



**Senate Bill No. 502**

**June Special Session, Public Act No. 10-2**

**AN ACT MAKING ADJUSTMENTS TO THE BUDGET AND TO CERTAIN PUBLIC ACTS, AND ESTABLISHING THE HOMEOWNER'S EQUITY RECOVERY OPPORTUNITY LOAN PROGRAM.**

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

Section 1. (*Effective July 1, 2010*) Notwithstanding section 1 of public act 10-179, the amounts appropriated in said section for the following purposes shall not be expended and the following sums are appropriated in lieu thereof for the purposes described:

DEPARTMENT OF SOCIAL SERVICES

Children's Trust Fund	[15,426,372]	<u>13,173,147</u>
Medicaid	[3,843,439,000]	<u>3,845,692,225</u>
Alzheimer Respite Care	[2,794,388]	<u>2,294,388</u>

DEPARTMENT OF EDUCATION

<u>Parent Trust Fund Program</u>	<u>500,000</u>
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Sec. 2. (*Effective July 1, 2010*) Notwithstanding the provisions of section 1 of public act 10-179, the reductions to the amounts appropriated in said section 1 are amended to read as follows:

LESS:

Reduce Other Expenses to

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FY 07 Levels - Legislative	[-9,639]	<u>-1,111,306</u>
Reduce Other Expenses to FY 07 Levels - Executive	[-31,990,361]	<u>-30,888,694</u>

Sec. 3. Section 20 of public act 09-7 of the September special session is repealed and the following is substituted in lieu thereof (*Effective from passage*):

[(a)] (1) Up to \$264,000 of the funds appropriated to the Department of Social Services in [sections 1 and] section 11 of public act 09-3 of the June special session, for Housing/Homeless Services, shall be made available to provide rental assistance and services for Round 3 development projects for the Next Steps Initiative, established pursuant to section 17a-485c of the general statutes, during the fiscal [years ending June 30, 2010, and] year ending June 30, 2011.

[(2)] Up to \$510,000 of the funds appropriated to the Department of Mental Health and Addiction Services in section 1 of public act 09-3 of the June special session, for Housing Supports and Services, shall be made available to provide rental assistance and services for Round 3 development projects for the Next Steps Initiative, established pursuant to section 17a-485c of the general statutes, during the fiscal year ending June 30, 2010.]

[(3)] (2) Up to \$1,000,000 of the funds appropriated to the Department of Mental Health and Addiction Services in section 11 of public act 09-3 of the June special session, for Housing Supports and Services, shall be made available to provide rental assistance and services for Round 3 development projects for the Next Steps Initiative, established pursuant to section 17a-485c of the general statutes, during the fiscal year ending June 30, 2011.

[(4)] (3) Any funds made available in subdivisions (1) [.] and (2) [and (3)] of this subsection that are not used to provide rental

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assistance and services for Round 3 development projects for the Next Steps Initiative, established pursuant to section 17a-485c of the general statutes, [shall] may be used for other rental assistance and services for new scattered site supportive housing.

[(b)] (4) Up to \$1,000,000 of the funds appropriated to Debt Service - State Treasurer in [sections 1 and] section 11 of public act 09-3 of the June special session, for Debt Service, shall be made available to provide debt service, in accordance with section 17a-485e of the general statutes, for Round 3 development projects for the Next Steps Initiative, established pursuant to section 17a-485c of the general statutes, for the fiscal [years ending June 30, 2010, and] year ending June 30, 2011.

Sec. 4. (*Effective from passage*) Section 27 of public act 10-179 shall take effect from its passage.

Sec. 5. (*Effective from passage*) Notwithstanding the provisions of sections 15, 16 and 18 of public act 10-1, the Secretary of the Office of Policy and Management shall include reimbursement for any exemption specified in said sections that the secretary approves in the next certification the secretary makes to the Comptroller under the provisions of section 32-9s of the general statutes.

Sec. 6. Section 28 of public act 10-3, as amended by section 49 of public act 10-179, is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) To the extent permitted by federal law, no payment shall be provided by the Department of Social Services under the Medicaid program for more than one pair of eyeglasses per year. Said department shall administer the payment for eyeglasses and contact lenses as cost effectively as possible.

(b) The Commissioner of Social Services, pursuant to section 17b-10

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of the general statutes, may implement policies and procedures to administer the provisions of subsection (a) of this section while in the process of adopting such policies and procedures in regulation form, provided the commissioner prints notice of intent to adopt regulations in the Connecticut Law Journal not later than twenty days after the date of implementation of such policies and procedures. Policies and procedures implemented pursuant to this section shall be valid until the time final regulations are adopted.

