



Senate

General Assembly

File No. 161

February Session, 2024

Substitute Senate Bill No. 283

Senate, March 28, 2024

The Committee on Banking reported through SEN. MILLER of the 27th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING PROGRAMS ADMINISTERED BY THE CONNECTICUT HOUSING FINANCE AUTHORITY.

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

1 Section 1. Section 8-265cc of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2024*):

3 As used in this section and sections 8-265dd to 8-265kk, inclusive, as
4 amended by this act:

5 (1) "Aggregate family income" means the total income of adult
6 persons residing in the same household as the homeowner and any
7 other adult resident of the household, [declared by the homeowner as a
8 dependent for federal tax purposes,] from whatever source derived,
9 including, but not limited to, pensions, annuities, retirement benefits
10 and Social Security benefits, provided the authority may exclude from
11 income (A) reasonable allowances for dependents; [] (B) reasonable
12 allowances for medical expenses; [(C) all or any part of the earnings of
13 gainfully employed minors or family members other than the chief
14 wage earner, (D)] (C) income not regularly received; [] and [(E)] (D)

15 such other expenses as the authority may allow;

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

18 (3) "Mortgage" means a mortgage deed or other instrument which
19 constitutes a first or second consensual lien, including a reverse
20 mortgage or a home equity conversion mortgage, on residential real
21 property;

22 (4) "Mortgagee" means the original lender under a mortgage, or its
23 agents, successors [,] or assigns;

24 (5) "Mortgagor" means a homeowner who is also the borrower under
25 a mortgage encumbering such real property;

26 (6) "Housing expense" means the sum of the homeowner's monthly
27 maintenance expense in a common interest community, [utility expense,
28 heating expense,] hazard insurance payment, taxes and required
29 mortgage payment, including escrows;

30 (7) "Financial hardship due to circumstances beyond the
31 homeowner's control" means a significant reduction of aggregate family
32 household income or increase in expenses which reasonably cannot be
33 or could not have been alleviated by the liquidation of assets by the
34 homeowner as determined by the Connecticut Housing Finance
35 Authority, including, but not limited to, a reduction resulting from (A)
36 (i) unemployment or underemployment of one or more of the
37 homeowners; (ii) a loss, reduction or delay in receipt of such federal,
38 state or municipal benefits as Social Security, supplemental security
39 income, public assistance and government pensions; (iii) a loss,
40 reduction or delay in receipt of such private benefits as pension,
41 disability, annuity or retirement benefits; (iv) divorce or a loss of
42 support payments; or (v) disability, illness or death of a homeowner; or
43 (B) (i) a significant increase in the dollar amount of the periodic
44 payments required by the mortgage; (ii) an unanticipated rise in
45 housing expenses; or (iii) expenses related to the disability, illness or

46 death of a member of the homeowner's family, but does not include
47 expenses related to the accumulation of credit or installment debt
48 incurred for recreational or nonessential items prior to the occurrence of
49 the alleged circumstances beyond the homeowner's control; [in an
50 amount that would have caused the homeowner's total debt service to
51 exceed sixty per cent of aggregate family income at that time;]

52 (8) "Consumer credit counseling agency" means a nonprofit
53 corporation or governmental agency located in this state which has been
54 designated by the authority to provide homeowners' emergency
55 mortgage assistance program counseling. A qualified consumer credit
56 counseling agency must either be certified as a housing counseling
57 agency by the federal Department of Housing and Urban Development
58 or otherwise determined accepted by the authority;

59 (9) "Foreclosure mediation program" means the Ezequiel Santiago
60 Foreclosure Mediation Program established pursuant to section 49-31m;

61 (10) "Periodic payments" means principal, interest, taxes, insurance
62 and, if applicable, condominium fees;

63 (11) "Lien" means debt secured by a lien on residential real property
64 pursuant to section 7-239, 7-254, 7-258 or 47-258 or chapter 205;

65 (12) "Lienholder" means the original lienor of a lien, or its agents,
66 successors or assigns;

67 (13) "Homeowner" means the owner-occupant of residential real
68 property; and

69 (14) "Residential real property" means [a] one-to-four family owner-
70 occupied residential real estate located in this state, including, but not
71 limited to, a single-family unit in a common interest community.

