



General Assembly

February Session, 2010

Raised Bill No. 5410

LCO No. 1784

01784_____BA_

Referred to Committee on Banks

Introduced by:

(BA)

**AN ACT CONCERNING MODIFICATIONS TO THE FORECLOSURE
MEDIATION PROGRAM.**

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

1 Section 1. Section 49-31l of the 2010 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective from passage*):

4 (a) [Prior to July 1, 2010:] (1) Any action for the foreclosure of a
5 mortgage on residential real property with a return date during the
6 period from July 1, 2008, to June 30, 2009, inclusive, shall be subject to
7 the provisions of subsection (b) of this section, and (2) any action for
8 the foreclosure of a mortgage on residential real property with a return
9 date [during the period from] on or after July 1, 2009, [to June 30, 2010,
10 inclusive,] shall be subject to the provisions of subsection (c) of this
11 section.

12 (b) (1) [Prior to July 1, 2010, when] When a mortgagee commences
13 an action for the foreclosure of a mortgage on residential real property
14 with a return date during the period from July 1, 2008, to June 30, 2009,
15 inclusive, the mortgagee shall give notice to the mortgagor of the

16 foreclosure mediation program established in section 49-31m by
17 attaching to the front of the foreclosure complaint that is served on the
18 mortgagor: (A) A copy of the notice of the availability of foreclosure
19 mediation, in such form as the Chief Court Administrator prescribes,
20 and (B) a foreclosure mediation request form, in such form as the Chief
21 Court Administrator prescribes.

22 (2) Except as provided in subdivision (3) of this subsection, a
23 mortgagor may request foreclosure mediation by submitting the
24 foreclosure mediation request form to the court and filing an
25 appearance not more than fifteen days after the return day for the
26 foreclosure action. Upon receipt of the foreclosure mediation request
27 form, the court shall notify each appearing party that a foreclosure
28 mediation request form has been submitted by the mortgagor.

29 (3) The court may grant a mortgagor permission to submit a
30 foreclosure mediation request form and file an appearance after the
31 fifteen-day period established in subdivision (2) of this subsection, for
32 good cause shown, except that no foreclosure mediation request form
33 may be submitted and no appearance may be filed more than twenty-
34 five days after the return date.

35 [(4) No foreclosure mediation request form may be submitted to the
36 court on or after July 1, 2010.]

37 [(5)] (4) If at any time on or after July 1, 2008, [but prior to July 1,
38 2010,] the court determines that the notice requirement of subdivision
39 (1) of this subsection has not been met, the court may, upon its own
40 motion or upon the written motion of the mortgagor, issue an order
41 that no judgment may enter for fifteen days during which period the
42 mortgagor may submit a foreclosure mediation request form to the
43 court.

44 [(6)] (5) Notwithstanding any provision of the general statutes, [or
45 any rule of law to the contrary, prior to July 1, 2010,] no judgment of
46 strict foreclosure nor any judgment ordering a foreclosure sale shall be

47 entered in any action subject to the provisions of this subsection and
48 instituted by the mortgagee to foreclose a mortgage on residential real
49 property unless: (A) Notice to the mortgagor has been given by the
50 mortgagee in accordance with subdivision (1) of this subsection and
51 the time for submitting a foreclosure mediation request form has
52 expired and no foreclosure mediation request form has been
53 submitted, or if such notice has not been given, the time for submitting
54 a foreclosure mediation request form pursuant to subdivision (2) or (3)
55 of this subsection has expired and no foreclosure mediation request
56 form has been submitted, or (B) the mediation period set forth in
57 subdivision (b) of section 49-31n, as amended by this act, has expired
58 or has otherwise terminated, whichever is earlier.

59 [(7)] (6) None of the mortgagor's or mortgagee's rights in the
60 foreclosure action shall be waived by the mortgagor's submission of a
61 foreclosure mediation request form to the court.

