



General Assembly

January Session, 2017

**Proposed Bill No. 6738**

LCO No. 2543



\* 0 2 5 4 3 \*

Referred to Committee on BANKING

Introduced by:  
REP. DELNICKI, 14th Dist.

**AN ACT CONCERNING DEFICIENCY JUDGMENTS AND CRUMBLING FOUNDATIONS.**

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

1 That section 49-14 of the general statutes be amended to provide  
2 that (1) no deficiency judgment may be sought or enforced against any  
3 one or more individual mortgagors, mortgage borrowers or  
4 guarantors, where the deficiency arises from an impairment to the fair  
5 market value of real estate due to the presence of a failed or failing  
6 residential foundation associated with the presence of pyrrhotite,  
7 provided the mortgage lender is named an insured or additional  
8 insured party under a homeowner's insurance policy; (2) in the case of  
9 any strict foreclosure, judicial foreclosure, deed in lieu of foreclosure or  
10 other compromise on a mortgage obligation where subdivision (1)  
11 would apply, no mortgage lender may report to any credit reporting  
12 agency or otherwise publicly disclose such foreclosure or compromise  
13 as being subject to deficiency and shall report any mortgage default as  
14 arising from a casualty and subject to pending insured recovery; and  
15 (3) no mortgage lender shall deny the extension of mortgage credit on  
16 a first mortgage loan with respect to a primary residence based in  
17 whole or in part on any mortgage default, foreclosure, deed-in-lieu of

18 foreclosure or other mortgage compromise described in subdivision (2)  
19 and any such lender having improperly denied credit shall be  
20 penalized up to ten thousand dollars per violation by the Department  
21 of Banking.

***Statement of Purpose:***

To protect mortgagors harmed by crumbling foundations.