



General Assembly

February Session, 2008

Committee Bill No. 2

LCO No. 2330

* _____SB00002PD_FIN030508_____*

Referred to Committee on Planning and Development

Introduced by:
(PD)

**AN ACT CONCERNING AN EMERGENCY RELIEF PLAN FOR
CONNECTICUT FAMILIES FOR HOUSING COSTS.**

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

1 Section 1. Section 8-265cc of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 As used in sections 8-265cc to 8-265kk, inclusive, as amended by this
4 act:

5 (1) "Aggregate family income" means the total income of persons
6 residing in the same household as the mortgagor and any other
7 resident of the household declared by the mortgagor as a dependent
8 for federal tax purposes, from whatever source derived, including, but
9 not limited to, pensions, annuities, retirement benefits and Social
10 Security benefits, provided the authority may exclude from income (A)
11 reasonable allowances for dependents, (B) reasonable allowances for
12 medical expenses, (C) all or any part of the earnings of gainfully
13 employed minors or family members other than the chief wage earner,
14 (D) income not regularly received, and (E) such other expenses as the
15 authority may allow;

16 (2) "Authority" means the Connecticut Housing Finance Authority
17 as created under section 8-244;

18 (3) "Mortgage" means a mortgage deed or other instrument which
19 constitutes a first or second consensual lien on one or two-family
20 owner-occupied residential real property, including single-family units
21 in a common interest community, located in this state;

22 (4) "Mortgagee" means the original lender under a mortgage, or its
23 successors, who agrees to participate in the program established
24 pursuant to sections 8-265cc to 8-265kk, inclusive, as amended by this
25 act, or an assignee of a mortgage who agrees to participate in the
26 program;

27 (5) "Mortgagor" means the owner-occupant of one or two-family
28 residential real property located in this state who is also the borrower
29 under a mortgage encumbering such real property;

30 (6) "Housing expense" means the sum of the mortgagor's monthly
31 maintenance expense in a common interest community, utility
32 expense, heating expense, hazard insurance payment, taxes and
33 required mortgage payment, including escrows;

34 (7) "Financial hardship due to circumstances beyond the
35 mortgagor's control" means a significant curtailment of at least twenty-
36 five per cent of aggregate family household income which cannot be or
37 could not have been alleviated by the liquidation of assets by the
38 mortgagor and is related to one or more of the following: (A)
39 Unemployment or underemployment of one or more of the
40 mortgagors; (B) a loss, reduction or delay in receipt of such federal,
41 state or municipal benefits as Social Security, supplemental security
42 income, public assistance and government pensions; (C) a loss,
43 reduction or delay in receipt of such private benefits as pension,
44 annuity or retirement benefits; (D) divorce or a loss of support
45 payments; (E) disability, illness or death of a mortgagor; (F) uninsured
46 damage to the mortgaged property which affects liveability and

47 necessitates costly repairs; or (G) expenses related to the disability,
48 illness or death of a member of the mortgagor's family, but is not
49 related to accumulation of installment debt incurred for recreational or
50 nonessential items prior to the occurrence of the alleged circumstances
51 beyond the mortgagor's control in an amount that would have caused
52 the mortgagor's total debt service to exceed sixty per cent of aggregate
53 family income at that time;

54 (8) "Consumer credit counseling agency" means a nonprofit
55 corporation or governmental agency located in this state which has
56 been designated by the authority to provide homeowners' emergency
57 mortgage assistance program counseling. A qualified consumer credit
58 counseling agency must either be certified as a housing counseling
59 agency by the federal Department of Housing and Urban
60 Development or otherwise determined accepted by the authority;

61 (9) "Subprime" means:

62 (A) In the case of an adjustable rate loan secured by a first lien on a
63 dwelling, a loan for which the APR is greater than two percentage
64 points above the yield on United States Treasury securities having
65 comparable periods of maturity as of the fifteenth day of the preceding
66 month if the rate is set between the first and the fourteenth day of the
67 month, and as of the fifteenth day of the current month if the rate is set
68 on or after the fifteenth day.

69 (B) For all other loans secured by a first lien on a dwelling, a loan for
70 which the APR is greater than three percentage points above the yield
71 on United States Treasury securities having comparable periods of
72 maturity as of the fifteenth day of the preceding month if the rate is set
73 between the first and the fourteenth day of the month, and as of the
74 fifteenth day of the current month if the rate is set on or after the
75 fifteenth day.

76 (C) For loans secured by a subordinate lien on a dwelling, a loan for
77 which the APR is greater than five percentage points above the yield

78 on United States Treasury securities having comparable periods of
79 maturity as of the fifteenth day of the preceding month if the rate is set
80 between the first and the fourteenth day of the month, and as of the
81 fifteenth day of the current month if the rate is set on or after the
82 fifteenth day.

