



House Bill No. 7004

September Special Session, Public Act No. 20-3

AN ACT CONCERNING ELIGIBILITY FOR THE SUPPLEMENTAL COLLAPSING FOUNDATION LOAN PROGRAM.

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

Section 1. Section 8-265tt of the 2020 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

As used in this section and sections 8-265uu to 8-265xx, inclusive:

(1) "Association" means an association of unit owners, as defined in section 47-68a, or an association or unit owners' association, each as defined in section 47-202;

[(1)] (2) "Authority" means the Connecticut Housing Finance Authority created under section 8-244;

[(2)] (3) "Bank" means a bank or an out-of-state bank, each as defined in section 36a-2;

[(3)] (4) "Captive insurance company" means the captive insurance company established pursuant to section 38a-91vv;

[(4)] (5) "Credit union" means a Connecticut credit union or a federal credit union, each as defined in section 36a-2;

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[(5)] (6) "Department" means the Department of Banking;

[(6)] (7) "Eligible borrower" means (A) the owner or occupant of a residential building who has received a participation agreement from the captive insurance company, (B) an association that has received a participation agreement or agreements from the captive insurance company, or (C) the owner or occupant of a single-family or multifamily residential dwelling, including, but not limited to, a residential unit in a condominium, as such terms are defined or used in section 47-68a or a unit that is used for residential purposes and located in a common interest community, as such terms are defined in section 47-202, provided the association such dwelling is a part of has received a participation agreement or agreements from the captive insurance company concerning the building within which such dwelling is located;

[(7)] (8) "Eligible financial institution" means a bank or credit union that has a physical presence in this state;

[(8)] (9) "Participation agreement" means an agreement by the captive insurance company to pay for a portion of the cost to repair or replace a concrete foundation that has deteriorated due to the presence of pyrrhotite; and

[(9)] (10) "Residential building" has the same meaning as provided in section 8-440.

Sec. 2. Subdivisions (1) and (2) of section 8-265vv of the 2020 supplement to the general statutes are repealed and the following is substituted in lieu thereof (*Effective from passage*):

(1) The eligible borrower demonstrates to the satisfaction of the financial institution that the eligible borrower has a participation agreement or participation agreements with the captive insurance company, or in the case of an owner or occupant described in

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subparagraph (C) of subdivision (7) of section 8-265tt, that the association such owner or occupant's dwelling is a part of has such a participation agreement or agreements.

(2) The loan shall (A) be secured (i) by a mortgage deed on the eligible borrower's residential building, or (ii) if the eligible borrower is an association, by a mortgage deed in real property, an encumbrance on the association's common elements, a security interest in the income of the association, including receivables or unit owner assessments, a security interest in any equipment the purchase of which was financed by the loan, or a combination thereof, (B) be made in accordance with the eligible financial institution's underwriting policy and standards, (C) be in an amount not to exceed seventy-five thousand dollars, or in the case of an association, an amount not to exceed the product of seventy-five thousand dollars multiplied by the number of buildings, within which one or more units are located, referenced in the participation agreement or agreements, and (D) bear an interest rate that does not exceed the applicable rate of the Federal Home Loan Bank of Boston for Amortizing Advances through the New England Fund program. For the purposes of this subdivision, "applicable rate" means the New England Fund rate that (i) is published on the Internet web site of the Federal Home Loan Bank of Boston as of the date the interest rate is locked-in by the eligible borrower and financial institution, and (ii) has an advance term and amortization schedule that most closely corresponds to the term and amortization schedule of the loan being made by the participating eligible financial institution.

Approved October 2, 2020