

**Proposed Substitute
Bill No. 408**

LCO No. 3128

**AN ACT CONCERNING THE PROTECTION OF DELINQUENT
HOMEOWNERS AND THE EMERGENCY MORTGAGE AND LIEN
DEBT ASSISTANCE PROGRAM.**

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

1 Section 1. Section 12-146 of the 2016 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective from passage*):

4 Unless the context otherwise requires, wherever used in this section,
5 "tax" includes each property tax and each installment and part thereof
6 due to a municipality as it may have been increased by interest, fees
7 and charges. If any tax due in a single installment or if any installment
8 of any tax due in two or more installments is not paid in full (1) on or
9 before the first day of the month next succeeding the month in which it
10 became due and payable, or if not due and payable on the first day of
11 the month, (2) on or before the same date of the next succeeding month
12 corresponding to that of the month on which it became due and
13 payable, the whole or such part of such installment as is unpaid shall
14 thereupon be delinquent and shall be subject to interest from the due
15 date of such delinquent installment. Except for unpaid real estate taxes
16 the collection of which was, or is, deferred under the provisions of
17 section 12-174, and any predecessor and successor thereto, which
18 unpaid real estate taxes continue to be subject to the provisions of such

19 deferred collection statutes, the delinquent portion of the principal of
20 any tax shall be subject to interest at the rate of [eighteen] eight per
21 cent per annum from the time when it became due and payable until
22 the same is paid, subject to a minimum interest charge of two dollars
23 per installment which any municipality, by vote of its legislative body,
24 may elect not to impose, and provided, in any computation of such
25 interest, under any provision of this section, each fractional part of a
26 month in which any portion of the principal of such tax remains
27 unpaid shall be considered to be equivalent to a whole month. Each
28 addition of interest shall become, and shall be collectible as, a part of
29 such tax. Interest shall accrue at said rate until payment of such taxes
30 due notwithstanding the entry of any judgment in favor of the
31 municipality against the taxpayer or the property of the taxpayer. The
32 collector shall apply each partial payment to the wiping out of such
33 interest before making any application thereof to the reduction of such
34 principal. If any tax, at the time of assessment or because of a
35 subsequent division, represents two or more items of property, the
36 collector may receive payment in full of such part of the principal and
37 interest of such tax as represents one or more of such items, even
38 though interest in full on the entire amount of the principal of such tax
39 has not been received up to the date of such payment; in which event,
40 interest on the remaining portion of the principal of any such tax shall
41 be computed, as the case may be, from the due date of such tax if no
42 other payment after delinquency has been made or from the last date
43 of payment of interest in full on the whole amount or unpaid balance
44 of the principal of such delinquent tax if previous payment of interest
45 has been made. Each collector shall keep a separate account of such
46 interest and the time when the same has been received and shall pay
47 over the same to the treasurer of the municipality of the collector as a
48 part of such tax. No tax or installment thereof shall be construed to be
49 delinquent under the provisions of this section if (A) such tax or
50 installment was paid through a municipal electronic payment service
51 within the time allowed by statute for payment of such tax or
52 installment, or (B) the envelope containing the amount due as such tax
53 or installment, as received by the tax collector of the municipality to

54 which such tax is payable, bears a postmark showing a date within the
55 time allowed by statute for the payment of such tax or installment.
56 Any municipality may, by vote of its legislative body, require that any
57 delinquent property taxes shall be paid only in cash or by certified
58 check or money order. Any municipality adopting such requirement
59 may provide that such requirement shall only be applicable to
60 delinquency exceeding a certain period in duration as determined by
61 such municipality. Any municipality shall waive all or a portion of the
62 interest due and payable under this section on a delinquent tax with
63 respect to a taxpayer who has received compensation under chapter
64 968 as a crime victim.

