AN ACT ESTABLISHING A COLLAPSING FOUNDATIONS LOAN PROGRAM TO PROVIDE LOW-INTEREST LOANS TO CERTAIN PROPERTY OWNERS.

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

Section 1. (NEW) (Effective October 1, 2019) (a) For the purposes of this section:

(1) "Authority" means the Connecticut Housing Finance Authority created under section 8-244 of the general statutes;

(2) "Captive insurance company" means the captive insurance company established pursuant to section 38a-91vv of the general statutes;

(3) "Eligible borrower" means the owner of a residential building who (A) has received the maximum amount of financial assistance provided by the captive insurance company for the purpose of repairing or replacing a concrete foundation that has deteriorated due to the presence of pyrrhotite, and (B) requires additional funding for such repair or replacement;
(4) "Supplemental collapsing foundation loan" means a loan issued by the authority to an eligible borrower under the Collapsing Foundations Low-Interest Loan Program;

(5) "Residential building" means a one-family, two-family, three-family or four-family dwelling including, but not limited to, a condominium unit or dwelling in a planned unit development.

(b) Not later than January 1, 2020, the authority shall develop and implement the Collapsing Foundations Low-Interest Loan Program in accordance with this section. The program shall offer, within available funds, supplemental collapsing foundation loans for the purpose of assisting eligible borrowers in obtaining necessary funding for the repair or replacement of a concrete foundation that has deteriorated due to the presence of pyrrhotite.

(c) Each supplemental collapsing foundation loan shall have the terms and conditions, and shall be subject to the eligibility, loan approval, credit and other underwriting requirements established by the authority, provided each such loan shall (1) not exceed seventy-five thousand dollars, (2) not contain a fee or penalty for the prepayment or early payment of the loan, (3) bear an interest rate of not more than one per cent per annum, and (4) be serviced by the authority or its agents.

(d) An application for a supplemental collapsing foundation loan shall be submitted on a form prescribed by the authority and shall contain such information as the authority may require, including, but not limited to, documentation verifying that the applicant (1) received the maximum amount of financial assistance provided by the captive insurance company for the purpose of repairing or replacing a foundation that has deteriorated due to the presence of pyrrhotite, and (2) requires additional funding for such repair or replacement. The applicant shall complete and sign the application subject to the penalty for false statement under section 53a-157b of the general statutes. The authority may deny an application that misrepresents any financial or other pertinent information.
(e) The authority shall not issue more than twenty-five million dollars of supplemental collapsing foundation loans under the program in any calendar year.

(f) The authority shall maintain records in the regular course of administration of the program, including, but not limited to, a record of loans issued under this section and of payments received on such loans. Not later than January 1, 2021, and annually thereafter, the authority shall report to the joint standing committees of the General Assembly having cognizance of matters relating to banking and housing, in accordance with section 11-4a of the general statutes, regarding the status of the program.

(g) The authority shall adopt written procedures in accordance with section 1-121 of the general statutes to implement the provisions of this section.

This act shall take effect as follows and shall amend the following sections:

| Section 1 | October 1, 2019 | New section |

Statement of Purpose:
To provide low-interest loans to property owners who (1) have received the maximum amount of financial assistance provided by the captive insurance company for the purpose of repairing or replacing a concrete foundation that has deteriorated due to the presence of pyrrhotite, and (2) require additional funding for such repair or replacement.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]

Co-Sponsors: REP. LUXENBERG, 12th Dist.

H.B. 5969