72 Sec. 2. Section 8-265ff of the general statutes is repealed and the
73 following is substituted in lieu thereof (*Effective October 1, 2024*):

74 (a) (1) Any homeowner who is a mortgagor may apply for emergency

75 mortgage assistance payments under sections 8-265cc to 8-265kk,
76 inclusive, as amended by this act, if (A) such homeowner (i) has received
77 notice of intent to foreclose as provided in section 8-265ee, (ii) is sixty
78 days or more delinquent on a mortgage, or (iii) anticipates that he or she
79 will be sixty days or more delinquent on a mortgage based on financial
80 hardship beyond such homeowner's control, provided the authority
81 determines that such homeowner will be so delinquent, or (B) the
82 homeowner's mortgage is in forbearance.

83 (2) Any homeowner may apply for emergency lien assistance
84 payments under sections 8-265cc to 8-265kk, inclusive, as amended by
85 this act, if such homeowner (A) has received notice of the lienholder's
86 intent to foreclose the lien, (B) is sixty days or more delinquent on the
87 debt secured by a lien, or (C) anticipates that he or she will be sixty days
88 or more delinquent on the debt secured by a lien based on financial
89 hardship beyond such homeowner's control, provided the authority
90 determines that such homeowner will be so delinquent.

91 (3) As part of the application process, the authority may refer the
92 applicant to a counseling agency approved by the United States
93 Department of Housing and Urban Development.

94 (b) If the homeowner applies for emergency mortgage or lien
95 assistance payments under sections 8-265cc to 8-265kk, inclusive, as
96 amended by this act, the authority shall, no later than eight business
97 days after the date of receipt of such application, notify all of the
98 mortgagees and lienholders listed on the application holding a
99 mortgage or lien on the homeowner's real property.

100 (c) The homeowner shall apply for a loan on the form provided by
101 the authority. The homeowner shall complete and sign the application
102 subject to the penalty for false statement under section 53a-157b.

103 (d) The homeowner shall provide the authority with full disclosure
104 of all assets and liabilities, whether singly or jointly held, and all
105 household income regardless of source. For purposes of this subsection,
106 both of the following are included as assets:

107 (1) The sum of the household's savings and checking accounts,
108 market value of stocks, bonds and other securities, other capital
109 investments, the value of any portion of pensions and retirement funds
110 [valued in an amount greater than] in excess of one hundred thousand
111 dollars, personal property and equity in real property including the
112 subject mortgage or lien property. Income derived from family assets
113 shall be considered as income. Equity is the difference between the
114 market value of the property and the total outstanding principal of any
115 loans secured by the property and other liens.

116 (2) Lump-sum additions to family assets such as inheritances, capital
117 gains, insurance payments included under health, accident, hazard or
118 workers' compensation policies and settlements, verdicts or awards for
119 personal or property losses or transfer of assets without consideration
120 within one year of the time of application. Pending claims for such items
121 must be identified by the homeowner as contingent assets.

122 (e) The authority shall make a determination of eligibility for
123 emergency mortgage or lien assistance payments by the date thirty
124 calendar days after the date the homeowner's application is received by
125 the authority. During said thirty-day period no judgment of strict
126 foreclosure or any judgment ordering foreclosure by sale shall be
127 entered in any action for the foreclosure of any mortgage or lien any
128 mortgagee or lienholder holds on the homeowner's real property. No
129 emergency mortgage or lien assistance payments may be provided
130 unless the authority finds that:

131 (1) The real property securing the mortgage or underlying the lien is
132 residential real property that is the principal residence of the
133 homeowner;

134 (2) Payments, including amounts for taxes and insurance payments,
135 including mortgage insurance, or for charges, assessments and fees
136 associated with a condominium or common interest community, as such
137 terms are defined in section 47-202, or any combination of such
138 payments, whether or not such payments are made into escrow or
139 impound accounts as reserves, owed by the homeowner under any

140 mortgage or lien on such real property have been delinquent and the
141 mortgagee, taxing authority, unit owners association or lienholder has
142 indicated to the homeowner its intention to foreclose;

143 (3) The homeowner is a resident of this state and is suffering financial
144 hardship which renders the homeowner unable to correct the
145 delinquency or delinquencies within a reasonable time and make full
146 mortgage payments or payments on the debt secured by the lien. For the
147 purposes of subdivision (7) of this subsection, in order to determine
148 whether the financial hardship is due to circumstances beyond the
149 homeowner's control, the authority may consider information
150 regarding the homeowner's employment, credit history and current and
151 past household income, assets, total debt service, net worth, eligibility
152 for other types of assistance and any other criteria or related factors [it]
153 the authority deems necessary and relevant;

