

House Republican Press Release

May 22, 2007
Press Office: 860-240-8700

Harkins Appointed to Sub-Prime Lending Task Force



HARTFORD- State Representative John Harkins (R-Stratford) has been appointed by Governor M. Jodi Rell to serve on the state's Sub-Prime Mortgage Task Force. The task force, composed of banking and financial experts, was convened by Governor Rell to examine and make recommendations regarding the issue of sub-prime lending in the state of Connecticut.

It is estimated that there are approximately \$8.1 billion in sub-prime loans on Connecticut properties, with nearly 10% of them past due. The increase in adjustable rate mortgages that have been adjusted upward, making monthly mortgage payments hard to meet for many families has increased the risk of those families losing their homes through foreclosure. The task force will examine this as part of an analysis on the entire issue.

"I am honored to be asked by Governor Rell to be a part of this task force," said Representative Harkins, who also serves on the legislature's Banks Committee. "The way a number of the loans are written by mortgage lenders needs some very direct scrutiny. In a number of instances, they are far looser with the criteria for underwriting. Such mortgages may seem initially appealing to borrowers who might, because of credit problems or other reasons, be unable to secure a traditional mortgage with a prime rate. These individuals end up becoming victims of the process, paying many thousands more than they otherwise would, and facing foreclosure as their rates spiral upward."

Harkins noted that Task Force has a great deal of work ahead of it, but says he welcomes the challenge of addressing such a large and critical issue. "I am hopeful that the work of this task force will ultimately benefit Connecticut homebuyers, and improve the mortgage lending climate in the state," he said.

The task force includes officials from the Departments of Banking, Consumer Protection, FHA, VA, HUD, FNMA and CHFA, as well as the Connecticut Mortgage Association, Connecticut Bankers Association, realtors, brokers and lenders. Howard Pitkin, Commissioner of the Department of Banking, and Gary King, President of CHFA are co-chairing the task force. Their final report and findings will be submitted to the Governor.