62 (c) (1) [Prior to July 1, 2010, when] When a mortgagee commences
63 an action for the foreclosure of a mortgage on residential real property
64 with a return date on or after July 1, 2009, the mortgagee shall give
65 notice to the mortgagor of the foreclosure mediation program
66 established in section 49-31m by attaching to the front of the writ,
67 summons and complaint that is served on the mortgagor: (A) A copy
68 of the notice of foreclosure mediation, in such form as the Chief Court
69 Administrator prescribes, (B) a copy of the foreclosure mediation
70 certificate form described in subdivision (3) of this subsection, in such
71 form as the Chief Court Administrator prescribes, and (C) a blank
72 appearance form, in such form as the Chief Court Administrator
73 prescribes.

74 (2) The court shall issue a notice of foreclosure mediation described
75 in subdivision (3) of this subsection to the mortgagor not later than the
76 date three business days after the date the mortgagee returns the writ
77 to the court.

78 (3) The notice of foreclosure mediation shall instruct the mortgagor

79 to file the appearance and foreclosure mediation certificate forms with
80 the court no later than the date fifteen days from the return date for the
81 foreclosure action. The foreclosure mediation certificate form shall
82 require the mortgagor to provide sufficient information to permit the
83 court to confirm that the defendant in the foreclosure action is a
84 mortgagor, and to certify that said mortgagor has sent a copy of the
85 mediation certificate form to the plaintiff in the action.

86 (4) Upon receipt of the mortgagor's appearance and foreclosure
87 mediation certificate forms, and provided the court confirms the
88 defendant in the foreclosure action is a mortgagor and that said
89 mortgagor has sent a copy of the mediation certificate form to the
90 plaintiff, the court shall schedule a date for foreclosure mediation in
91 accordance with subsection (c) of section 49-31n, as amended by this
92 act. The court shall issue notice of such mediation date to all appearing
93 parties not earlier than the date five business days after the return date
94 or by the date three business days after the date on which the court
95 receives the mortgagor's appearance and foreclosure mediation forms,
96 whichever is later, except that if the court does not receive the
97 appearance and foreclosure mediation certificate forms from the
98 mortgagor by the date fifteen days after the return date for the
99 foreclosure action, the court shall not schedule such mediation.

100 (5) Notwithstanding the provisions of this subsection, the court may
101 refer a foreclosure action brought by a mortgagee to the foreclosure
102 mediation program at any time, provided the mortgagor has filed an
103 appearance in said action and further provided the court shall, not
104 later than the date three business days after the date on which it makes
105 such referral, send a notice to each appearing party scheduling the first
106 foreclosure mediation session for a date not later than the date fifteen
107 business days from the date of such referral.

108 (6) Notwithstanding any provision of the general statutes, [or any
109 rule of law, prior to July 1, 2010,] no judgment of strict foreclosure nor
110 any judgment ordering a foreclosure sale shall be entered in any action

111 subject to the provisions of this subsection and instituted by the
112 mortgagee to foreclose a mortgage on residential real property unless
113 [; (A) The] the mediation period set forth in [subdivision] subsection
114 (c) of section 49-31n, as amended by this act, has expired or has
115 otherwise terminated, whichever is earlier. [, or (B) the mediation
116 program is not otherwise required or available.]

117 (7) None of the mortgagor's or mortgagee's rights in the foreclosure
118 action shall be waived by participation in the foreclosure mediation
119 program.

120 Sec. 2. Section 49-31n of the 2010 supplement to the general statutes
121 is repealed and the following is substituted in lieu thereof (*Effective*
122 *from passage*):

123 (a) [Prior to July 1, 2010:] (1) Any action for the foreclosure of a
124 mortgage on residential real property with a return date during the
125 period from July 1, 2008, to June 30, 2009, inclusive, shall be subject to
126 the provisions of subsection (b) of this section, and (2) any action for
127 the foreclosure of a mortgage on residential real property with a return
128 date [during the period from] on or after July 1, 2009, [to June 30, 2010,
129 inclusive,] shall be subject to the provisions of subsection (c) of this
130 section.

