



House of Representatives

General Assembly

File No. 43

February Session, 2008

House Bill No. 5578

House of Representatives, March 18, 2008

The Committee on Banks reported through REP. BARRY of the 12th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING REINSTATEMENT PAYMENT STATEMENTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 49-10a of the 2008 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective October 1, 2008*):

4 (a) A mortgagee shall, upon written request of the mortgagor or the
5 mortgagor's attorney or other authorized agent provide a payoff
6 statement or reinstatement payment statement in writing to the person
7 requesting the payoff statement or reinstatement payment statement
8 on or before the date specified in such request, provided such request
9 date is at least [ten] five business days after the date of receipt of the
10 written request. [for a payoff statement.] If the request is made in
11 connection with a default, the mortgagor's attorney may make such
12 written request directly to the mortgagee, provided such written
13 request contains a representation that the person requesting the payoff
14 statement or reinstatement payment statement is the mortgagor's
15 attorney and that the mortgagor has authorized the request.

16 (b) If the mortgagee fails to provide the payoff statement or
 17 reinstatement payment statement on or before such request date, the
 18 mortgagee shall not be entitled to the payment of any interest on the
 19 mortgage loan which is secured by such mortgage which accrues after
 20 the expiration of such request date. If the mortgagee provides the
 21 payoff statement or reinstatement payment statement to the person
 22 requesting [the payoff] such statement after the expiration of such
 23 request date, but the mortgage is not paid off or reinstated, interest on
 24 the mortgage loan which accrues after the receipt of the payoff
 25 statement or the reinstatement payment statement by the person who
 26 has requested it shall again be payable. The burden of proof shall be on
 27 the mortgagor with respect to the receipt by the mortgagee of the
 28 mortgagor's request for a payoff statement or a reinstatement payment
 29 statement of the mortgage loan, and thereafter shall be on the
 30 mortgagee with respect to the receipt of the payoff statement or
 31 reinstatement payment statement by the mortgagor or the mortgagor's
 32 attorney or other authorized agent.

33 (c) The mortgagee shall not impose any fee or charge for the first
 34 payoff statement or reinstatement payment statement requested within
 35 a calendar year, unless the mortgagor or the mortgagor's attorney or
 36 other authorized agent requests expedited delivery of [the payoff] such
 37 statement, agrees to pay a fee for such expedited delivery and the
 38 [payoff] statement is provided by the agreed upon date.

39 (d) For the purposes of this section, "reinstatement payment
 40 statement" means a statement setting forth the total sum owed by a
 41 mortgagor to a mortgagee, which, if paid, will cure a default in
 42 mortgage payments.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2008	49-10a

BA Joint Favorable

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact: None

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**HB 5578*****AN ACT CONCERNING REINSTATEMENT PAYMENT STATEMENTS.*****SUMMARY:**

This bill extends the law applicable to mortgage payoff statements to reinstatement payment statements. It defines a “reinstatement payment statement” as one that provides the total amount owed that a borrower can pay to cure a mortgage default. Specifically, the bill requires a lender to, upon written request, provide a reinstatement payment statement in writing to the borrower or borrower’s authorized agent by the date noted in the request as long as that date is at least five days after the request is received. For consistency, the bill also shortens the deadline for payoff statements from 10 days to five. The borrower’s attorney can make the request to the lender if it relates to a default, as long as the request represents that the person is an attorney authorized to do so by the lender.

Under current law, the lender must provide a payoff statement by the request date or forfeit any interest on the mortgage loan that accrues between the request date and when the borrower receives it. The bill extends the law to reinstatement statements and provides that interest accrued after receipt of the statement is payable if the mortgage is not paid off or reinstated. It is not clear why the interest that accrues after the receipt would be payable again only if there is not a reinstatement. The date by which, after receipt of the statement, the mortgage must be paid off or reinstated so that interest does not begin to accrue again is also unclear. The burden of proof with respect to the receipt of the request is on the borrower and, with respect to receipt of the statement, is on the lender.

The bill prohibits the lender from imposing any fee or charge for the first reinstatement payment statement requested each year unless the person making the request agrees to pay a fee for expedited delivery of the payoff statement and the lender delivers it on time.

EFFECTIVE DATE: October 1, 2008

COMMITTEE ACTION

Banks Committee

Joint Favorable

Yea 17 Nay 0 (03/04/2008)