
OLR Bill Analysis

sSB 360

AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE CONNECTICUT HOUSING FINANCE AUTHORITY TASK FORCE.

SUMMARY:

This bill authorizes up to \$60 million in bonds funds to finance the Connecticut Housing Finance Authority's (CHFA) Emergency Mortgage Assistance Program (EMAP).

It also (1) makes it easier for mortgagors to qualify for the program; (2) allows EMAP recipients to file defenses, counterclaims, or set-offs against foreclosure on the assisted mortgage; and (3) specifies that the calculation of the maximum 60 months of EMAP payments begins with the first payment.

By law, EMAP provides short-term loans to homeowners experiencing financial hardships beyond their control. The loans help them pay their mortgages. The program covers one-to-four family owner-occupied homes, including single-family units in a condominium, cooperative, or other common interest community.

Lastly, the bill makes information on foreclosure mediation widely available.

EFFECTIVE DATE: Upon passage; except for the provisions on bonding and notice, which are effective on July 1, 2012 and October 1, 2012, respectively.

EMERGENCY MORTGAGE ASSISTANCE PROGRAM (EMAP)

State Bonds

The bill authorizes up to \$60 million in state general obligation bonds. Proceeds from bond sales must be used by the Department of Economic and Community Development to provide a grant to CHFA to finance the EMAP program. The bonds are subject to standard

issuance procedures and have a maximum term of 20 years.

EMAP Eligibility

The bill makes it easier for applicants to qualify for EMAP. It eliminates pensions and retirement funds from the list of assets that an EMAP applicant must disclose to CHFA. The applicant must still report all household income, liabilities, and assets, including:

1. the sum of the household's savings and checking accounts;
2. market value of stocks, bonds, and securities;
3. other capital investments;
4. personal property and equity in real property including the subject mortgage property; and
5. lump-sum additions to family assets.

The bill also allows applicants to include delinquent taxes; insurance; and condominium or common interest community charges, assessments, and fees, whether or not they are paid into escrow or impound accounts as reserves, in their applications as proof of EMAP eligibility. Under current law, they can include delinquent taxes and insurance only if they are required to be paid into escrow or impound accounts.

It allows applicants to receive EMAP if a taxing authority or homeowners' association threatens a foreclosure action. Under current law, EMAP recipients must be mortgagors facing foreclosure by their mortgage company.

The bill eliminates a requirement for qualifying debts to be contractually delinquent. Thus, an applicant may qualify for EMAP whether or not there is a contractual obligation to pay an otherwise allowable debt. It also eliminates the provision that excluded mortgages not insured by the Federal Housing Administration (FHA) from EMAP. Thus, mortgages not insured by FHA are eligible for EMAP.

The bill specifies that CHFA may consider the length of time the mortgagor has lived in his or her home when determining if the mortgagor will be able to repay EMAP within a reasonable time. Current law allows CHFA to consider the mortgage's structure, its repayment schedules, and any other relevant factors or criteria it deems appropriate.

FORECLOSURE MEDIATION NOTICE

The bill requires:

1. each mortgagee to give a mortgagor in foreclosure mediation a mediation information form and notice of community-based resources with any notice of intent to accelerate the mortgage loan;
2. municipalities to include the form with any statement sent to a homeowner about a public sewer, water service, or property tax arrearage; and
3. the Judicial Branch to make the form readily available to mortgagors by providing copies to public libraries, religious organizations, and community-based programs throughout Connecticut to ensure that the form is readily available for mortgagors.

The form must include a:

1. reference to both CHFA and HUD-approved counselors,
2. column in the approved housing counselor chart that includes the counties in which each counselor serves, and
3. notification to mortgagors currently in foreclosure that they should contact the Department of Banking's foreclosure assistance hotline for assistance with time sensitive foreclosure concerns.

COMMITTEE ACTION

Banks Committee

Joint Favorable

Yea 18 Nay 0 (03/20/2012)