83 Sec. 2. Section 8-265dd of the general statutes is repealed and the
84 following is substituted in lieu thereof (*Effective from passage*):

85 (a) Not later than January 1, 1994, the authority shall establish,
86 within available funds, a program to provide emergency mortgage
87 assistance payments to mortgagors in accordance with the provisions
88 of sections 8-265cc to 8-265kk, inclusive, as amended by this act. Any
89 necessary and related administrative and operational expenses
90 incurred by the authority in implementing the program may be paid
91 from funds made available for the program.

92 (b) Notwithstanding any provision of the general statutes or any
93 rule of law to the contrary, on and after the date a mortgagee agrees to
94 participation in the program established pursuant to sections 8-265cc
95 to 8-265kk, inclusive, as amended by this act, no judgment of strict
96 foreclosure nor any judgment ordering a foreclosure sale shall be
97 entered in any action instituted by the mortgagee to foreclose a
98 mortgage commenced on or after such date, for the foreclosure of an
99 eligible mortgage unless (1) notice to the mortgagor has been given by
100 the mortgagee in accordance with section 8-265ee and the time for
101 response has expired and (2) a determination has been made on the
102 mortgagor's application for emergency mortgage assistance payments
103 in accordance with section 8-265ff or the applicable time periods set
104 forth in said sections 8-265cc to 8-265kk, inclusive, as amended by this
105 act, have expired, whichever is earlier. For purposes of this section and
106 sections 8-265ee to 8-265kk, inclusive, an "eligible mortgage" is a
107 mortgage which satisfies the standards contained in subdivisions (1),
108 (3), (8) and (10) to (13), inclusive, of subsection (d) of section 8-265ff.

109 (c) As part of the emergency mortgage assistance payment program

110 established under sections 8-265cc to 8-265kk, inclusive, as amended
111 by this act, and within available funds, the authority shall provide
112 mortgage assistance to mortgagors with subprime mortgage loans.

113 Sec. 3. (*Effective July 1, 2008*) (a) For the purposes described in
114 subsection (b) of this section, the State Bond Commission shall have
115 the power, from time to time, to authorize the issuance of bonds of the
116 state in one or more series and in principal amounts not exceeding in
117 the aggregate one hundred million dollars.

118 (b) The proceeds of the sale of said bonds, to the extent of the
119 amount stated in subsection (a) of this section, shall be used by the
120 Connecticut Housing Finance Authority for recapitalization of the
121 emergency mortgage assistance payment program established
122 pursuant to sections 8-265dd to 8-265kk, inclusive, of the general
123 statutes as amended by this act, for mortgage assistance to mortgagors
124 with subprime mortgage loans.

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

143 principal of and interest on said bonds as the same become due, and
144 accordingly and as part of the contract of the state with the holders of
145 said bonds, appropriation of all amounts necessary for punctual
146 payment of such principal and interest is hereby made, and the State
147 Treasurer shall pay such principal and interest as the same become
148 due.

149 Sec. 4. (*Effective from passage*) The sum of two million two hundred
150 four thousand dollars is appropriated to the Department of Economic
151 and Community Development, from the General Fund, for the fiscal
152 year ending June 30, 2008, for the public housing payment in lieu of
153 taxes program established under subsection (b) of section 8-216 of the
154 general statutes.

155 Sec. 5. (*Effective from passage*) The sum of one million seven hundred
156 four thousand eight hundred ninety dollars is appropriated to the
157 Department of Economic and Community Development, from the
158 General Fund, for the fiscal year ending June 30, 2008, for the low and
159 moderate income tax abatement program established under subsection
160 (a) of section 8-216 of the general statutes.

161 Sec. 6. (*Effective July 1, 2008*) The sum of two million two hundred
162 four thousand dollars is appropriated to the Department of Economic
163 and Community Development, from the General Fund, for the fiscal
164 year ending June 30, 2009, for the public housing payment in lieu of
165 taxes program established under subsection (b) of section 8-216 of the
166 general statutes.

167 Sec. 7. (*Effective July 1, 2008*) The sum of one million seven hundred
168 four thousand eight hundred ninety dollars is appropriated to the
169 Department of Economic and Community Development, from the
170 General Fund, for the fiscal year ending June 30, 2009, for the low and
171 moderate income tax abatement program established under subsection
172 (a) of section 8-216 of the general statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	8-265cc
Sec. 2	<i>from passage</i>	8-265dd
Sec. 3	<i>July 1, 2008</i>	New section
Sec. 4	<i>from passage</i>	New section
Sec. 5	<i>from passage</i>	New section
Sec. 6	<i>July 1, 2008</i>	New section
Sec. 7	<i>July 1, 2008</i>	New section

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Joint Favorable C/R

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