154 (4) There is a reasonable prospect that (A) a homeowner who applies
155 for emergency mortgage assistance payments will (i) be able to resume
156 full mortgage payments on the original, modified or refinanced
157 mortgage within sixty months after the [beginning of the period in]
158 monetary default for which emergency mortgage assistance payments
159 are provided in accordance with a written plan formulated or approved
160 by the authority and pay the mortgage in full in level monthly payments
161 of principal and interest, subject only to payment changes as provided
162 in the mortgage, by its maturity date, or (ii) have sufficient equity to
163 repay the mortgage and emergency mortgage assistance payments at
164 the end of the time period for which such assistance payments are
165 provided, and (B) a homeowner who applies for emergency lien
166 assistance payments will be able to bring the debt underlying the lien
167 current and resume regular payments to the lienholder for the tax,
168 water, assessment or usage charges underlying the lien after payment
169 by the authority of emergency lien assistance payments;

170 (5) The homeowner has applied to the authority for emergency
171 mortgage or lien assistance payments on an application form prescribed
172 by the authority which includes a financial statement disclosing all

173 assets and liabilities of the homeowner, whether singly or jointly held,
174 and all household income regardless of source;

175 (6) Based on the financial statement, the homeowner has insufficient
176 household income or net worth to correct the delinquency or
177 delinquencies within a reasonable period of time and make full
178 mortgage payments or regular payments to the lienholder for the tax,
179 water, assessment or usage charges underlying the lien;

180 (7) There is a reasonable prospect that the homeowner, as determined
181 by the authority, will be able to repay the emergency mortgage or lien
182 assistance [within a reasonable amount of time] under the terms of
183 section 8-265hh, as amended by this act, including through a refinancing
184 of the mortgage, and the authority finds that, except for the current
185 delinquency, any homeowner who is a mortgagor has had a favorable
186 residential mortgage credit history for the previous two years or period
187 of ownership, whichever is less. For the purposes of this subdivision, if
188 a homeowner has been more than thirty days in arrears four or more
189 times on a residential mortgage within the previous year, the
190 homeowner shall be ineligible for emergency mortgage assistance
191 payments unless the homeowner can demonstrate that the prior
192 delinquency was the result of financial hardship due to circumstances
193 beyond the homeowner's control. In making a determination under this
194 subsection, the authority may consider information regarding the
195 structure of the mortgage, its repayment schedule, the length of time the
196 homeowner has lived in his or her home, and any other relevant factors
197 or criteria it deems appropriate;

198 (8) The mortgagee or lienholder is not otherwise prevented by law
199 from foreclosing upon the mortgage;

200 (9) The homeowner has not mortgaged the real property for
201 commercial or business purposes;

202 (10) The homeowner has not previously received emergency
203 mortgage or lien assistance payments from the authority, except that (A)
204 a homeowner who has previously received mortgage assistance

205 payments shall be eligible to reapply for mortgage assistance if the
206 homeowner has reinstated the mortgage and the homeowner is not
207 delinquent for at least six consecutive months immediately following
208 such reinstatement, and (B) a homeowner who has previously received
209 lien assistance payments shall be eligible to reapply for lien assistance if
210 the homeowner has brought the debt underlying the lien current and
211 the homeowner is not delinquent on regular payments to the lienholder
212 for the tax, water, assessment or usage charges underlying the lien for
213 eighteen consecutive months immediately following the date such debt
214 is made current;

215 (11) The homeowner is not in default under the mortgage except for
216 the monetary delinquency referred to in subdivision (2) of this
217 subsection; and

218 (12) The homeowner meets such other procedural requirements as
219 the authority may establish, provided the authority shall not prohibit a
220 homeowner from participating in the program solely on the basis that
221 the homeowner received a discharge of debt through a bankruptcy
222 filing and did not reaffirm such debt.

223 Sec. 3. Subsections (a) to (e), inclusive, of section 8-265gg of the
224 general statutes are repealed and the following is substituted in lieu
225 thereof (*Effective October 1, 2024*):

226 (a) If the authority approves a homeowner for mortgage assistance
227 under the provisions of section 8-265ff, as amended by this act, the
228 authority shall make monthly emergency mortgage assistance
229 payments or lump sum emergency mortgage assistance payments in
230 lieu of such monthly payments, or both, directly to each mortgagee
231 secured by the homeowner's real property [for a period not to exceed]
232 in a total amount that does not exceed the amount of sixty months of
233 emergency mortgage assistance payments, which amount shall include
234 any such payments that the authority provides to reinstate a
235 homeowner's mortgage or lien to a current status with the initial
236 disbursement of an emergency mortgage assistance payment, either
237 consecutively or nonconsecutively, except no such payments shall be