131 (b) (1) For any action for the foreclosure of a mortgage on residential
132 real property with a return date during the period from July 1, 2008, to
133 June 30, 2009, inclusive, the mediation period under the foreclosure
134 mediation program established in section 49-31m shall commence
135 when the court sends notice to each appearing party that a foreclosure
136 mediation request form has been submitted by a mortgagor to the
137 court, which notice shall be sent not later than three business days after
138 the court receives a completed foreclosure mediation request form. The
139 mediation period shall conclude not more than sixty days after the
140 return day for the foreclosure action, except that the court may, in its
141 discretion, for good cause shown, (A) extend, by not more than thirty
142 days, or shorten the mediation period on its own motion or upon

143 motion of any party, or (B) extend by not more than thirty days the
144 mediation period upon written request of the mediator.

145 (2) The first mediation session shall be held not later than fifteen
146 business days after the court sends notice to all parties that a
147 foreclosure mediation request form has been submitted to the court. If
148 any party is not ready to mediate, such party shall file a motion for
149 continuance or a motion for extension of the mediation period, or both,
150 with the foreclosure caseflow coordinator. In the event the mortgagee
151 is not ready to mediate, the court shall not award attorney's fees to the
152 mortgagee for the scheduled mediation session. For each mediation
153 session: (A) The mortgagor and mortgagee shall appear in person at
154 each mediation session and shall have authority to agree to a proposed
155 settlement, except that if the mortgagee is represented by counsel, the
156 mortgagee's counsel may appear in lieu of the mortgagee to represent
157 the mortgagee's interests at the mediation, provided such counsel has
158 the authority to agree to a proposed settlement and the mortgagee is
159 available [during] to participate in the mediation session by telephone,
160 [or electronic means] The mortgagee or the mortgagee's counsel shall
161 bring to the mediation session (i) a certified copy of the original note
162 and mortgage, (ii) documentation of each negotiation and assignment
163 of such note and mortgage, (iii) a record of payment on the mortgage
164 loan, (iv) a complete itemization of all fees and costs, including
165 attorney's fees and any other charges, that must be paid in order to
166 reinstate the mortgage or satisfy the full obligations of the mortgage
167 loan, (v) an itemization of any overdue payments causing the
168 mortgage loan to be in default status, (vi) any agreement with an
169 investor or other party that affects mediation, including, but not
170 limited to, a pooling and servicing agreement, and (vii) any other
171 documentation required by the court. The mortgagee or the
172 mortgagee's counsel shall provide the mortgagor with the address,
173 telephone number and any other contact information for any person
174 who has authority to agree to a proposed settlement of the foreclosure
175 action, including, but not limited to, the mortgagee, the mortgagee's
176 agent and the mortgage servicer. The mortgagee, the mortgagee's

177 counsel or the mortgagee's agent shall verify the receipt of any
178 information requested from the mortgagor. The court shall not award
179 attorney's fees to any mortgagee for time spent in a mediation session
180 if the court finds that such mortgagee has failed to comply with this
181 subdivision, unless the court finds reasonable cause for such failure.
182 (B) Each party shall make a good faith effort to mediate all issues
183 arising out of the foreclosure action. A good faith effort includes, but is
184 not limited to, (i) procuring documents evidencing compliance with
185 governmental loan modification programs, (ii) providing written
186 reasons for denials of any loan modification applications, (iii)
187 disclosing the inputs for any formulas used to determine whether to
188 modify the mortgage loan, (iv) documenting any restrictions that
189 prevent modification of the mortgage loan, and (v) demonstrating
190 reasonable efforts on the part of the mortgagee or the mortgagee's
191 agent to obtain a waiver of such restrictions If any party or attorney for
192 such party fails to attend a mediation session or to make a good faith
193 effort to mediate, the court may sanction such party or such party's
194 attorney unless the court finds reasonable cause for such failure to
195 attend or to make a good faith effort. Sanctions shall include, but not
196 be limited to, dismissing the foreclosure action, tolling interest accrual
197 on the mortgage loan, and forbidding the mortgagee from charging the
198 mortgagor for the mortgagee's attorney's fees.