65 Sec. 2. Subsection (f) of section 12-157 of the 2016 supplement to the
66 general statutes is repealed and the following is substituted in lieu
67 thereof (*Effective from passage*):

68 (f) Within sixty days after such sale, the collector shall cause to be
69 published in a newspaper having a daily general circulation in the
70 town in which the real property is located, and shall send by certified
71 mail, return receipt requested, to the delinquent taxpayer and each
72 mortgagee, lienholder and other encumbrancer of record whose
73 interest in such property is choate and is affected by such sale, a notice
74 stating the date of the sale, the name and address of the purchaser, the
75 amount the purchaser paid for the property and the date the
76 redemption period will expire. The notice shall include a statement
77 that if redemption does not take place by the date stated and in the
78 manner provided by law, the delinquent taxpayer, and all mortgagees,
79 lienholders and other encumbrancers who have received actual or
80 constructive notice of such sale as provided by law, that their
81 respective titles, mortgages, liens, restraints on alienation and other
82 encumbrances in such property shall be extinguished. After such
83 notice is published, and not later than six months after the date of the
84 sale or within sixty days if the property was abandoned or meets other
85 conditions established by ordinance adopted by the legislative body of
86 the municipality, if the delinquent taxpayer, mortgagee, lienholder or
87 other encumbrancer whose interest in the property will be affected by

88 such sale, pays to the collector, the amount of taxes, interest and
89 charges which were due and owing at the time of the sale together
90 with interest on the total purchase price paid by the purchaser at the
91 rate of [eighteen] eight per cent per annum from the date of such sale
92 plus any taxes and debts owed to the municipality that were not
93 recovered by the sale and any additional charges under section 12-140,
94 such deed, executed pursuant to subsection (e) of this section, shall be
95 delivered to the collector by the town clerk for cancellation and the
96 collector shall provide a certificate of satisfaction to the person paying
97 the money who, if not the person whose primary duty it was to pay
98 the tax or taxes, shall have a claim against the person whose primary
99 duty it was to pay such tax or taxes for the amount so paid, and may
100 add the same with the equivalent precedence, rate of interest and
101 priority as the tax paid over other nongovernmental encumbrances but
102 without precedence or priority over any state or municipal tax lien or
103 any tax that was not yet due and payable when notice of the levy was
104 first published to any claim for which he has security upon the
105 property sold, provided the certificate of satisfaction is recorded on the
106 land records but the interests of other persons in the property shall not
107 be affected. Within ten days of receipt of such amounts in redemption
108 of the levied property, the collector shall notify the purchaser by
109 certified mail, return receipt requested, that the property has been
110 redeemed and shall tender such payment, together with the amount
111 held pursuant to subparagraph (A) of subdivision (1) of subsection (i)
112 of this section, if any, to the purchaser. If the purchase money and
113 interest are not paid within such redemption period, the deed shall be
114 recorded and have full effect.

115 Sec. 3. Section 12-195h of the general statutes is repealed and the
116 following is substituted in lieu thereof (*Effective July 1, 2016*):

117 (a) Any municipality, by resolution of its legislative body, as
118 defined in section 1-1, may assign, for consideration, any and all liens
119 filed by the tax collector to secure unpaid taxes on real property
120 exceeding five thousand dollars as provided under the provisions of
121 this chapter. The consideration received by the municipality shall be

122 negotiated between the municipality and the assignee.

123 **(b)** The assignee or assignees of such liens shall have and possess
124 the same powers and rights at law or in equity as such municipality
125 and municipality's tax collector would have had if the lien had not
126 been assigned with regard to the precedence and priority of such lien,
127 the accrual of interest and the fees and expenses of collection and of
128 preparing and recording the assignment. The assignee shall have the
129 same rights to enforce such liens [as any private party holding a lien
130 on real property including, but not limited to,] through foreclosure and
131 a suit on the debt. Before enforcing such liens through foreclosure and
132 a suit on the debt, the assignee shall evaluate in good faith each
133 homeowner's willingness and ability to repay the debt over a period of
134 not fewer than twenty-four months. Upon commencing an action for
135 foreclosure or a suit on the debt, the assignee shall file an affidavit with
136 the court indicating (1) any and all efforts made by the assignee to
137 contact the homeowner regarding repayment, and (2) the assignee's
138 good faith evaluation of the homeowner's willingness and ability to
139 repay the debt over a period of not fewer than twenty-four months.

