



General Assembly

Amendment

February Session, 2010

LCO No. 3887

SB0006003887SD0

Offered by:

SEN. DUFF, 25th Dist.

REP. BARRY, 12th Dist.

To: Senate Bill No. 60

File No. 161

Cal. No. 116

**"AN ACT CONCERNING A STUDY OF CERTAIN PROGRAMS
ADMINISTERED BY THE CONNECTICUT HOUSING FINANCE
AUTHORITY."**

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

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 Section 8-265ss of the general statutes is repealed and the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

5 (a) As used in this section:

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

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

13 household purposes;

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

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

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

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

28 (c) On and after July 1, 2008, the authority shall implement the
29 HERO program in accordance with this section. Said program shall
30 offer, within available funds, financing through the following
31 mechanism: The authority shall purchase mortgages directly from
32 lenders and then place borrowers it determines to be eligible on an
33 affordable repayment plan or make mortgage loans to borrowers who
34 it determines to be eligible and who purchase foreclosed or other
35 distressed properties. All borrowers approved by the authority for the
36 program shall attend in-person financial counseling at an authority-
37 approved agency.

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

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

59 (f) The borrower shall apply for a HERO loan on the form provided
60 by the authority. The borrower shall complete and sign the application
61 subject to the penalty for false statement under section 53a-157b. Any
62 borrower who misrepresents any financial or other pertinent
63 information in conjunction with the filing of an application for a HERO
64 loan may be denied assistance. The borrower shall provide the
65 authority with full disclosure of all assets and liabilities, whether
66 singly or jointly held, and all household income regardless of source.
67 For purposes of this subsection, both of the following are included as
68 assets:

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

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

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

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2010</i>	8-265ss