



General Assembly

February Session, 2008

Raised Bill No. 5165

LCO No. 1470

01470_____BA_

Referred to Committee on Banks

Introduced by:

(BA)

AN ACT CONCERNING THE EMERGENCY MORTGAGE ASSISTANCE PROGRAM.

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

1 Section 1. Subdivision (4) of section 8-265cc of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2008*):

4 (4) "Mortgagee" means the original lender under a mortgage, or its
5 successors, [who agrees to participate in the program established
6 pursuant to sections 8-265cc to 8-265kk, inclusive,] or an assignee of a
7 mortgage. [who agrees to participate in the program;]

8 Sec. 2. Subdivision (7) of section 8-265cc of the general statutes is
9 repealed and the following is substituted in lieu thereof (*Effective*
10 *October 1, 2008*):

11 (7) "Financial hardship due to circumstances beyond the
12 mortgagor's control" means: [a] (A) A significant [curtailment]
13 reduction of at least twenty-five per cent of aggregate family
14 household income which reasonably cannot be or could not have been

15 alleviated by the liquidation of assets by the mortgagor, [and is related
16 to one or more of the following: (A) Unemployment] including, but not
17 limited to, a reduction resulting from (i) unemployment or
18 underemployment of one or more of the mortgagors; [(B)] (ii) a loss,
19 reduction or delay in receipt of such federal, state or municipal
20 benefits as Social Security, supplemental security income, public
21 assistance and government pensions; [(C)] (iii) a loss, reduction or
22 delay in receipt of such private benefits as pension, annuity or
23 retirement benefits; [(D)] (iv) divorce or a loss of support payments;
24 [(E)] (v) disability, illness or death of a mortgagor; [(F)] (vi) uninsured
25 damage to the mortgaged property which affects liveability and
26 necessitates costly repairs; or [(G)] (vii) expenses related to the
27 disability, illness or death of a member of the mortgagor's family, but
28 is not related to accumulation of installment debt incurred for
29 recreational or nonessential items prior to the occurrence of the alleged
30 circumstances beyond the mortgagor's control in an amount that
31 would have caused the mortgagor's total debt service to exceed sixty
32 per cent of aggregate family income at that time; or (B) a significant
33 increase in the dollar amount of the periodic payments required by the
34 mortgage.

35 Sec. 3. Subsection (b) of section 8-265dd of the general statutes is
36 repealed and the following is substituted in lieu thereof (*Effective*
37 *October 1, 2008*):

38 (b) Notwithstanding any provision of the general statutes, [or any
39 rule of law to the contrary,] on and after [the date a mortgagee agrees
40 to participation in the program established pursuant to sections 8-
41 265cc to 8-265kk, inclusive] October 1, 2008, no judgment of strict
42 foreclosure nor any judgment ordering a foreclosure sale shall be
43 entered in any action instituted by the mortgagee to foreclose a
44 mortgage commenced on or after [such] said date, for the foreclosure
45 of an eligible mortgage unless (1) notice to the mortgagor has been
46 given by the mortgagee in accordance with section 8-265ee, as
47 amended by this act, and the time for response has expired, and (2) a

48 determination has been made on the mortgagor's application for
49 emergency mortgage assistance payments in accordance with section
50 8-265ff, as amended by this act, or the applicable time periods set forth
51 in [said] sections 8-265cc to 8-265kk, inclusive, as amended by this act,
52 have expired, whichever is earlier. For purposes of this section and
53 sections 8-265ee to 8-265kk, inclusive, as amended by this act, an
54 "eligible mortgage" is a mortgage which satisfies the standards
55 contained in subdivisions (1), (3), (8) and (10) to (13), inclusive, of
56 subsection (d) of section 8-265ff, as amended by this act.

57 Sec. 4. Subsection (a) of section 8-265ee of the general statutes is
58 repealed and the following is substituted in lieu thereof (*Effective*
59 *October 1, 2008*):

60 (a) On or after [the date a mortgagee files an agreement to
61 participate in the program established pursuant to sections 8-265cc to
62 8-265kk, inclusive] October 1, 2008, the mortgagee who desires to
63 foreclose upon a mortgage which satisfies the standards contained in
64 subdivisions (1), (3), (10), (11) and (12) of subsection (d) of section 8-
65 265ff, shall give notice to the mortgagor by registered, or certified mail,
66 postage prepaid at the address of the property which is secured by the
67 mortgage. No such mortgagee may commence a foreclosure of a
68 mortgage prior to mailing such notice. Such notice shall advise the
69 mortgagor of his delinquency or other default under the mortgage and
70 shall state that the mortgagor has thirty days from the date of such
71 notice in which to (1) have a face-to-face meeting or telephone
72 conference with the mortgagee or a face-to-face meeting with a
73 consumer credit counseling agency to attempt to resolve the
74 delinquency or default by restructuring the loan payment schedule or
75 otherwise, and (2) to contact the authority, at an address and phone
76 number contained in the notice, to obtain information and apply for
77 emergency mortgage assistance payments if the mortgagor and
78 mortgagee are unable to resolve the delinquency or default.