140 **(c)** Notwithstanding any provision of the general statutes, each
141 assignee shall provide a payoff statement, as defined in section 49-8a,
142 in the same manner as a mortgagee in accordance with the
143 requirements of section 49-10a.

144 **(d)** In any foreclosure action or suit on the debt, any attorney's fees
145 awarded to the assignee may not exceed one thousand five hundred
146 dollars, for an uncontested suit, or one thousand five hundred dollars
147 plus a rate of one hundred dollars per hour, for any work reasonably
148 performed to prosecute a suit involving prolonged or complex
149 litigation. Nothing in this subsection shall be construed to require the
150 court to award attorney's fees to any party.

151 **(e)** The assignee, or any subsequent assignee, shall provide written
152 notice of an assignment, not later than thirty days after the date of such
153 assignment, to any holder of a mortgage, on the real property that is
154 the subject of the assignment, provided such holder is of record as of

155 the date of such assignment. Such notice shall include information
156 sufficient to identify (1) the property that is subject to the lien and in
157 which the holder has an interest, (2) the name and addresses of the
158 assignee, and (3) the amount of unpaid taxes, interest and fees being
159 assigned relative to the subject property as of the date of the
160 assignment.

161 (f) Not less than sixty days prior to commencing an action to enforce
162 a lien through foreclosure under this section, the assignee shall
163 provide a written notice, by first class mail to the holders of all first or
164 second security interests on the property subject to the lien that were
165 recorded before the date on which the assessment of the lien sought to
166 be enforced became delinquent, which shall set forth the following: (1)
167 The amount of unpaid debt owed to the assignee as of the date of the
168 notice; (2) the amount of any attorney's fees and costs incurred by the
169 assignee in the enforcement of the lien as of the date of the notice; (3) a
170 statement of the assignee's intention to foreclose the lien if the amounts
171 set forth pursuant to subdivisions (1) and (2) of this subsection are not
172 paid to the assignee on or before sixty days after the date on which the
173 notice is provided; (4) the assignee's contact information, including,
174 but not limited to, (A) the name of the assignee, and (B) the assignee's
175 mailing address, telephone number and electronic mail address, if any;
176 and (5) instructions concerning the acceptable means of making a
177 payment on the amounts owing to the assignee as set forth pursuant to
178 subdivisions (1) and (2) of this subsection. Any notice required under
179 this subsection shall be effective upon the date such notice is sent.

180 (g) When providing the written notice required under subsection (f)
181 of this section, the assignee may rely on the last recorded security
182 interest of record in identifying the name and mailing address of the
183 holder of such interest, unless the holder of such interest is the plaintiff
184 in an action pending in Superior Court to enforce such interest, in
185 which case the assignee shall provide the written notice to the attorney
186 appearing on behalf of the plaintiff.

187 (h) Each aspect of a foreclosure, sale or other disposition under this

188 section, including, but not limited to, the method, advertising, time,
189 date, place and terms, shall be commercially reasonable.

190 (i) A violation of this section shall be deemed an unfair or deceptive
191 trade practice under subsection (a) of section 42-110b.

192 Sec. 4. Section 8-265cc of the general statutes is repealed and the
193 following is substituted in lieu thereof (*Effective July 1, 2016*):

194 As used in this section and sections [8-265cc] 8-265dd to 8-265kk,
195 inclusive, as amended by this act:

196 (1) "Aggregate family income" means the total income of persons
197 residing in the same household as the mortgagor and any other
198 resident of the household declared by the mortgagor as a dependent
199 for federal tax purposes, from whatever source derived, including, but
200 not limited to, pensions, annuities, retirement benefits and Social
201 Security benefits, provided the authority may exclude from income (A)
202 reasonable allowances for dependents, (B) reasonable allowances for
203 medical expenses, (C) all or any part of the earnings of gainfully
204 employed minors or family members other than the chief wage earner,
205 (D) income not regularly received, and (E) such other expenses as the
206 authority may allow;