199 (3) Not later than two days after the conclusion of the first
200 mediation session, the mediator shall determine whether the parties
201 will benefit from further mediation. The mediator shall file with the
202 court a report setting forth such determination and mail a copy of such
203 report to each appearing party. If the mediator reports to the court that
204 the parties will not benefit from further mediation, the mediation
205 period shall terminate automatically. If the mediator reports to the
206 court after the first mediation session that the parties may benefit from
207 further mediation, the mediation period shall continue.

208 (4) If the mediator has submitted a report to the court that the
209 parties may benefit from further mediation pursuant to subdivision (3)

210 of this subsection, not more than two days after the conclusion of the
211 mediation, but no later than the termination of the mediation period
212 set forth in subdivision (1) of this subsection, the mediator shall file a
213 report with the court describing the proceedings and specifying the
214 issues resolved, if any, and any issues not resolved pursuant to the
215 mediation. The filing of the report shall terminate the mediation period
216 automatically. If certain issues have not been resolved pursuant to the
217 mediation, the mediator may refer the mortgagor to any appropriate
218 community-based services that are available in the judicial district, but
219 any such referral shall not cause a delay in the mediation process.

220 (5) The Chief Court Administrator shall establish policies and
221 procedures to implement this subsection. Such policies and procedures
222 shall, at a minimum, provide that the mediator shall advise the
223 mortgagor at the first mediation session required by subdivision (2) of
224 this subsection that: (A) Such mediation does not suspend the
225 mortgagor's obligation to respond to the foreclosure action; and (B) a
226 judgment of strict foreclosure or foreclosure by sale may cause the
227 mortgagor to lose the residential real property to foreclosure.

228 (6) In no event shall any determination issued by a mediator under
229 this program form the basis of an appeal of any foreclosure judgment.

230 [(7) Foreclosure mediation request forms shall not be accepted by
231 the court on or after July 1, 2010, and the foreclosure mediation
232 program shall terminate when all mediation has concluded with
233 respect to any applications submitted to the court prior to July 1, 2010.]

234 [(8)] (7) At any time during the mediation period, the mediator may
235 refer the mortgagor to the mortgage assistance programs, except that
236 any such referral shall not prevent a mortgagee from proceeding to
237 judgment when the conditions specified in subdivision (6) of
238 subsection (b) of section 49-311, as amended by this act, have been
239 satisfied.

240 (8) Any foreclosure action that has been reported as settled shall be

241 withdrawn not later than one hundred twenty days following the
242 settlement date. If a settled foreclosure action is not withdrawn in
243 accordance with the provision of this subdivision, the action shall be
244 dismissed unless the court, upon a showing of good cause, extends the
245 time for withdrawal.

246 (c) (1) For any action for the foreclosure of a mortgage on residential
247 real property with a return date [during the period from] on or after
248 July 1, 2009, [to June 30, 2010, inclusive,] the mediation period under
249 the foreclosure mediation program established in section 49-31m shall
250 commence when the court sends notice to each appearing party
251 scheduling the first foreclosure mediation session. The mediation
252 period shall conclude not later than the date sixty days after the return
253 date for the foreclosure action, except that the court may, in its
254 discretion, for good cause shown, (A) extend, by not more than thirty
255 days, or shorten the mediation period on its own motion or upon
256 motion of any party, or (B) extend by not more than thirty days the
257 mediation period upon written request of the mediator.

258 (2) The first mediation session shall be held not later than fifteen
259 business days after the court sends notice to each appearing party in
260 accordance with subdivision (4) of subsection (c) of section 49-31l, as
261 amended by this act. The mortgagor and mortgagee shall appear in
262 person at each mediation session and shall have authority to agree to a
263 proposed settlement, except that if the mortgagee is represented by
264 counsel, the mortgagee's counsel may appear in lieu of the mortgagee
265 to represent the mortgagee's interests at the mediation, provided such
266 counsel has the authority to agree to a proposed settlement and the
267 mortgagee is available during the mediation session by telephone or
268 electronic means. The court shall not award attorney's fees to any
269 mortgagee for time spent in a mediation session if the court finds that
270 such mortgagee has failed to comply with this subdivision, unless the
271 court finds reasonable cause for such failure.

