

TESTIMONY SUBMITTED TO THE BANKS COMMITTEE

March 15, 2012

Dara Kovel, Chief Housing Officer
Connecticut Housing Finance Authority

HB 360 An Act Concerning Implementing the Recommendations of the Connecticut Housing Finance Authority Task Force

Senator Duff, Representative Tong, and members of the Committee on Banks, I am Dara Kovel, Chief Housing Officer for Connecticut Housing Finance Authority. In 1969, the Connecticut Housing Finance Authority (CHFA) was created by legislation to help alleviate the shortage of affordable housing for low-and moderate-income families and persons in Connecticut. CHFA is a self-sustaining, quasi-public organization, which uses its resources to provide below-market interest rate mortgages for single-family ownership and multifamily rental properties. Tax-exempt bonds are the primary source of mortgage capital for the Authority's housing programs. *Since its founding, CHFA has provided mortgage financing for more than 127,000 first time homebuyers, and has financed the development of more than 35,000 affordable rental homes.*

I am here today to discuss **House Bill 360, An Act Concerning Implementing the Recommendations of the Connecticut Housing Finance Authority Task Force**, which outlines changes to current statute that provide assistance to homeowners facing foreclosure, which include the state's Emergency Mortgage Assistance Program (EMAP), Counseling and Judicial Mediation.

CHFA was grateful to have the opportunity to participate on the Task Force and provide input on this legislation. We want to thank the other participants for their expertise, guidance and their willingness to examine the details of each program and analyze options and outcomes. I'd also like to thank Representatives Alberts, Morris, and Taborsak for their leadership throughout the process.

The proposed bill includes several clarifications and clean-ups that we believe will streamline and clarify the use of the EMAP program and process. Specifically, Section 3, subsection (a), which clarifies that EMAP payments are limited to sixty months from the date of the initial payments which will reduce administrative costs of overseeing the program while allowing borrowers to reapply in future years should their circumstances demand it. Also, Section 2, (2) HB 360 would allow CHFA to include common charges, fees and assessments associated with a condominium or common interest community, in the same way taxes and insurance payments owned by the mortgagor, are considered in a borrower's application to ensure that we can help borrowers with delinquent condo fees.

CHFA is very supportive of the major change that came from the Task Force's recommendations opening EMAP to borrowers with FHA loans who have exhausted other options (Section 2 (3)). It is important to note that CHFA will need to work within the FHA provisions and guidelines in order to assist more borrowers under EMAP.

The funding of the Emergency Mortgage Assistance Program is a budget discussion between the legislature and the Administration and CHFA would be available to provide any information on the program.

CHFA is also working on several other recommendations of the Task Force including:

- Simplifying the EMAP application to be more consistent with other loan modification applications.
- Make all documents (as opposed to just the application) available in Spanish.
- Coordinate all EMAP applications through the existing network of HUD/CHFA-approved counseling agencies.

Thank you again for the opportunity to participate on the Loss Mitigation Legislative Task Force and to work with so many housing advocates to assist Connecticut homeowners who are facing such difficult times.