207 (2) "Authority" means the Connecticut Housing Finance Authority
208 created under section 8-244;

209 (3) "Mortgage" means a mortgage deed or other instrument which
210 constitutes a first or second consensual lien, including, but not limited
211 to, a reverse mortgage or a home equity conversion mortgage, on one-
212 to-four family owner-occupied residential real property located in this
213 state, including, but not limited to, a single-family unit in a common
214 interest community;

215 (4) "Mortgagee" means the original lender under a mortgage, or its
216 agents, successors [,] or assigns;

217 (5) "Mortgagor" means the owner-occupant of a one-to-four family

218 residential real property located in this state, including, but not limited
219 to, a single family unit in a common interest community, who is also
220 the borrower under a mortgage encumbering such real property;

221 (6) "Housing expense" means the sum of the mortgagor's monthly
222 maintenance expense in a common interest community, utility
223 expense, heating expense, hazard insurance payment, taxes and
224 required mortgage payment, including escrows;

225 (7) "Financial hardship due to circumstances beyond the
226 mortgagor's control" means a significant reduction of aggregate family
227 household income or increase in expenses which reasonably cannot be
228 or could not have been alleviated by the liquidation of assets by the
229 mortgagor as determined by the Connecticut Housing Finance
230 Authority, including, but not limited to, a reduction resulting from (A)
231 (i) unemployment or underemployment of one or more of the
232 mortgagors; (ii) a loss, reduction or delay in receipt of such federal,
233 state or municipal benefits as Social Security, supplemental security
234 income, public assistance and government pensions; (iii) a loss,
235 reduction or delay in receipt of such private benefits as pension,
236 disability, annuity or retirement benefits; (iv) divorce or a loss of
237 support payments; (v) disability, illness or death of a mortgagor; or (B)
238 (i) a significant increase in the dollar amount of the periodic payments
239 required by the mortgage; (ii) an unanticipated rise in housing
240 expenses; or (iii) expenses related to the disability, illness or death of a
241 member of the mortgagor's family, but does not include expenses
242 related to the accumulation of credit or installment debt incurred for
243 recreational or nonessential items prior to the occurrence of the alleged
244 circumstances beyond the mortgagor's control in an amount that
245 would have caused the mortgagor's total debt service to exceed sixty
246 per cent of aggregate family income at that time;

247 (8) "Consumer credit counseling agency" means a nonprofit
248 corporation or governmental agency located in this state which has
249 been designated by the authority to provide homeowners' emergency
250 mortgage assistance program counseling. A qualified consumer credit

251 counseling agency must either be certified as a housing counseling
252 agency by the federal Department of Housing and Urban
253 Development or otherwise determined accepted by the authority;

254 (9) "Foreclosure mediation program" means the foreclosure
255 mediation program established by section 49-31m; [and]

256 (10) "Periodic payments" means principal, interest, taxes, insurance
257 and, if applicable, condominium fees;

258 (11) "Lien debt" means a tax or sewer lien, as described in section 12-
259 172, or an assessment and other sums due to an association under
260 section 47-258;

261 (12) "Lienholder" means the relevant association, municipality or
262 subsequent assignee of a lien debt; and

263 (13) "Homeowner" means the owner-occupant of residential real
264 property subject to a lien debt.

265 Sec. 5. Subsection (a) of section 8-265dd of the general statutes is
266 repealed and the following is substituted in lieu thereof (*Effective July*
267 *1, 2016*):

268 (a) Not later than January 1, 1994, the authority shall establish,
269 within available funds, a program to provide emergency mortgage
270 assistance payments to mortgagors in accordance with the provisions
271 of sections 8-265cc to 8-265kk, inclusive, as amended by this act. On
272 and after July 1, 2016, the program shall, within available funds,
273 provide lien debt assistance payments to homeowners in accordance
274 with said sections. Any necessary and related administrative and
275 operational expenses incurred by the authority in implementing the
276 program may be paid from funds made available for the program.

