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## **OLR Bill Analysis**

### **sHB 5090**

#### ***AN ACT CONCERNING MORTGAGE FORBEARANCE AND CRUMBLING CONCRETE FOUNDATIONS.***

#### **SUMMARY**

This bill requires new residential mortgages issued by Connecticut banks and credit unions to grant forbearance (i.e., a temporary suspension of payments) for up to 120 days to borrowers who request it if they must leave their home while the home's pyrrhotite-damaged (i.e., crumbling) concrete foundation is being repaired or replaced.

The bill applies to residential mortgage loans issued on or after October 1, 2021, that are (1) primarily for personal, family, or household use and (2) secured by a mortgage, deed of trust, or other equivalent consensual security interest on a dwelling (e.g., condominium or cooperative unit or a one-to-four family house).

To be eligible for forbearance, a borrower must have a Connecticut Foundation Solutions Indemnity Company (CFSIC) participation agreement and be required to vacate the dwelling while the foundation is repaired or replaced. CFSIC is the captive insurer established to assist homeowners with crumbling concrete foundations. A "participation agreement" is an agreement from CFSIC stating it will pay part of the foundation's repair or replacement cost.

Under the bill, forbearance begins when the borrower vacates the dwelling and ends 120 days later or when the municipality's building inspector issues a certificate of completion or occupancy, whichever occurs first.

The bill does not limit any financial institution from providing mortgage forbearance to a Connecticut borrower with a crumbling concrete foundation whose mortgage was issued before October 1, 2021.

EFFECTIVE DATE: October 1, 2021

**COMMITTEE ACTION**

Banking Committee

Joint Favorable Substitute

Yea 18 Nay 0 (02/23/2021)