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# Proposed bill would prohibit predatory lending

By RICK GUINNESS, Herald staff

NEW BRITAIN — Although Hartford and New Haven have a higher foreclosure rate, New Britain is one of several communities that need the protection of a bill that would prevent “predatory lending,” said Erin Kemple, Connecticut Fair Housing executive director, at a press conference Wednesday at the Legislative Office Building.

Officials at the town and city clerk’s office in New Britain said they have noticed a sharp increase in the number of foreclosures in the city, judging by the number of documents filed in that office — the opening salvo of paperwork from foreclosing lenders.

In fact, foreclosure paperwork was being filed Wednesday at New Britain City Hall while the Connecticut Fair Housing Center was making its pitch to the public in Hartford.

The problem is so bad that there were a total of 7,747 foreclosure filings in Connecticut in the third quarter of 2007 — a 920 percent increase over the third quarter of 2006, according to Kemple, who issued a statement saying that “the failure of sub prime loans is affecting markets across the world.”

She said the bill — “An act concerning foreclosure prevention and responsible lending” — is designed to prevent many of the practices and loan terms that created the current lending and foreclosure crisis.

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In attendance were a range of citizens and dignitaries — from Attorney General Richard Blumenthal to Bristol borrower Andrew Dlugolecki, who related a “predatory mortgage” horror story of how he ended up with a loan that turned out to be much more expensive to pay back than he had anticipated.

It was a fixed-rate loan for two years, but then became adjustable.

Dlugolecki prepared a statement for Wednesday’s gathering that did not delve into all the details. But it was clear from the testimony of other borrowers in attendance that he was not alone.

“I am speaking here today to encourage the legislature to pass the Fair Housing Center’s bill so other homeowners will be protected from predatory loans like the one I have,” Dlugolecki said.

Connecticut Fair Housing Center lawyer Andrew Pizor, senior loan policy counsel, said the proposed bill would not affect the people already in foreclosure, but it would protect people getting new loans.

“One way that will benefit people in foreclosure — people who refinance to avoid foreclosure,” Pizor said, is that it will protect them from ending up in another bad loan.

“The bill would protect them from that,” Pizor said.

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Blumenthal agreed.

"I support it because it would impose fair standards on lenders and brokers who impose unfair terms on borrowers," he said. "This bill will prevent the kind of abuses that lead to defaults and foreclosures."

The number of foreclosures in the New Britain area grew from 871 in 2005 to 1,076 in 2006 to 1,238 last June.

"There is definitely a trend there," Pizor said.

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