238 made after sixty months have passed since the date of the initial
239 payment. The total monthly payment made by the authority, to or on
240 behalf of a homeowner under subsection (c) of this section, shall be not
241 more than twenty-eight per cent of one hundred forty per cent of annual
242 area median income, as published by the United States Department of
243 Housing and Urban Development, divided by twelve. Upon receipt of
244 payment in full from a homeowner of the monthly amount established
245 under subsection (b) of this section, the authority shall pay to each
246 mortgagee the full amount then due to the mortgagee pursuant to the
247 terms of the mortgage without regard to any acceleration under the
248 mortgage. Such payments shall include, but not be limited to, principal,
249 interest, taxes, assessments and insurance premiums. The initial
250 payment made by the authority to each mortgagee may be an amount
251 which pays all arrearages, and pays reasonable costs and reasonable
252 attorney's fees incurred by the mortgagee in connection with foreclosure
253 of the mortgage, and, if approved by the authority as part of a
254 restructuring of the mortgage debt, a sum to reduce the principal
255 balance of the mortgage to an amount that will cause the homeowner to
256 have a reasonable prospect of resuming full periodic mortgage
257 payments following the disbursement of all emergency mortgage
258 assistance payments provided by the authority under this subsection.

259 (b) A homeowner on whose behalf the authority is making
260 emergency mortgage assistance payments shall, during the period in
261 which such assistance is provided, make monthly payments to the
262 authority in lieu of the homeowner's monthly mortgage payments. Such
263 payments to the authority shall be: [in] (1) In an amount which [will]
264 shall cause the homeowner's total housing expense to be [less than or
265 equal to thirty-five] not greater than forty-five per cent of the
266 homeowner's aggregate family income; or (2) if greater than the amount
267 described in subdivision (1) of this subsection, in an amount which shall
268 cause the ratio of the homeowner's total housing expense to aggregate
269 family income to be not greater than such ratio for the one-year period
270 immediately preceding the date when the homeowner experienced the
271 financial hardship beyond the homeowner's control. The homeowner
272 shall make such payments to the authority not later than seven days

273 before each mortgage payment is due to the mortgagee.

274 (c) The amount by which the emergency mortgage assistance
275 payments made by the authority to the mortgagee exceeds the payments
276 made by the homeowner to the authority shall be a loan in that amount
277 made by the authority to the homeowner. Any such loan shall be
278 evidenced by such documents as the authority may require and [shall]
279 may be subject to repayment with interest, if any, and secured as
280 provided in section 8-265hh, as amended by this act.

281 (d) The authority shall establish procedures for periodic review of the
282 homeowner's financial circumstances for the purpose of determining
283 the necessity for continuation, termination or adjustment of the amount
284 of emergency mortgage assistance payments or adjustment of the
285 payments by the homeowner pursuant to subsection (b) of this section.
286 Payments shall be discontinued when the authority determines that,
287 due to changes in the homeowner's financial condition, the payments
288 are no longer necessary in accordance with the standards contained in
289 section 8-265ff, as amended by this act, the maximum amount of
290 emergency mortgage assistance payments allowed under subsection (a)
291 of this section has been provided or the sixty-month period [of eligibility
292 for such payments under subsection (e) of section 8-265ff] established
293 under subsection (a) of this section, during which one or more
294 emergency mortgage assistance payments were provided, has expired,
295 whichever is sooner. [, and a] A foreclosure of the homeowner's
296 mortgage may, at any time thereafter, proceed without further
297 restriction or requirement under sections 8-265cc to 8-265hh, inclusive,
298 as amended by this act. The authority may adjust payments by the
299 homeowner pursuant to subsection (b) of this section based on a review
300 under this subsection.

301 (e) If the homeowner fails to pay to the authority any amounts due
302 under subsection (b) of this section within seven days of the date due to
303 the authority, the authority: (1) May, at the discretion of the authority,
304 nevertheless advance emergency mortgage assistance payments to the
305 mortgagee; and (2) shall, upon the homeowner's request, review the

306 homeowner's financial circumstances to determine whether the
307 delinquency is the result of additional financial hardship due to
308 circumstances beyond the homeowner's control. If the homeowner does
309 not demonstrate to the satisfaction of the authority that the delinquency
310 is [not] the result of additional financial hardship due to circumstances
311 beyond the homeowner's control in the homeowner's financial
312 circumstances, the authority [shall] may terminate emergency mortgage
313 assistance payments and the foreclosure of the homeowner's mortgage
314 may, at any time thereafter, continue without any further restriction or
315 requirement under sections 8-265cc to 8-265kk, inclusive, as amended
316 by this act. If the delinquency is the result of a change in the
317 homeowner's financial circumstances, the authority may modify the
318 homeowner's required monthly payments to the authority.