Sec. 7. Section 8-265rr of the 2010 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

(a) As used in this section, "authority" means the Connecticut Housing Finance Authority created under section 8-244.

(b) The authority is authorized to continue to develop and implement a program for home mortgage refinancing for homeowners with fixed or adjustable rate mortgages as an additional purpose pursuant to the provisions of subdivision (32) of section 8-250. Such program shall (1) include making mortgage loans to borrowers who (A) are deemed eligible by the authority, and (B) purchase foreclosed or abandoned properties or properties conveyed by deed in lieu of foreclosure or short sale; or (2) be undertaken by the authority consistent with and subject to its contractual obligations to its bondholders in an initial amount of forty million dollars under terms and conditions determined by the authority.

Sec. 8. Section 8-265ss of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2010*):

(a) As used in this section:

(1) "Authority" means the Connecticut Housing Finance Authority created under section 8-244;

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(2) "Mortgage" means a mortgage deed or other instrument which constitutes a first or second consensual lien on one-to-four family owner-occupied residential real property located in this state, including, but not limited to, a single-family unit in a common interest community, securing a loan made primarily for personal, family or household purposes;

(3) "Borrower" means the owner-occupant of a one-to-four family residential real property located in this state, including, but not limited to, a single-family unit in a common interest community, who has a mortgage encumbering such real property;

(4) "Lender" means the original lender under a mortgage, or its agents, successors or assigns; and

(5) "HERO program" means the Homeowner's Equity Recovery Opportunity loan program.

(b) The authority is authorized to develop and implement the HERO program as an additional purpose pursuant to the provisions of subdivision (32) of section 8-250. The HERO program shall be undertaken by the authority consistent with and subject to its contractual obligations with its bondholders in an initial amount of thirty million dollars.

(c) On and after July 1, 2008, the authority shall implement the HERO program in accordance with this section. Said program shall offer, within available funds, financing through the following mechanism: The authority shall purchase mortgages directly from lenders and then place borrowers it determines to be eligible on an affordable repayment plan or make mortgage loans to borrowers who it determines to be eligible and who purchase foreclosed or abandoned properties or properties conveyed by deed in lieu of foreclosure or short sale. All borrowers approved by the authority for the program

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shall attend in-person financial counseling at an authority-approved agency.

(d) A HERO loan shall: (1) Be a mortgage for up to thirty years in an amount determined by the authority; (2) provide an interest rate at an amount determined by the authority; (3) be serviced by the authority or its agents; and (4) have property taxes and insurance, including mortgage insurance, homeowner's insurance and, if applicable, flood insurance, included in the borrower's monthly payment amount.

(e) For purposes of the HERO program, the authority shall purchase mortgages directly from lenders and make a HERO loan available to borrowers whose mortgages have been purchased by the authority and who have been determined by the authority to be eligible. A borrower shall be eligible if the HERO loan is in the first lien position, and if, in the authority's determination, the borrower has: (1) Made an effort to meet his or her financial obligations to the best of the borrower's ability; (2) sufficient and stable income to support timely repayment of a HERO loan; (3) legal title to the mortgaged property and resides in it as the borrower's permanent residence; and (4) if the borrower has stopped making monthly payments, the ability to account for the borrower's cash flow by showing how those funds were escrowed, saved or redirected. The authority shall make a determination of eligibility for the HERO program no later than thirty calendar days after the date of receipt of the borrower's application.

(f) The borrower shall apply for a HERO loan on the form provided by the authority. The borrower shall complete and sign the application subject to the penalty for false statement under section 53a-157b. Any borrower who misrepresents any financial or other pertinent information in conjunction with the filing of an application for a HERO loan may be denied assistance. The borrower shall provide the authority with full disclosure of all assets and liabilities, whether singly or jointly held, and all household income regardless of source.

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For purposes of this subsection, both of the following are included as assets:

(1) The sum of the household's savings and checking accounts, market value of stocks, bonds and other securities, other capital investments, pensions and retirement funds, personal property and equity in real property including the subject mortgage property. Income derived from family assets shall be considered as income. Equity is the difference between the market value of the property and the total outstanding principal of any loans secured by the property and other liens.

(2) Lump-sum additions to family assets such as inheritances, capital gains, insurance payments included under health, accident, hazard or worker's compensation policies and settlements, verdicts or awards for personal or property losses or transfer of assets without consideration within one year of the time of application. Pending claims for such items must be identified by the borrower as contingent assets.

(g) On or before July 1, 2008, the authority shall adopt procedures in accordance with section 1-121 to implement the provisions of this section.

Sec. 9. Section 60 of public act 10-179 is repealed. (*Effective from passage*)

Approved June 24, 2010