



CONNECTICUT REALTORS®

111 Founders Plaza, Suite 1101 ▪ East Hartford, CT 06108

Tel: (860) 290-6601 ▪ ctrealtor.com

Statement on

SB 973, AN ACT CONCERNING A RESIDENTIAL SUSTAINABLE ENERGY PROGRAM

OPPOSED

Submitted to the Energy and Technology Committee

March 7, 2017

By

Connecticut REALTORS®

The Connecticut REALTORS® (CTR) submits this testimony in **OPPOSITION** to SB 973, **AN ACT CONCERNING A RESIDENTIAL SUSTAINABLE ENERGY PROGRAM** on behalf of our 16,000 members and the thousands of Connecticut buyers and sellers they represent.

This legislation would establish a state residential sustainable energy program for the purpose of financing energy improvements. As the proposal is drafted, the language gives these assessments priority lien status over mortgages. CTR opposes this concept.

Mortgage loans are made with the expectation in a default that the first mortgage holder will be next in line after bona fide property tax liens. It would have serious consequences for the residential real estate market allowing a Residential Property Assessed Clean Energy Assessment loan to supersede the first mortgage after the mortgage has been made and without the lender's knowledge. Also, lenders have qualified the borrower for a specific amount which in many cases is at or very close to the maximum Debt to Income Ratio. Lenders are extremely cautious not to exceed those ratios under any circumstances as when the borrower is short funds to close and requires that the additional funds be obtained through a verified gift and NOT a loan. CTR sees this action as a potential problem during the closure process.

CTR also has an issue with assessment remaining on the property and surviving a judgment of foreclosure. If there is a default, the new buyer would be forced to pay off the lien in addition to the cost of his or her new home. Numerous problems already exist with trying to sell foreclosed properties. CTR believes this action stigmatizes the property and

further slows down a possible sale of the said property. SB 973 would place an additional cost on the Connecticut consumer, just as the housing market begins to recover.

In conclusion, Connecticut's REALTORS® urge you to oppose SB 943 as drafted but are willing to meet with the bill's proponents to attempt to create substitute language. Thank you for your attention to this important matter.