319 Sec. 4. Section 8-265hh of the general statutes is repealed and the
320 following is substituted in lieu thereof (*Effective October 1, 2024*):

321 (a) Upon approval of emergency mortgage or lien assistance
322 payments, the authority shall enter into an agreement with the
323 homeowner for repayment of all such assistance with any interest as
324 provided in this section. The agreement shall provide for [monthly
325 payments] repayment by the homeowner after emergency mortgage or
326 lien assistance payments have ended and shall be subject to the
327 following provisions:

328 (1) [If the homeowner's total housing expense, including projected
329 repayments for assistance under this section, is greater than thirty-five
330 per cent of the homeowner's aggregate family income, repayment]
331 Repayment of the emergency mortgage or lien assistance payments
332 shall be deferred until [such total housing expense, including projected
333 repayments for assistance under this section, is less than or equal to
334 thirty-five per cent of such aggregate family income;] the homeowner
335 (A) transfers title to the homeowner's residential real property, other
336 than a transfer to another mortgagor under the same mortgage pursuant
337 to a dissolution of marriage or by devise, descent or operation of law
338 upon the death of a homeowner, (B) ceases to occupy the residential real

339 property as a principal dwelling, or (C) obtains new mortgage loan
340 financing, other than home improvement mortgage loan financing for
341 repairs necessary to preserve the residential real property, which
342 increases the amount of mortgage debt to an amount that is more than
343 the amount of mortgage debt that encumbered the residential real
344 property at the time when emergency mortgage or lien assistance
345 payments were initially approved under section 8-265ff, as amended by
346 this act; and

347 [(2) If repayment of emergency mortgage or lien assistance payments
348 is not made by the date the mortgage is paid in full, the homeowner
349 shall make monthly payments to the authority in an amount not less
350 than the monthly mortgage or lien payment until such assistance is
351 repaid;

352 (3) Interest shall accrue on all emergency mortgage and lien
353 assistance payments made by the authority at a rate based upon the cost
354 of funds to the state periodically determined by the State Treasurer in
355 consultation with the authority. Interest shall start to accrue whenever
356 the homeowner is required to commence repayment under this section.]

357 (2) (A) The authority may, at the discretion of the authority, elect to
358 enter into an agreement with the homeowner to provide that (i) interest
359 on emergency mortgage and lien assistance payments made by the
360 authority shall be payable from time to time or accrue, and (ii) if such
361 interest accrues, such interest will compound periodically or accrue as
362 simple interest.

363 (B) For any such interest that accrues, (i) the rate of accrual shall be
364 established by the authority in accordance with the authority's
365 procedures, and (ii) such interest shall start to accrue at the end of the
366 sixty-month period established under subsection (a) of section 8-265gg,
367 as amended by this act, during which one or more emergency mortgage
368 assistance payments were provided.

369 (b) Repayment of amounts owed to the authority from a homeowner
370 under the provisions of sections 8-265cc to 8-265kk, inclusive, as

371 amended by this act, shall be secured by a mortgage on the
372 homeowner's real property, provided said mortgage shall not be
373 deemed to take priority over any other mortgage or lien in effect against
374 such property on the date the emergency mortgage is recorded. The
375 authority may allow subordination of its mortgage if such
376 subordination is required to permit the homeowner to obtain a home
377 improvement loan for repairs necessary to preserve the property.

378 (c) The authority [shall establish written procedures for] may, at the
379 discretion of the authority, waive any right of the authority to conduct
380 periodic review of the homeowner's financial circumstances to
381 determine the amounts of repayment required under this section.

382 (d) All moneys received by the authority from homeowners for
383 repayment of emergency mortgage or lien assistance payments shall be
384 paid to the authority, deposited in such funds or accounts as the
385 authority may establish from time to time for such purpose and be used
386 solely for the purposes of the program established pursuant to sections
387 8-265cc to 8-265kk, inclusive, as amended by this act.

388 (e) Any homeowner who misrepresents any financial or other
389 pertinent information in conjunction with the filing of an application for
390 emergency mortgage or lien assistance or modification of such
391 assistance, may, at the discretion of the authority, be denied assistance
392 and required to immediately repay, either in a lump sum or in
393 installments, any amount of assistance already made together with
394 interest at a rate of not greater than twelve per cent per annum or the
395 maximum per annum rate allowed under section 37-4, whichever is less.
396 The mortgagee or lienholder may, at any time thereafter, take any legal
397 action to enforce the mortgage or lien without further restrictions or
398 requirements.