79 Sec. 5. Subdivision (8) of subsection (d) of section 8-265ff of the

80 general statutes is repealed and the following is substituted in lieu
81 thereof (*Effective October 1, 2008*):

82 (8) There is a reasonable prospect that the mortgagor, as determined
83 by the authority, will be able to repay the emergency mortgage
84 assistance within a reasonable amount of time under the terms of
85 section 8-265hh, as amended by this act, including through a
86 refinancing of the mortgage, and the authority finds that, except for the
87 current delinquency, the mortgagor has had a favorable residential
88 mortgage credit history for the previous [five] two years or period of
89 ownership, whichever is less. For the purposes of this subdivision, if a
90 mortgagor has been more than thirty days in arrears two or more times
91 on a residential mortgage within the previous two years, the
92 mortgagor shall be ineligible for emergency mortgage assistance
93 payments unless the mortgagor can demonstrate that the prior
94 delinquency was the result of financial hardship due to circumstances
95 beyond the mortgagor's control. In making a determination under this
96 subsection, the authority may consider information regarding the
97 structure of the mortgage, its repayment schedule and any other
98 relevant factors or criteria it deems appropriate.

99 Sec. 6. Subsection (d) of section 8-265hh of the general statutes is
100 repealed and the following is substituted in lieu thereof (*Effective*
101 *October 1, 2008*):

102 (d) All moneys received by the authority from mortgagors for
103 repayment of emergency mortgage assistance payments shall be paid
104 to the authority, deposited in such funds or accounts as the authority
105 may establish from time to time for such purpose and [paid by the
106 authority to the State Treasurer and deposited into the General Fund]
107 be used solely for the purposes of the program established pursuant to
108 sections 8-265cc to 8-265kk, inclusive, as amended by this act.

109 Sec. 7. (*Effective July 1, 2008*) (a) For the purposes described in
110 subsection (b) of this section, the State Bond Commission shall have
111 the power, from time to time, to authorize the issuance of bonds of the

112 state in one or more series and in principal amounts not exceeding in
113 the aggregate five million dollars.

114 (b) The proceeds of the sale of said bonds, to the extent of the
115 amount stated in subsection (a) of this section, shall be used by the
116 Department of Economic and Community Development for the
117 purpose of a grant-in-aid to the Connecticut Housing Finance
118 Authority for the Emergency Mortgage Assistance Program set forth in
119 sections 8-265cc to 8-265kk, inclusive, of the general statutes, as
120 amended by this act.

121 (c) All provisions of section 3-20 of the general statutes, or the
122 exercise of any right or power granted thereby, which are not
123 inconsistent with the provisions of this section are hereby adopted and
124 shall apply to all bonds authorized by the State Bond Commission
125 pursuant to this section, and temporary notes in anticipation of the
126 money to be derived from the sale of any such bonds so authorized
127 may be issued in accordance with said section 3-20 and from time to
128 time renewed. Such bonds shall mature at such time or times not
129 exceeding twenty years from their respective dates as may be provided
130 in or pursuant to the resolution or resolutions of the State Bond
131 Commission authorizing such bonds. None of said bonds shall be
132 authorized except upon a finding by the State Bond Commission that
133 there has been filed with it a request for such authorization which is
134 signed by or on behalf of the Secretary of the Office of Policy and
135 Management and states such terms and conditions as said commission,
136 in its discretion, may require. Said bonds issued pursuant to this
137 section shall be general obligations of the state and the full faith and
138 credit of the state of Connecticut are pledged for the payment of the
139 principal of and interest on said bonds as the same become due, and
140 accordingly and as part of the contract of the state with the holders of
141 said bonds, appropriation of all amounts necessary for punctual
142 payment of such principal and interest is hereby made, and the State
143 Treasurer shall pay such principal and interest as the same become
144 due.

145 Sec. 8. (Effective October 1, 2008) Section 8-265jj of the general statutes
146 is repealed.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2008</i>	8-265cc(4)
Sec. 2	<i>October 1, 2008</i>	8-265cc(7)
Sec. 3	<i>October 1, 2008</i>	8-265dd(b)
Sec. 4	<i>October 1, 2008</i>	8-265ee(a)
Sec. 5	<i>October 1, 2008</i>	8-265ff(d)(8)
Sec. 6	<i>October 1, 2008</i>	8-265hh(d)
Sec. 7	<i>July 1, 2008</i>	New section
Sec. 8	<i>October 1, 2008</i>	Repealer section

Statement of Purpose:

To require banks to participate in the Emergency Mortgage Assistance Program; to expand the program to homeowners faced with resets or other increases in the mortgage interest rate; to require that moneys received for the repayment of emergency mortgage assistance payments be used solely for the purposes of said program; and to provide funding for said program in the amount of five million dollars.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]