



General Assembly
September Special Session, 2020

Bill No. 7004

LCO No. 4348



Referred to Committee on No Committee

Introduced by:

REP. ARESIMOWICZ, 30th Dist.
SEN. LOONEY, 11th Dist.
SEN. DUFF, 25th Dist.
REP. RITTER M., 1st Dist.

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:

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2 statutes is repealed and the following is substituted in lieu thereof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

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

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

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

10 [(2)] (3) "Bank" means a bank or an out-of-state bank, each as defined

11 in section 36a-2;

12 [(3)] (4) "Captive insurance company" means the captive insurance
13 company established pursuant to section 38a-91vv;

14 [(4)] (5) "Credit union" means a Connecticut credit union or a federal
15 credit union, each as defined in section 36a-2;

16 [(5)] (6) "Department" means the Department of Banking;

17 [(6)] (7) "Eligible borrower" means (A) the owner or occupant of a
18 residential building who has received a participation agreement from
19 the captive insurance company, (B) an association that has received a
20 participation agreement or agreements from the captive insurance
21 company, or (C) the owner or occupant of a single-family or multifamily
22 residential dwelling, including, but not limited to, a residential unit in a
23 condominium, as such terms are defined or used in section 47-68a or a
24 unit that is used for residential purposes and located in a common
25 interest community, as such terms are defined in section 47-202,
26 provided the association such dwelling is a part of has received a
27 participation agreement or agreements from the captive insurance
28 company concerning the building within which such dwelling is
29 located;

30 [(7)] (8) "Eligible financial institution" means a bank or credit union
31 that has a physical presence in this state;

32 [(8)] (9) "Participation agreement" means an agreement by the captive
33 insurance company to pay for a portion of the cost to repair or replace a
34 concrete foundation that has deteriorated due to the presence of
35 pyrrhotite; and

36 [(9)] (10) "Residential building" has the same meaning as provided in
37 section 8-440.

38 Sec. 2. Subdivisions (1) and (2) of section 8-265vv of the 2020
39 supplement to the general statutes are repealed and the following is

40 substituted in lieu thereof (*Effective from passage*):

41 (1) The eligible borrower demonstrates to the satisfaction of the
42 financial institution that the eligible borrower has a participation
43 agreement or participation agreements with the captive insurance
44 company, or in the case of an owner or occupant described in
45 subparagraph (C) of subdivision (7) of section 8-265tt, that the
46 association such owner or occupant's dwelling is a part of has such a
47 participation agreement or agreements.

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

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

Section 1	<i>from passage</i>	8-265tt
Sec. 2	<i>from passage</i>	8-265vv(1) and (2)