399 (f) The authority may take any action it deems appropriate to recover
400 emergency mortgage or lien assistance when the homeowner fails to
401 repay such assistance under the terms and conditions established under
402 this section.

403 Sec. 5. Section 8-265ii of the general statutes is repealed and the
404 following is substituted in lieu thereof (*Effective October 1, 2024*):

405 (a) The Connecticut Housing Finance Authority shall adopt
406 procedures in accordance with section 1-121 to implement the
407 provisions of sections 8-265cc to 8-265hh, inclusive, as amended by this
408 act. Such procedures shall include the establishment of a process for
409 notification to eligible homeowners of the availability of funds under
410 sections 8-265cc to 8-265kk, inclusive, as amended by this act, and for
411 notification to the mortgagee or lienholder that an application has been
412 received by or on behalf of the homeowner and of the authority's
413 determination of eligibility.

414 (b) The authority may, from time to time, adopt procedures in
415 accordance with section 1-121 to establish an aggregate limit on the
416 amount of emergency mortgage assistance payments that a homeowner
417 may receive under sections 8-265cc to 8-265kk, inclusive, as amended by
418 this act.

419 Sec. 6. Subsection (b) of section 8-265kk of the general statutes is
420 repealed and the following is substituted in lieu thereof (*Effective October*
421 *1, 2024*):

422 (b) If funds are not available to provide emergency mortgage or lien
423 assistance payments to homeowners in accordance with sections 8-265cc
424 to 8-265kk, inclusive, as amended by this act, the authority shall [notify]
425 post on the authority's Internet web site a notice for the benefit of all
426 mortgagees and lienholders and shall [not accept] thereafter discontinue
427 accepting applications for emergency mortgage or lien assistance
428 payment. Upon [receipt of] posting such notice, [from the authority] and
429 until [mortgagees and lienholders receive a further] a subsequent notice
430 [from] is posted by the authority on the authority's Internet web site
431 disclosing that such funds are again available and applications for such
432 assistance payments are again being accepted by the authority, [:] (1)
433 [Mortgagees] mortgagees may commence foreclosure actions without
434 first providing the notice set forth in subsection (a) of section 8-265ee, [:]
435 and (2) the foreclosure of mortgages and liens by mortgagees or

436 lienholders may continue without any further restriction or requirement
 437 under the provisions of sections 8-265cc to 8-265kk, inclusive, as
 438 amended by this act.

439 Sec. 7. (NEW) (*Effective October 1, 2024*) Notwithstanding any
 440 provision of the general statutes, for any revitalization or
 441 redevelopment project that receives state or federal funding pursuant to
 442 a program administered by the Connecticut Housing Finance Authority,
 443 the developer for such project shall, not later than ten days after the
 444 developer receives approval for the funding pursuant to the program,
 445 provide funding to hire an advocate to represent the residents affected
 446 by such project with respect to concerns about such project. The
 447 developer shall continue to provide such funding until such project is
 448 completed.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2024</i>	8-265cc
Sec. 2	<i>October 1, 2024</i>	8-265ff
Sec. 3	<i>October 1, 2024</i>	8-265gg(a) to (e)
Sec. 4	<i>October 1, 2024</i>	8-265hh
Sec. 5	<i>October 1, 2024</i>	8-265ii
Sec. 6	<i>October 1, 2024</i>	8-265kk(b)
Sec. 7	<i>October 1, 2024</i>	New section

Statement of Legislative Commissioners:

In Section 1(14), "a one-to-four family owner-occupied residential real estate" was changed to "[a] one-to-four family owner-occupied residential real estate" for consistency; in Section 4(e), "may be denied assistance and required to immediately repay, at the discretion of the authority," was changed to "may, at the discretion of the authority, be denied assistance and required to immediately repay," for clarity; in Section 5(b), "inclusive," was added for consistency with standard drafting conventions; and in Section 6, "the posting of" was changed to "posting" for consistency with standard drafting conventions.

BA *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 25 \$	FY 26 \$
CHFA	CHFA - See Below	See Below	See Below

Note: CHFA=Resources of CHFA

Municipal Impact: None

Explanation

The bill makes changes to the Emergency Mortgage Assistance Payment (EMAP) program that are not anticipated to result in a fiscal impact to the state.