277 Sec. 6. Section 8-265ff of the general statutes is repealed and the
278 following is substituted in lieu thereof (*Effective July 1, 2016*):

279 (a) Any mortgagor or homeowner may apply for emergency

280 mortgage or lien debt assistance payments under sections 8-265cc to 8-
281 265kk, inclusive, as amended by this act, if such mortgagor or
282 homeowner (1) has received notice of intent to foreclose as provided in
283 section 8-265ee, or (2) (A) is sixty days or more delinquent on a
284 mortgage or lien debt, or (B) such mortgagor or homeowner
285 anticipates that he will be sixty days or more delinquent on a mortgage
286 or lien debt based on financial hardship beyond such mortgagor's or
287 homeowner's control, provided the authority determines that such
288 mortgagor or homeowner will be so delinquent. As part of the
289 application process, the authority may refer the applicant to a
290 counseling agency approved by the United States Department of
291 Housing and Urban Development.

292 (b) If the mortgagor or homeowner applies for emergency mortgage
293 or lien debt assistance payments under sections 8-265cc to 8-265kk,
294 inclusive, as amended by this act, the authority shall, no later than
295 eight business days after the date of receipt of such application, notify
296 all of the mortgagees or lienholders listed on the application holding a
297 mortgage or lien on the mortgagor's or homeowner's real property.

298 (c) The mortgagor or homeowner shall apply for a loan on the form
299 provided by the authority. The mortgagor or homeowner shall
300 complete and sign the application subject to the penalty for false
301 statement under section 53a-157b.

302 (d) The mortgagor or homeowner shall provide the authority with
303 full disclosure of all assets and liabilities, whether singly or jointly
304 held, and all household income regardless of source. For purposes of
305 this subsection, both of the following are included as assets:

306 (1) The sum of the household's savings and checking accounts,
307 market value of stocks, bonds and other securities, other capital
308 investments, pensions and retirement funds valued in an amount
309 greater than one hundred thousand dollars, personal property and
310 equity in real property including the subject mortgage property.
311 Income derived from family assets shall be considered as income.
312 Equity is the difference between the market value of the property and

313 the total outstanding principal of any loans secured by the property
314 and other liens.

315 (2) Lump-sum additions to family assets such as inheritances,
316 capital gains, insurance payments included under health, accident,
317 hazard or worker's compensation policies and settlements, verdicts or
318 awards for personal or property losses or transfer of assets without
319 consideration within one year of the time of application. Pending
320 claims for such items must be identified by the homeowner as
321 contingent assets.

322 (e) The authority shall make a determination of eligibility for
323 emergency mortgage or lien debt assistance payments by the date
324 thirty calendar days after the date of receipt of the mortgagor's or
325 homeowner's application. During said thirty-day period no judgment
326 of strict foreclosure or any judgment ordering foreclosure by sale shall
327 be entered in any action for the foreclosure of any mortgage or lien
328 that any mortgagee or lienholder holds on the mortgagor's or
329 homeowner's real property, except that a judgment of strict foreclosure
330 or ordering foreclosure by sale may be entered in a foreclosure action
331 commenced by an association pursuant to section 47-258. No
332 emergency mortgage or lien debt assistance payments may be
333 provided unless the authority finds that:

334 (1) The real property securing the mortgage or underlying the lien
335 debt is a one-to-four family owner-occupied residence, including, but
336 not limited to, a single family unit in a common interest community, is
337 the principal residence of the mortgagor or homeowner and is located
338 in this state;

339 (2) Payments, including amounts for taxes and insurance payments,
340 including mortgage insurance, or for charges, assessments and fees
341 associated with a condominium or common interest community, as
342 such terms are defined in section 47-202, or any combination of such
343 payments, whether or not such payments are made into escrow or
344 impound accounts as reserves, owed by the mortgagor under any
345 mortgage or homeowner under a lien debt on such real property have