272 (3) Not later than two days after the conclusion of the first

273 mediation session, the mediator shall determine whether the parties
274 will benefit from further mediation. The mediator shall file with the
275 court a report setting forth such determination and mail a copy of such
276 report to each appearing party. If the mediator reports to the court that
277 the parties will not benefit from further mediation, the mediation
278 period shall terminate automatically. If the mediator reports to the
279 court after the first mediation session that the parties may benefit from
280 further mediation, the mediation period shall continue.

281 (4) If the mediator has submitted a report to the court that the
282 parties may benefit from further mediation pursuant to subdivision (3)
283 of this subsection, not more than two days after the conclusion of the
284 mediation, but no later than the termination of the mediation period
285 set forth in subdivision (1) of this subsection, the mediator shall file a
286 report with the court describing the proceedings and specifying the
287 issues resolved, if any, and any issues not resolved pursuant to the
288 mediation. The filing of the report shall terminate the mediation period
289 automatically. If certain issues have not been resolved pursuant to the
290 mediation, the mediator may refer the mortgagor to any appropriate
291 community-based services that are available in the judicial district, but
292 any such referral shall not cause a delay in the mediation process.

293 (5) The Chief Court Administrator shall establish policies and
294 procedures to implement this subsection. Such policies and procedures
295 shall, at a minimum, provide that the mediator shall advise the
296 mortgagor at the first mediation session required by subdivision (2) of
297 this subsection that: (A) Such mediation does not suspend the
298 mortgagor's obligation to respond to the foreclosure action; and (B) a
299 judgment of strict foreclosure or foreclosure by sale may cause the
300 mortgagor to lose the residential real property to foreclosure.

301 (6) In no event shall any determination issued by a mediator under
302 this program form the basis of an appeal of any foreclosure judgment.

303 [(7) The foreclosure mediation program shall terminate when all
304 mediation has concluded with respect to any foreclosure action with a

305 return date during the period from July 1, 2009, to June 30, 2010,
306 inclusive.]

307 ~~[(8)]~~ (7) At any time during the mediation period, the mediator may
308 refer the mortgagor to the mortgage assistance programs, except that
309 any such referral shall not prevent a mortgagee from proceeding to
310 judgment when the conditions specified in subdivision (6) of
311 subsection (c) of section 49-311, as amended by this act, have been
312 satisfied.

313 (8) Any foreclosure action that has been reported as settled shall be
314 withdrawn not later than one hundred twenty days following the
315 settlement date. If a settled foreclosure action is not withdrawn in
316 accordance with the provision of this subdivision, the action shall be
317 dismissed unless the court, upon a showing of good cause, extends the
318 time for withdrawal.

319 Sec. 3. Section 47a-20e of the general statutes is repealed and the
320 following is substituted in lieu thereof (*Effective October 1, 2010*):

321 (a) For purposes of this section:

322 (1) "Bona fide tenant" means a tenant who (A) is not the mortgagor
323 or [owner of the property] the child, spouse or parent of the
324 mortgagor, and (B) entered into the rental agreement in an arms-length
325 transaction; and

326 (2) "Premises", "rental agreement" and "tenant" have the same
327 meanings as provided in section 47a-1.

328 (b) Whenever a mortgage or lien of residential real property has
329 been foreclosed and there is a bona fide tenant in possession on the
330 date absolute title to the property vests in the mortgagee, lienholder or
331 other successor in interest, such interest shall be assumed subject to the
332 rights of any bona fide tenant in accordance with the provisions of this
333 subsection, and any execution of ejectment issued pursuant to section
334 49-22 against such tenant shall be stayed and no summary process