EMAP is administered by the Connecticut Housing Finance Authority (CHFA), a self-supporting, quasi-public state agency. CHFA operates EMAP from the proceeds of previously issued bonds and has sufficient program resources, including EMAP loan repayments, to accommodate the increased loan volume anticipated under the bill, beginning in FY 25.

The bill also increases costs for housing developers receiving state or federal funding through a CHFA-administered program by requiring them to pay for a resident advocate. However, the anticipated increase to development costs is not anticipated to materially change state bond-funded expenditures through the Department of Housing.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future.

OLR Bill Analysis**sSB 283*****AN ACT CONCERNING PROGRAMS ADMINISTERED BY THE CONNECTICUT HOUSING FINANCE AUTHORITY.*****SUMMARY**

This bill makes the following changes to the Connecticut Housing Finance Authority's (CHFA) Emergency Mortgage Assistance Payment (EMAP) program, which is a state-funded loan program that helps homeowners make mortgage, certain lien, or condominium assessment payments:

1. potentially expands program eligibility by redefining "aggregate household income" to consider the total income of only the adults in the household when determining whether there is financial hardship (§ 1);
2. removes utility and heating expenses from the total housing expense calculation that allows for program participation (e.g., being factored into the cap on a homeowner's payments to CHFA) (§§ 1 & 3);
3. allows CHFA to use equity as evidence of a homeowner's ability to timely repay mortgage assistance (§ 2);
4. allows CHFA to make lump sum emergency mortgage payments to mortgagees (lenders) and gives CHFA other flexibility in making program payments and in setting the repayment agreement terms with homeowners (e.g., concerning interest accrual) (§§ 3 & 4);
5. authorizes CHFA to adopt procedures to set an aggregate limit on the amount of emergency mortgage assistance payments that a homeowner may receive (§ 5); and

6. specifies that CHFA must post on its website the funding availability-related notices that current law requires the authority to give all mortgagees and lienholders (§ 6).

The bill also requires developers receiving state or federal funding for a revitalization or redevelopment project through a CHFA-administered program to provide funding to hire an advocate for residents affected by the project with respect to the residents' concerns. The advocate must be hired within 10 days after the developer gets approval for program funding and the developer must continue to fund the advocate's position until the project is finished (§ 7). (It is unclear if CHFA would be responsible for hiring the advocate, including establishing any required credentials for the position, or if some other entity would be.)

It also makes various associated minor, technical, and conforming changes.

EFFECTIVE DATE: October 1, 2024

§§ 1 & 2 — PROGRAM ELIGIBILITY

By law, individuals are generally eligible for the EMAP program if they received a foreclosure notice (either on a mortgage or lien) and are at least 60 days delinquent on a mortgage or anticipate being so due to financial hardship beyond their control. Homeowners with mortgages in forbearance are also eligible.

Financial Hardship

The law sets what constitutes "financial hardship due to circumstances beyond the homeowner's control," as generally a significant reduction in aggregate family household income or increase in expenses which reasonably cannot or could not be solved by selling homeowner assets, as CHFA determines. Explicit examples include homeowner unemployment, homeowner disability or illness, loss of retirement benefits or support payments, an unanticipated rise in housing expenses, and a significant increase in mortgage payment amounts.

The bill removes consideration of income from the homeowner's dependents when determining "aggregate family income" and limits this income to adults living in the household, reducing the total income that would be considered when determining financial hardship.

However, the bill removes utility and heating expenses from "household expenses," removing their consideration for assistance due to an unanticipated increase in household expenses. It also eliminates the 60% threshold for when a homeowner's total debt service, including credit or installment debt for recreation or nonessential items from before a family members death, illness, or disability, would no longer constitute a financial hardship beyond the homeowner's control. So, under the bill, financial hardship in this circumstance excludes all obligations on prior credit or installment debt for recreation or nonessential items.

Eligibility Determination

Existing law requires CHFA to make its eligibility determination within 30 days after receiving a homeowner's application, and the law sets out the findings CHFA must make to give the assistance (e.g., involves a residential property that is the homeowner's primary residence, there are delinquent payments and no other default, and the homeowner is a state resident suffering financial hardship).

Under current law, one of the findings CHFA must make, for mortgage assistance, is that there is a reasonable prospect that the homeowner will be able to resume full mortgage payments within 60 months after the assistance payments were made. The bill (1) changes the time for resuming payments to within 60 months after the monetary default that caused the need for assistance and (2) allows sufficient equity to repay the mortgage and emergency assistance payments when the program payments end as meeting the reasonable prospect finding.

