
OLR Bill Analysis

HB 6878

AN ACT CONCERNING MORTGAGE FORECLOSURES AND UNDISCHARGED MORTGAGES.

SUMMARY

This bill establishes a statute of limitations for bringing an action to foreclose on a mortgage for a one-to-four-family dwelling that the mortgagor (borrower) uses as his or her home. Under the bill, this bar on bringing an action is generally the earliest of (1) 10 years after the date for making the last payment; (2) 10 years after the default date; or (3) 40 years after the mortgage's recording date, or if unrecorded, after its execution date. Existing law, unchanged by the bill, has a six-year statute of limitations on actions based on contract law (CGS § 52-576).

The bill also reduces, from 20 to 10 years after full performance was due, the time after which an unreleased mortgage is invalid under certain circumstances.

EFFECTIVE DATE: July 1, 2025

STATUTE OF LIMITATIONS

The bill provides that a foreclosure action on these residential mortgages must begin by the earliest of:

1. 10 years after the due date set for the mortgage's last payment or the maturity date set in the mortgage or the note, bond, or other obligation secured by the mortgage;
2. 10 years after the date of the mortgagor's uncured default (regarding the mortgage's terms or other obligation it secures); or
3. for mortgages with a repayment period of 40 years or less, 40 years after the date the mortgage is recorded, or if unrecorded, the mortgage's execution date.

The bill's 10-year bars may be extended if there is a written instrument that extends the last payment, maturity date, or performance dates. Similarly, the 10-year bar does not apply on an action due to payment default if payment on the account was made. In these cases, the new statute of limitations is 10 years after the extended or payment date, as applicable.

INVALIDITY OF OLD MORTGAGES

Under current law, when the land records have an unreleased mortgage and the mortgagor or current landowner has been in undisputed possession for at least 20 years after the mortgage should have been paid off, the mortgage is invalid if the person in possession files an affidavit that meets certain conditions in the land records. The bill reduces the minimum undisputed possession time from 20 to 10 years.

COMMITTEE ACTION

Banking Committee

Joint Favorable

Yea 12 Nay 0 (03/06/2025)