335 action pursuant to chapter 832 or other action to dispossess such tenant
336 shall be commenced until the later of (1) [in the case of a written rental
337 agreement entered into more than sixty days before the
338 commencement of the foreclosure action,] the expiration date
339 contained in [such] any rental agreement entered into before the date
340 absolute title vests in the mortgagee, lienholder or other successor in
341 interest, or (2) [sixty] ninety days after the date absolute title vests in
342 the mortgagee, lienholder or other successor in interest. [, whichever
343 occurs first, or (2) in the case of a rental agreement other than one
344 described in subdivision (1) of this subsection, thirty days after the
345 date absolute title vests in the mortgagee, lienholder or successor in
346 interest, except that] The mortgagee, lienholder or other successor in
347 interest shall provide a notice to vacate to any such tenant at least
348 ninety days prior to the effective date of such notice. Notwithstanding
349 the provisions of this section, a summary process action or other action
350 to dispossess such tenant may be commenced prior to such date for a
351 reason set forth in section 47a-23 or 47a-31 other than for the reason
352 that the tenant's rental agreement has terminated by lapse of time or
353 that the tenant no longer has the right or privilege to occupy the
354 premises as a result of such judgment of foreclosure. Nothing in this
355 section shall reduce the rights of tenants otherwise protected against
356 dispossession by sections 21-80 and 47a-23c or any other provision of
357 law.

358 Sec. 4. Section 47a-20f of the general statutes is repealed and the
359 following is substituted in lieu thereof (*Effective October 1, 2010*):

360 Upon the foreclosure of a mortgage or lien of residential real
361 property, any money or other valuable consideration offered by a
362 mortgagee, lienholder or other successor in interest to a tenant in
363 possession as an incentive to vacate the premises shall [(1) if there is
364 evidence of the amount or value of the security deposit paid by the
365 tenant,] be at least equal in amount or value to the greater of (1) the
366 security deposit and interest that would be due such tenant pursuant
367 to chapter 831 upon the termination of the tenancy [and be in addition

368 to] plus any such security deposit and interest, [or] (2) [if there is no
369 evidence of the amount or value of the security deposit paid by the
370 tenant or no security deposit was paid by the tenant, be in the amount
371 of] two months' rent, or (3) two thousand dollars, [, whichever is
372 greater.] No mortgagee, lienholder or other successor in interest may
373 require a tenant in possession, as a condition of the receipt of such
374 money or other valuable consideration, to waive or forfeit any rights or
375 remedies such tenant may have under law against such mortgagee,
376 lienholder or successor in interest other than the right to bring an
377 action to reclaim the security deposit and interest that would be due
378 such tenant.

379 Sec. 5. Section 49-24 of the general statutes is repealed and the
380 following is substituted in lieu thereof (*Effective October 1, 2010*):

381 All liens and mortgages affecting real property may, on the written
382 motion of any party to any suit relating thereto, be foreclosed by a
383 decree of sale instead of a strict foreclosure at the discretion of the
384 court before which the foreclosure proceedings are pending or, if the
385 property affected is real property containing any building or structure
386 occupied or intended to be occupied by no more than four families, by
387 a decree of sale in accordance with this section or a decree of market
388 sale in accordance with section 6 of this act and section 49-26 of the
389 general statutes, as amended by this act.

390 Sec. 6. (NEW) (*Effective October 1, 2010*) (a) Any party to a
391 foreclosure action may file a motion for a foreclosure by market sale
392 that shall include such party's proposed plan to market the property.
393 The court, if it approves the marketing plan, shall grant such motion
394 and issue a decree setting a deadline, not earlier than one hundred
395 twenty days after the granting of such motion, for the acceptance of
396 any offers to purchase the property being foreclosed. A proposed
397 marketing plan may include listing the property for sale with a person
398 or persons licensed under chapter 392 of the general statutes and may
399 list the proposed compensation to be paid to such person or persons.

400 Such plan shall describe the advertising of the property to be
401 performed and the proposed cost of such advertising. The moving
402 party shall notify the court of any offers to purchase the property upon
403 the party's receipt of such offers.