§§ 1 & 3 — PROGRAM PAYMENTS

From CHFA to the Lender

Current law requires the mortgage assistance payments to be paid

monthly to the mortgagees (lenders) and caps the length of time of assistance at 60 months after the initial payment. The bill additionally allows for lump sum payments or both lump sum and monthly payments. It correspondingly ties this 60-month cap to a total amount of mortgage assistance payments and includes in that amount any payments CHFA makes to reinstate the mortgage or lien to a current status with the first assistance payment.

The bill also authorizes CHFA to pay, as part of its first payment to a mortgagee, an amount that reduces a restructured mortgage's principal balance to an amount that gives the homeowner a reasonable prospect of resuming full mortgage payments after applying all program payments.

From the Homeowner to CHFA

Because EMAP is a loan program, the law requires a participating homeowner to make monthly payments to CHFA instead of his or her monthly mortgage payments during the time that CHFA is making the mortgage assistance payments. The loan amount equals the amount CHFA pays to the lender minus the amount the homeowner makes to CHFA.

Current law caps this payment amount at a level that will not cause the homeowner's total housing expense to exceed 35% of the aggregate family income. The bill (1) excludes utility and heating expenses from this calculation (by removing them from the definition of "housing expense"), (2) increases the cap to 45%, and (3) provides an exemption from the cap if the payment amount causes the ratio of the total housing expense to aggregate family income to not be greater than the same ratio for the one-year period immediately before when the homeowner experienced the financial hardship that led to program participation.

The bill increases CHFA's discretion in making program payments when a homeowner fails to pay CHFA as required. Specifically, current law requires CHFA to (1) review a homeowner's financial circumstances when the homeowner does not make the payment within seven days of

the due date and (2) end payments if the delinquency is not due to additional financial hardship beyond the homeowner's control (thus allowing a foreclosure to proceed).

The bill instead (1) only requires CHFA to do the review when the homeowner requests it and (2) allows CHFA to continue to make payments to the lender. If the homeowner cannot show CHFA that the failure to pay was due to new financial hardship beyond his or her control, the bill then allows CHFA to end payments.

§ 4 — REPAYMENT AGREEMENT

The law requires CHFA to have an agreement with a homeowner who receives program assistance, which must provide for repayment, but is subject to certain conditions.

Several current conditions cover situations in which projected repayments exceed 35% of a homeowner's aggregate family income (which the bill increases to 45%) by (1) deferring payments until they would fall below the cap, (2) requiring ongoing payments if EMAP program assistance remains unpaid when a mortgage is paid in full, and (3) requiring interest on EMAP payments that is based on the cost of funds that the treasurer sets.

Instead, under the bill, CHFA is authorized to have any interest on assistance payments it made be payable from time to time or accrue (compounded periodically or as simple interest). For accrued interest, the bill requires CHFA to set its rate based on CHFA's procedures and the interest must start to accrue at the end of the 60-month period during which assistance payments were made.

Under the bill, repayment of mortgage or lien assistance payments must be deferred until the homeowner (1) transfers title to the residential property involved, but not a transfer to another borrower under the same mortgage due to a divorce or the homeowner's death; (2) stops occupying the property as a primary home; or (3) gets new mortgage financing that increases the amount of mortgage debt to a level that is more than the amount of mortgage debt that encumbered

the property when EMAP payments were first approved, but not a home improvement loan to make necessary repairs to the property.

Additionally, existing law, unchanged by the bill, allows CHFA to deny assistance and request immediate repayment of assistance payments it made, if the homeowner misrepresents financial or other relevant information related to applying for the EMAP program. The bill specifies that repayment may either be required in lump sum or installments, at CHFA’s discretion, and requires interest up to a 12% annual rate.

Current law requires CHFA to have written procedures on periodically reviewing a homeowner’s financial circumstances to determine repayment amounts. The bill allows CHFA to waive its right to do these reviews.

By law, CHFA is authorized to take any appropriate action to recover its program payments when the homeowner fails to repay the authority.

§ 6 — NOTICE OF UNAVAILABLE FUNDING

Current law requires CHFA to notify lenders when it runs out of funds for the program. This notice must indicate that CHFA will accept no applications until it receives funds, but current law does not specify the method for giving notice. During this period of unavailable funds, lenders may proceed with foreclosure actions. The bill requires that the funding notice, and the notice disclosing that funds are again available, be posted on CHFA’s website.

COMMITTEE ACTION

Banking Committee

Joint Favorable Substitute
Yea 12 Nay 0 (03/12/2024)