

**Proposed Substitute
Bill No. 5090**

LCO No. 3719

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

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

1 Section 1. (NEW) (*Effective October 1, 2021*) (a) As used in this section:

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

5 (2) "Connecticut bank" and "Connecticut credit union" have the same
6 meanings as provided in section 36a-2 of the general statutes;

7 (3) "Dwelling" has the same meaning as provided in section 36a-485
8 of the general statutes;

9 (4) "Forbearance" means the temporary suspension of periodic
10 payments called for by a mortgage, including, but not limited to,
11 interest, installments of principal, taxes and assessments, mortgage
12 insurance premiums and hazard insurance premiums;

13 (5) "Mortgagor" means any person to whom a residential mortgage
14 loan has been issued and who resides in the dwelling upon which such
15 residential mortgage loan is subject;

16 (6) "Participation agreement" means an agreement by the captive

17 insurance company to pay for a portion of the cost to repair or replace a
18 concrete foundation that has deteriorated due to the presence of
19 pyrrhotite; and

20 (7) "Residential mortgage loan" has the same meaning as provided in
21 section 36a-485 of the general statutes.

22 (b) Each residential mortgage loan issued by a Connecticut bank or
23 Connecticut credit union on or after October 1, 2021, shall include a
24 provision requiring the bank or credit union to grant a request by the
25 mortgagor for forbearance, provided the mortgagor (1) has a
26 participation agreement with the captive insurance company relating to
27 the mortgagor's dwelling, and (2) is required to vacate the dwelling
28 while the dwelling's concrete foundation is repaired or replaced. Such
29 forbearance shall commence on the date the mortgagor vacates the
30 dwelling and shall end on the date the building inspector of the
31 municipality in which the dwelling is located issues a certificate of
32 completion or a certificate of occupancy for the completion of such
33 repairs or replacement, or one hundred twenty days after the date the
34 forbearance commenced, whichever is earlier.

35 (c) Nothing in this section shall be construed as limiting any financial
36 institution from providing forbearance to any mortgagor in the state
37 who has been issued a mortgage prior to October 1, 2021, and whose
38 dwelling requires repairs because it contains a concrete foundation that
39 has deteriorated in whole or in part due to the presence of pyrrhotite.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2021</i>	New section