346 been delinquent and the mortgagee, taxing authority, lienholder or
347 unit owners association has indicated to the mortgagor or homeowner
348 its intention to foreclose;

349 (3) The mortgagor or homeowner is a resident of this state and is
350 suffering financial hardship which renders the mortgagor or
351 homeowner unable to correct the delinquency or delinquencies within
352 a reasonable time and make full mortgage or lien debt payments. For
353 the purposes of subdivision (7) of this subsection, in order to
354 determine whether the financial hardship is due to circumstances
355 beyond the mortgagor's or homeowner's control, the authority may
356 consider information regarding the mortgagor's or homeowner's
357 employment, credit history and current and past household income,
358 assets, total debt service, net worth, eligibility for other types of
359 assistance and any other criteria or related factors it deems necessary
360 and relevant;

361 (4) There is a reasonable prospect that the mortgagor will be able to
362 resume full mortgage payments on the original, modified or
363 refinanced mortgage within sixty months after the beginning of the
364 period in which emergency mortgage assistance payments are
365 provided in accordance with a written plan formulated or approved by
366 the authority and pay the mortgage in full in level monthly payments
367 of principal and interest, subject only to payment changes as provided
368 in the mortgage, by its maturity date or, in the case of a homeowner or
369 lien debt, able to resume regular tax or usage payments to the relevant
370 municipality or association immediately after emergency lien debt
371 assistance payments are provided;

372 (5) The mortgagor or homeowner has applied to the authority for
373 emergency mortgage or lien debt assistance payments on an
374 application form prescribed by the authority which includes a financial
375 statement disclosing all assets and liabilities of the mortgagor or
376 homeowner, whether singly or jointly held, and all household income
377 regardless of source;

378 (6) Based on the financial statement, the mortgagor or homeowner

379 has insufficient household income or net worth to correct the
380 delinquency or delinquencies within a reasonable period of time and
381 make full mortgage or lien debt payments;

382 (7) There is a reasonable prospect that the mortgagor or
383 homeowner, as determined by the authority, will be able to repay the
384 emergency mortgage or lien debt assistance within a reasonable
385 amount of time under the terms of section 8-265hh, as amended by this
386 act, including through a refinancing of the mortgage, and the authority
387 finds that, except for the current delinquency, the mortgagor has had a
388 favorable residential mortgage credit history for the previous two
389 years or period of ownership, whichever is less. For the purposes of
390 this subdivision, if a mortgagor has been more than thirty days in
391 arrears four or more times on a residential mortgage within the
392 previous year, the mortgagor shall be ineligible for emergency
393 mortgage assistance payments unless the mortgagor can demonstrate
394 that the prior delinquency was the result of financial hardship due to
395 circumstances beyond the mortgagor's control. In making a
396 determination under this subsection, the authority may consider
397 information regarding the structure of the mortgage, its repayment
398 schedule, the length of time the mortgagor has lived in his or her
399 home, and any other relevant factors or criteria it deems appropriate.
400 The authority may not disqualify a mortgagor or homeowner based
401 solely on such mortgagor's or homeowner's discharge of a debt
402 through a bankruptcy proceeding;

403 (8) The mortgagee or lienholder is not otherwise prevented by law
404 from foreclosing upon the mortgage or lien;

405 (9) The mortgagor or homeowner has not mortgaged the real
406 property for commercial or business purposes;

407 (10) The mortgagor or homeowner has not previously received
408 emergency mortgage or lien debt assistance payments from the
409 authority, provided a mortgagor or homeowner who has previously
410 received such payments shall be eligible to reapply if the mortgagor or
411 homeowner has reinstated the mortgage or lien debt and the

412 mortgagor or homeowner shall not have been delinquent for at least
413 six consecutive months immediately following such reinstatement;

414 (11) The mortgagor is not in default under the mortgage except for
415 the monetary delinquency referred to in subdivision (2) of this
416 subsection; and

417 (12) The mortgagor or homeowner meets such other procedural
418 requirements as the authority may establish.

