

## House Republican Press Release

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### REP. STRIPP OPPOSES COSTLY BAILOUT



HARTFORD – Rep. John E. Stripp expressed concern over a bill approved by the Legislature’s Banks Committee which creates a three-tiered mortgage bailout program in Connecticut.

On Tuesday, March 4<sup>th</sup> the Banks Committee voted out House Bill 5577, AAC Responsible Lending and Economic Security by a vote of 10-7. The bill is a bailout program based on a three-tier system of the state ensuring that individuals who are having mortgage payment difficulties will be able to stay in the houses they purchased. The Republican members of the Banks Committee put forward Governor Rell’s subprime bill as a substitute amendment to HB-5577 and it was defeated by party line voice vote.

Rep. Stripp said, “There is a limit on how much money a small state like Connecticut can risk on temporarily bailing out those affected by the subprime crisis. We should do something. The question is are we big enough to really make a major impact? We've got to be careful how we put taxpayer’s money at risk.”

Under Governor Rell’s CT Families plan which Rep. Stripp supported, borrowers with a subprime mortgage who cannot make their mortgage payment and currently reside in their home may apply to Connecticut Housing Finance Authority (CHFA) for refinancing. The new CT FAMILIES program will assist low and moderate income borrowers who took out a subprime loan to purchase their first home by refinancing them into 30-year, fixed rate amortizing loans. CT FAMILIES loans will be offered at .25% above CHFA’s regular rate, which is currently 6.00%.

The Democratic Co-Chairs of the Banks Committee gave authority for their bailout program to a committee that would be made-up of the Executive and Legislative Branches with six out of ten members being Democrats. The specific language of the bill states that these programs are not created solely for those affected by the sub-prime mortgage problem.