



General Assembly

January Session, 2019

Committee Bill No. 5969

LCO No. 5570



Referred to Committee on BANKING

Introduced by:
(BA)

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:

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

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

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

8 (3) "Eligible borrower" means the owner of a residential building
9 who (A) has received the maximum amount of financial assistance
10 provided by the captive insurance company for the purpose of
11 repairing or replacing a concrete foundation that has deteriorated due
12 to the presence of pyrrhotite, and (B) requires additional funding for
13 such repair or replacement;

14 (4) "Supplemental collapsing foundation loan" means a loan issued
15 by the authority to an eligible borrower under the Collapsing
16 Foundations Low-Interest Loan Program;

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

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

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

34 (d) An application for a supplemental collapsing foundation loan
35 shall be submitted on a form prescribed by the authority and shall
36 contain such information as the authority may require, including, but
37 not limited to, documentation verifying that the applicant (1) received
38 the maximum amount of financial assistance provided by the captive
39 insurance company for the purpose of repairing or replacing a
40 foundation that has deteriorated due to the presence of pyrrhotite, and
41 (2) requires additional funding for such repair or replacement. The
42 applicant shall complete and sign the application subject to the penalty
43 for false statement under section 53a-157b of the general statutes. The
44 authority may deny an application that misrepresents any financial or
45 other pertinent information.

46 (e) The authority shall not issue more than twenty-five million
47 dollars of supplemental collapsing foundation loans under the
48 program in any calendar year.

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

57 (g) The authority shall adopt written procedures in accordance with
58 section 1-121 of the general statutes to implement the provisions of this
59 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