



General Assembly

January Session, 2011

Raised Bill No. 6465

LCO No. 3581

* HB06465HSG 031011 *

Referred to Committee on Housing

Introduced by:
(HSG)

**AN ACT CONCERNING THE CONNECTICUT HOUSING FINANCE
AUTHORITY ACT.**

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

1 Section 1. Section 8-253 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2011*):

3 (a) The authority may make mortgage loans or upon application of a
4 proposed mortgagee insure and make advance commitments to insure
5 payments required by a loan for housing upon such terms and
6 conditions as the authority may prescribe. Mortgage loans made or
7 insured by the authority under this chapter may be for construction
8 financing as well as permanent financing, and may provide financing
9 for related facilities to the extent permitted by applicable authority
10 regulations. Mortgage loans made or insured by the authority under
11 this chapter shall be secured by a first or second mortgage. The
12 aggregate principal amount of all mortgages so insured by the
13 authority under this chapter and outstanding at any one time shall not
14 exceed ten times the average annual balance for the preceding calendar
15 year of funds on deposit in the Housing Mortgage Insurance Fund.
16 The aggregate amount of principal obligations of all mortgages so

17 insured shall not constitute indebtedness of the state of Connecticut.
18 Any contract of insurance executed by the authority under this section
19 shall be conclusive evidence of eligibility for such mortgage insurance
20 and the validity of any contract of insurance so executed or of an
21 advance commitment to issue such shall be incontestable in the hands
22 of an approved mortgagee from the date of execution of such contract
23 or commitment, except for fraud or misrepresentation on the part of
24 such approved mortgagee and, as to commitments to insure,
25 noncompliance with the terms of the advance commitment or
26 authority regulations in force at the time of issuance of the advance
27 commitment.

28 (b) For mortgage payments to be eligible for insurance under the
29 provisions of this chapter, the underlying mortgage shall be one which
30 is made to and held by a mortgagee approved by the authority as
31 responsible and able to service the mortgage properly. Permanent
32 mortgage loans made or insured by the authority under the provisions
33 of this chapter shall: (1) Not exceed [(i)] (A) ninety per cent of the
34 estimated cost of such proposed housing if owned or to be owned by a
35 profit-making mortgagor or [(ii)] (B) one hundred per cent of the
36 estimated cost of such proposed housing if owned or to be owned by a
37 housing authority, a municipal developer, a nonprofit corporation or
38 cooperative or by a resident-owner of a structure containing not more
39 than three dwelling units, or of a condominium; (2) have a maturity
40 satisfactory to the authority but in no case longer than fifty years from
41 the date of the issuance of the loan or insurance; (3) contain
42 amortization provisions satisfactory to the authority requiring periodic
43 payments by the mortgagor not in excess of his reasonable ability to
44 pay as determined by the authority; (4) be in such form and contain
45 such terms and provisions with respect to maturity, property
46 insurance, repairs, alterations, payment of taxes and assessments,
47 default reserves, delinquency charges, default remedies, anticipation of
48 maturity, additional and secondary liens, equitable and legal
49 redemption rights and other matters as the authority may prescribe. If
50 a loan made by the authority under this chapter is insured or if the

51 project or any units therein are assisted by any department, agency or
 52 instrumentality of the United States or this state, and the terms of the
 53 mortgage insurance commitment or regulatory agreement covering
 54 such insurance or other assistance are inconsistent with the terms and
 55 conditions required by this section or established by the authority
 56 under this chapter, the terms of such mortgage insurance commitment
 57 or regulatory agreement shall prevail, to the extent of such
 58 inconsistency.

59 (c) Construction mortgage loans made by the authority under the
 60 provisions of this chapter may be advanced at the discretion of the
 61 authority in installments as the work progresses, provided that the
 62 authority shall retain not more than ten per cent of the construction
 63 contract price until the construction or rehabilitation has been
 64 inspected and found by the authority to be more than ninety per cent
 65 completed. Thereafter such retention or any part thereof may be either
 66 advanced at the discretion of the authority or retained until the
 67 authority shall determine that the mortgagor has complied with all of
 68 the terms and conditions of subsection (b) of section 8-253 and section
 69 8-253a. The total of all advances made, after any adjustment under
 70 subdivision (6) of section 8-253a, shall not exceed [(i)] (1) ninety per
 71 cent of the project cost if owned or to be owned by a profit making
 72 mortgagor, or [(ii)] (2) one hundred per cent of the project cost if
 73 owned or to be owned by a housing authority, a municipal developer
 74 or a nonprofit corporation or cooperative.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2011	8-253

HSG *Joint Favorable*