404 (b) Any offers to purchase made pursuant to this section shall be
405 subject to approval by the court. After a hearing to review such offers,
406 the court shall determine whether it is in the best interests of the
407 parties to the foreclosure action to approve such offers of purchase.
408 The court may not reject an offer solely on the basis that the offer
409 contains contingencies for mortgage financing or a building inspection
410 or other physical inspections of the property, but in the event of
411 multiple competing offers, may consider the absence of contingencies
412 in deciding which, if any, of the offers is in the best interests of the
413 parties. The court may extend, upon a showing of good cause, the
414 deadline for the receipt of an offer set in accordance with subsection (a)
415 of this section. Good cause includes, but is not limited to, allowing
416 reasonable time to meet any contingencies set forth in an offer.

417 (c) If no offers are received by the deadline date set in accordance
418 with subsection (a) of this section or no offers received by such date are
419 approved by the court, the court may either extend the deadline or
420 issue a decree of sale in accordance with section 49-24 of the general
421 statutes, as amended by this act, or a decree of strict foreclosure.

422 (d) If the court approves an offer made in accordance with this
423 section, it shall issue a decree assigning a sale date, not earlier than
424 sixty days from the date of such decree, by which the sale must occur.
425 The court may extend such date upon a showing of good cause, as
426 described in subsection (b) of this section. The court shall determine
427 and approve the payment of (1) conveyance taxes, (2) encumbrances
428 that have priority over the interests to be foreclosed, (3) marketing
429 expenses, including compensation paid to persons licensed under
430 chapter 392 of the general statutes, (4) recording fees, and (5)
431 reasonable attorney's fees for the attorney representing the seller at the

432 closing of the sale to be paid on the closing date.

433 Sec. 7. Section 49-26 of the general statutes is repealed and the
434 following is substituted in lieu thereof (*Effective October 1, 2010*):

435 When a sale has been made pursuant to a judgment therefor and
436 ratified by the court, a conveyance of the property sold shall be
437 executed by the person appointed to make the sale or, in the case of a
438 foreclosure by market sale in accordance with section 6 of this act, a
439 conveyance of the property sold shall be executed by the mortgagors,
440 which conveyance shall vest in the purchaser the same estate that
441 would have vested in the mortgagee or lienholder if the mortgage or
442 lien had been foreclosed by strict foreclosure, and to this extent such
443 conveyance shall be valid against all parties to the cause and their
444 privies, but against no other persons. The court, at the time of or after
445 ratification of the sale, may order possession of the property sold to be
446 delivered to the purchaser and may issue an execution of ejectment
447 after the time for appeal of the ratification of the sale has expired.

448 Sec. 8. Section 49-27 of the general statutes is repealed and the
449 following is substituted in lieu thereof (*Effective October 1, 2010*):

450 The proceeds of each such sale, less the expenses of marketing and
451 sale approved pursuant to section six of this act, shall be brought into
452 court, there to be applied if the sale is ratified, in accordance with the
453 provisions of a supplemental judgment then to be rendered in the
454 cause, specifying the parties who are entitled to the same and the
455 amount to which each is entitled. If any part of the debt or obligation
456 secured by the mortgage or lien foreclosed or by any subsequent
457 mortgage or lien was not payable at the date of the judgment of
458 foreclosure, it shall nevertheless be paid as far as may be out of the
459 proceeds of the sale as if due and payable, with rebate of interest
460 where the debt was payable without interest, provided, if the plaintiff
461 is the purchaser at any such sale, he shall be required to bring into
462 court only so much of the proceeds as exceed the amount due upon his
463 judgment debt, interest and costs.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	49-31l
Sec. 2	<i>from passage</i>	49-31n
Sec. 3	<i>October 1, 2010</i>	47a-20e
Sec. 4	<i>October 1, 2010</i>	47a-20f
Sec. 5	<i>October 1, 2010</i>	49-24
Sec. 6	<i>October 1, 2010</i>	New section
Sec. 7	<i>October 1, 2010</i>	49-26
Sec. 8	<i>October 1, 2010</i>	49-27

Statement of Purpose:

To make certain modifications to the foreclosure mediation program, including the elimination of the sunset date of June 30, 2010, to adopt as state law the central protections for tenants after foreclosure contained in the federal Protecting Tenants at Foreclosure Act of 2009, to clarify the Cash for Keys Act, and to allow for a foreclosure by market sale.

[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.]