419 Sec. 7. Subsections (c) to (f), inclusive, of section 8-265gg of the
420 general statutes are repealed and the following is substituted in lieu
421 thereof (*Effective July 1, 2016*):

422 (c) The amount by which the emergency mortgage or lien debt
423 assistance payments made by the authority to the mortgagee or
424 lienholder exceeds the payments made by the mortgagor or
425 homeowner to the authority shall be a loan in that amount made by
426 the authority to the mortgagor or homeowner. Any such loan shall be
427 evidenced by such documents as the authority may require and shall
428 be subject to repayment with interest and secured as provided in
429 section 8-265hh, as amended by this act.

430 (d) The authority shall establish procedures for periodic review of
431 the mortgagor's or homeowner's financial circumstances for the
432 purpose of determining the necessity for continuation, termination or
433 adjustment of the amount of emergency mortgage or lien debt
434 assistance payments or adjustment of the payments by the mortgagor
435 or homeowner pursuant to subsection (b) of this section. Payments
436 shall be discontinued when the authority determines that, due to
437 changes in the mortgagor's or homeowner's financial condition, the
438 payments are no longer necessary in accordance with the standards
439 contained in section 8-265ff, as amended by this act, or the expiration
440 of the sixty-month period of a mortgagor or homeowner eligibility for
441 such payments under subsection (e) of section 8-265ff, as amended by
442 this act, whichever is sooner, and a foreclosure of the mortgagor's
443 mortgage or homeowner's lien may, at any time thereafter, proceed

444 without further restriction or requirement under sections 8-265cc to 8-
445 265hh, inclusive, as amended by this act. The authority may adjust
446 payments by the mortgagor or homeowner pursuant to subsection (b)
447 of this section based on a review under this subsection.

448 (e) If the mortgagor or homeowner fails to pay to the authority any
449 amounts due under subsection (b) of this section within seven days of
450 the date due to the authority, the authority shall review the
451 mortgagor's or homeowner's financial circumstances to determine
452 whether the delinquency is the result of additional financial hardship
453 due to circumstances beyond the mortgagor's or homeowner's control.
454 If the delinquency is not the result of additional financial hardship due
455 to circumstances beyond the mortgagor's or homeowner's control in
456 the mortgagor's or homeowner's financial circumstances, the authority
457 shall terminate emergency mortgage or lien debt assistance payments
458 and the foreclosure of the mortgagor's mortgage or homeowner's lien
459 may, at any time thereafter, continue without any further restriction or
460 requirement under sections 8-265cc to 8-265kk, inclusive, as amended
461 by this act. If the delinquency is the result of a change in the
462 mortgagor's or homeowner's financial circumstances, the authority
463 may modify the mortgagor's or homeowner's required monthly
464 payments to the authority.

465 (f) If any mortgagee or lienholder scheduled to receive payments
466 from the authority under the provisions of sections 8-265cc to 8-265kk,
467 inclusive, as amended by this act, fails to receive the full amount of
468 such payment from the authority within thirty days of the scheduled
469 due date, or if the mortgagor or homeowner fails to observe and
470 perform all of the terms, covenants and conditions of the mortgage or
471 lien, the mortgagee or lienholder shall provide a fifteen-day notice to
472 the authority and the foreclosure of the mortgagor's mortgage or
473 homeowner's lien may, at any time thereafter, proceed without any
474 further restriction or requirement under sections 8-265cc to 8-265kk,
475 inclusive, as amended by this act.

476 Sec. 8. Section 8-265hh of the general statutes is repealed and the

477 following is substituted in lieu thereof (*Effective July 1, 2016*):

478 (a) Upon approval of emergency mortgage or lien debt assistance
479 payments, the authority shall enter into an agreement with the
480 mortgagor or homeowner for repayment of all such assistance with
481 interest as provided in this section. The agreement shall provide for
482 monthly payments by the mortgagor or homeowner after emergency
483 mortgage or lien debt assistance payments have ended and shall be
484 subject to the following provisions:

