



General Assembly

Bill No. 502

June Special Session,
2010

LCO No. 5871

*05871 _____ *

Referred to Committee on No Committee

Introduced by:

SEN. WILLIAMS, 29th Dist.

REP. DONOVAN, 84th Dist.

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:

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

T1	DEPARTMENT OF SOCIAL SERVICES		
T2	Children's Trust Fund	[15,426,372]	<u>13,173,147</u>
T3	Medicaid	[3,843,439,000]	<u>3,845,692,225</u>
T4	Alzheimer Respite Care	[2,794,388]	<u>2,294,388</u>
T5			
T6	DEPARTMENT OF EDUCATION		
T7	<u>Parent Trust Fund Program</u>	<u>500,000</u>	

5 Sec. 2. (*Effective July 1, 2010*) Notwithstanding the provisions of
6 section 1 of public act 10-179, the reductions to the amounts

7 appropriated in said section 1 are amended to read as follows:

T8	LESS:		
T9	Reduce Other Expenses to		
T10	FY 07 Levels - Legislative	[-9,639]	<u>-1,111,306</u>
T11			
T12	Reduce Other Expenses to		
T13	FY 07 Levels - Executive	[-31,990,361]	<u>-30,888,694</u>

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 9 is repealed and the following is substituted in lieu thereof (*Effective*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

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

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

25 [(3)] (2) Up to \$1,000,000 of the funds appropriated to the
 26 Department of Mental Health and Addiction Services in section 11 of
 27 public act 09-3 of the June special session, for Housing Supports and
 28 Services, shall be made available to provide rental assistance and
 29 services for Round 3 development projects for the Next Steps Initiative,
 30 established pursuant to section 17a-485c of the general statutes, during
 31 the fiscal year ending June 30, 2011.

32 [(4)] (3) Any funds made available in subdivisions (1) [,] and (2)
33 [and (3)] of this subsection that are not used to provide rental
34 assistance and services for Round 3 development projects for the Next
35 Steps Initiative, established pursuant to section 17a-485c of the general
36 statutes, [shall] may be used for other rental assistance and services for
37 new scattered site supportive housing.

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

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

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

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

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

62 (b) The Commissioner of Social Services, pursuant to section 17b-10
63 of the general statutes, may implement policies and procedures to
64 administer the provisions of subsection (a) of this section while in the
65 process of adopting such policies and procedures in regulation form,
66 provided the commissioner prints notice of intent to adopt regulations
67 in the Connecticut Law Journal not later than twenty days after the
68 date of implementation of such policies and procedures. Policies and
69 procedures implemented pursuant to this section shall be valid until
70 the time final regulations are adopted.

71 Sec. 7. Section 8-265rr of the 2010 supplement to the general statutes
72 is repealed and the following is substituted in lieu thereof (*Effective July*
73 *1, 2010*):

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

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

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

89 (a) As used in this section:

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

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

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

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

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

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

112 (c) On and after July 1, 2008, the authority shall implement the
113 HERO program in accordance with this section. Said program shall
114 offer, within available funds, financing through the following
115 mechanism: The authority shall purchase mortgages directly from
116 lenders and then place borrowers it determines to be eligible on an
117 affordable repayment plan or make mortgage loans to borrowers who
118 it determines to be eligible and who purchase foreclosed or abandoned
119 properties or properties conveyed by deed in lieu of foreclosure or
120 short sale. All borrowers approved by the authority for the program
121 shall attend in-person financial counseling at an authority-approved
122 agency.

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

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

144 (f) The borrower shall apply for a HERO loan on the form provided
145 by the authority. The borrower shall complete and sign the application
146 subject to the penalty for false statement under section 53a-157b. Any
147 borrower who misrepresents any financial or other pertinent
148 information in conjunction with the filing of an application for a HERO
149 loan may be denied assistance. The borrower shall provide the
150 authority with full disclosure of all assets and liabilities, whether
151 singly or jointly held, and all household income regardless of source.
152 For purposes of this subsection, both of the following are included as
153 assets:

154 (1) The sum of the household's savings and checking accounts,

155 market value of stocks, bonds and other securities, other capital
156 investments, pensions and retirement funds, personal property and
157 equity in real property including the subject mortgage property.
158 Income derived from family assets shall be considered as income.
159 Equity is the difference between the market value of the property and
160 the total outstanding principal of any loans secured by the property
161 and other liens.

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

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

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