these various agencies and resources to come up with the most efficient and effective way to promote a public awareness campaign.

THE CHAIR:

Senator Kane.

SENATOR KANE:

Thank you, Madame President.

So there was nothing in the public hearing testimony that planned out or plotted out how this would take place, through you, Madame President?

THE CHAIR:

Senator Slossberg.

**JOINT  
STANDING  
COMMITTEE  
HEARINGS**

**BANKS  
1 – 348**

**2014  
INDEX**

1  
la/gbr BANKS COMMITTEE

March 4, 2014  
2:00 P.M.

CHAIRMEN: Senator Leone  
Representative Tong

MEMBERS PRESENT:  
SENATORS: Crisco, Linares

REPRESENTATIVES: Luxenberg, Alberts, Baram,  
Diminico, Guerrera,  
Larson, Moukawsher,  
Rovero, Widlitz, Carter,  
LeGeyt

REP. TONG: Thanks for being here. We have an abbreviated agenda but welcome everyone to our second public hearing. Do you have any remarks, Chairman Leone?

SENATOR LEONE: No. Great to be here. Thanks. I need to step out for a second, so no offense to the Commissioner, but I'll be right back.

REP. TONG: I'm sure you're going to bring down the house with your testimony about today's issues. Look forward to it. So, without further ado, Commissioner Pitkin.

COMMISSIONER PITKIN: Good afternoon, Chairman Leone, Chairman Tong and members of the committee. My name is Howard F. Pitkin and I am the Commissioner of the Connecticut Department of Banking and I'm here to testify in support of five pieces of legislation.

HB 5352 HB 5353  
SB 284 SB 283

The first bill is House Bill 5268, AN ACT CONCERNING CONSUMER LICENSES. This proposal authorizes the Banking Commissioner to use the Nationwide Mortgage Licensing System and Registry, otherwise known as NMLS, for licensing or registration of any person engaged in a financial services industry within the

5  
la/gbr BANKS COMMITTEE

March 4, 2014  
2:00 P.M.

not considered branch -- bank branches.

House Bill 284, AN ACT CONCERNING THE COST OF CONSTRUCTIVE SERVICE. This would allow constructive legal service on the Commissioner to be delivered using certified mail in addition to registered mail and overnight delivery. Certified mail is less expensive than registered mail. This is simply a cost-saving measure that will enable to Department to use a less expensive but no less reliable method of delivering notice of the service to the defendants or respondents, as the case may be.

The last bill I'm here to support is House Bill 283, AN ACT CONCERNING TECHNICAL CHANGES TO BANKING LAWS. As the name implies, it makes various technical changes to the statutes. Our preference would be for this language to be placed in an annual technical revisions bill. This bill, in addition to eliminating some unnecessary or erroneous statutory cross-references, also expands the definition of Branch Office to include mortgage loan originations.

I want to thank you for your attention to these matters. I'll now be happy to answer any questions you may have.

REP. TONG: Thank you, Commissioner. There's a lot here, and I'll just jump to it. House Bill 5352, AN ACT CONCERNING MORTGAGE SERVICES. I suspect that this represents a radical change in our regulatory scheme here in Connecticut. So I want to start by asking you how many distinct servicers do you estimate that there are operating in Connecticut today? Are they - - do they range in size from big servicer conglomerates to mom and pop servicers? I just want to understand the marketplace that's here.



STATE OF CONNECTICUT  
 DEPARTMENT OF BANKING  
 260 CONSTITUTION PLAZA – HARTFORD, CT 06103-1800



TESTIMONY SUBMITTED TO THE BANKS COMMITTEE  
 Commissioner Howard F. Pitkin  
 March 4, 2014

***H.B. 5268, An Act Concerning Consumer Credit Licenses,***  
***H.B. 5352, An Act Concerning Mortgage Servicers,***  
***H.B. 5353, An Act Concerning Connecticut's Financial Institutions,***  
***H.B. 284, An Act Concerning the Cost of Constructive Service, and***  
***H.B. 283, An Act Concerning Minor and Technical Changes to the Banking Laws***

Good afternoon Chairman Leone, Chairman Tong and 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 support of five pieces of legislation.

The first bill is ***H.B. 5268, An Act Concerning Consumer Licenses***. This proposal authorizes the Banking Commissioner to use the Nationwide Mortgage Licensing System and Registry (NMLS) for licensing or registration of any person engaged in a financial services industry within the jurisdiction of the Commissioner and to make other technical and conforming changes. At the outset, it is important to note that this bill passed the Senate last year (S.B. 826) and the House would likely have easily passed it, but the clock ran out and Father Time killed the bill.

While it sounds somewhat dry on the surface, this proposal represents a unique opportunity for smarter and more effective regulation while, at the same time, harnessing technology to reduce costs on both government *and* industry.

The NMLS is an excellent example of coordinated regulation – among and between state and federal regulatory agencies. All States currently use the system to manage mortgage related licensing, but perhaps its greater potential, however, is that NMLS is also an effective system to manage licensing and registering for *non*-bank entities such as collection agencies, debt adjusters, check cashers, small loan companies and sales finance companies. The NMLS is currently being used by 21 states to manage the licensing of these financial industries and there are an additional 11 states that plan to expand their use of the system in 2014.

The chief substantive benefit of adopting the NMLS for use beyond the mortgage market is that, as noted earlier, this system allows regulators to monitor licensees across state lines and across industries. For example, using NMLS will help the DOB identify those licensees who may be violators in other states.

H.B. 284, *An Act Concerning the Cost of Constructive Service*, would allow constructive legal service on the Commissioner to be delivered using certified mail in addition to registered mail and overnight delivery. Certified mail is less expensive than registered mail. This is simply a cost-saving measure that will enable the Department to use a less expensive, but no less reliable method of delivering notice of the service to the defendants or respondents, as the case may be.

The last bill I am here to support is H.B. 283, *An Act Concerning Technical Changes to Banking Laws*. As the name implies, it makes various technical changes to the statutes. Our preference would be for this language to be placed in the annual technical revisions bill. This bill, in addition to eliminating some unnecessary or erroneous statutory cross-references, also expands the definition of Branch Office to include mortgage loan originations (i.e. "sales").

Thank you for your attention to these matters. I am happy to answer any questions you may have.