485 (1) If the mortgagor's or homeowner's total housing expense,
486 including projected repayments for [mortgage] assistance under this
487 section, is greater than thirty-five per cent of the mortgagor's or
488 homeowner's aggregate family income, repayment of the emergency
489 mortgage or lien debt assistance payments shall be deferred until such
490 total housing expense, including projected repayments for [mortgage]
491 assistance under this section, is less than or equal to thirty-five per cent
492 of such aggregate family income;

493 (2) If repayment of emergency mortgage or lien debt assistance
494 payments is not made by the date the mortgage or lien is paid in full,
495 the mortgagor or homeowner shall make monthly payments to the
496 authority in an amount not less than the monthly mortgage or lien
497 payment until such assistance is repaid;

498 (3) Interest shall accrue on all emergency mortgage or lien debt
499 assistance payments made by the authority at a rate based upon the
500 cost of funds to the state periodically determined by the State
501 Treasurer in consultation with the authority. Interest shall start to
502 accrue whenever the mortgagor or homeowner is required to
503 commence repayment under this section.

504 (b) Repayment of amounts owed to the authority from a mortgagor
505 or homeowner under the provisions of sections 8-265cc to 8-265kk,
506 inclusive, as amended by this act, shall be secured by a mortgage on
507 the mortgagor's or homeowner's real property, provided said
508 mortgage shall not be deemed to take priority over any other mortgage

509 or lien in effect against such property on the date the emergency
510 mortgage is recorded. The authority may allow subordination of its
511 mortgage if such subordination is required to permit the mortgagor or
512 homeowner to obtain a home improvement loan for repairs necessary
513 to preserve the property.

514 (c) The authority shall establish written procedures for periodic
515 review of the mortgagor's or homeowner's financial circumstances to
516 determine the amounts of repayment required under this section.

517 (d) All moneys received by the authority from mortgagors or
518 homeowners for repayment of emergency mortgage or lien debt
519 assistance payments shall be paid to the authority, deposited in such
520 funds or accounts as the authority may establish from time to time for
521 such purpose and be used solely for the purposes of the program
522 established pursuant to sections 8-265cc to 8-265kk, inclusive, as
523 amended by this act.

524 (e) Any mortgagor or homeowner who misrepresents any financial
525 or other pertinent information in conjunction with the filing of an
526 application for emergency mortgage or lien debt assistance or
527 modification of such assistance, may be denied assistance and required
528 to immediately repay any amount of assistance already made. The
529 mortgagee or lienholder may, at any time thereafter, take any legal
530 action to enforce the mortgage or lien without further restrictions or
531 requirements.

532 (f) The authority may take any action it deems appropriate to
533 recover emergency mortgage or lien debt assistance when the
534 mortgagor or homeowner fails to repay such assistance under the
535 terms and conditions established under this section.

536 Sec. 9. Section 8-265ii of the general statutes is repealed and the
537 following is substituted in lieu thereof (*Effective July 1, 2016*):

538 The Connecticut Housing Finance Authority shall adopt procedures
539 in accordance with section 1-121 to implement the provisions of

540 sections 8-265cc to 8-265hh, inclusive, as amended by this act. Such
541 procedures shall include the establishment of a process for notification
542 to eligible mortgagors or homeowners of the availability of funds
543 under sections 8-265cc to 8-265kk, inclusive, as amended by this act,
544 and for notification to the mortgagee or lienholder that an application
545 has been received by or on behalf of the mortgagor or homeowner and
546 of the authority's determination of eligibility.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	12-146
Sec. 2	<i>from passage</i>	12-157(f)
Sec. 3	<i>July 1, 2016</i>	12-195h
Sec. 4	<i>July 1, 2016</i>	8-265cc
Sec. 5	<i>July 1, 2016</i>	8-265dd(a)
Sec. 6	<i>July 1, 2016</i>	8-265ff
Sec. 7	<i>July 1, 2016</i>	8-265gg(c) to (f)
Sec. 8	<i>July 1, 2016</i>	8-265hh
Sec. 9	<i>July 1, 2016</i>	8-265ii