



**Substitute Senate Bill No. 283**

**Public Act No. 24-66**

**AN ACT CONCERNING THE EMERGENCY MORTGAGE ASSISTANCE PROGRAM.**

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

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 Section 8-265cc of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2024*):

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

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

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

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

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

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

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

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

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incurred for recreational or nonessential items prior to the occurrence of the alleged circumstances beyond the homeowner's control; [in an amount that would have caused the homeowner's total debt service to exceed sixty per cent of aggregate family income at that time;]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) The homeowner shall provide the authority with full disclosure

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of all assets and liabilities, whether singly or jointly held, and all household income regardless of source. For purposes of this subsection, both of the following are included as assets:

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

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

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

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

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(2) Payments, including amounts for taxes and insurance payments, including mortgage insurance, or for charges, assessments and fees associated with a condominium or common interest community, as such terms are defined in section 47-202, or any combination of such payments, whether or not such payments are made into escrow or impound accounts as reserves, owed by the homeowner under any mortgage or lien on such real property have been delinquent and the mortgagee, taxing authority, unit owners association or lienholder has indicated to the homeowner its intention to foreclose;

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

(4) There is a reasonable prospect that (A) a homeowner who applies for emergency mortgage assistance payments will (i) be able to resume full mortgage payments on the original, modified or refinanced mortgage within sixty months after the [beginning of the period in] monetary default for which emergency mortgage assistance payments are provided in accordance with a written plan formulated or approved by the authority and pay the mortgage in full in level monthly payments of principal and interest, subject only to payment changes as provided in the mortgage, by its maturity date, or (ii) have sufficient equity to repay the mortgage and emergency mortgage assistance payments at the end of the time period for which such assistance payments are

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provided, and (B) a homeowner who applies for emergency lien assistance payments will be able to bring the debt underlying the lien current and resume regular payments to the lienholder for the tax, water, assessment or usage charges underlying the lien after payment by the authority of emergency lien assistance payments;

(5) The homeowner has applied to the authority for emergency mortgage or lien assistance payments on an application form prescribed by the authority which includes a financial statement disclosing all assets and liabilities of the homeowner, whether singly or jointly held, and all household income regardless of source;

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

(7) There is a reasonable prospect that the homeowner, as determined by the authority, will be able to repay the emergency mortgage or lien assistance [within a reasonable amount of time] under the terms of section 8-265hh, as amended by this act, including through a refinancing of the mortgage, and the authority finds that, except for the current delinquency, any homeowner who is a mortgagor has had a favorable residential mortgage credit history for the previous two years or period of ownership, whichever is less. For the purposes of this subdivision, if a homeowner has been more than thirty days in arrears four or more times on a residential mortgage within the previous year, the homeowner shall be ineligible for emergency mortgage assistance payments unless the homeowner can demonstrate that the prior delinquency was the result of financial hardship due to circumstances beyond the homeowner's control. In making a determination under this subsection, the authority may consider information regarding the structure of the mortgage, its repayment schedule, the length of time the

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homeowner has lived in his or her home, and any other relevant factors or criteria it deems appropriate;

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

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

(10) The homeowner has not previously received emergency mortgage or lien assistance payments from the authority, except that (A) a homeowner who has previously received mortgage assistance payments shall be eligible to reapply for mortgage assistance if the homeowner has reinstated the mortgage and the homeowner is not delinquent for at least six consecutive months immediately following such reinstatement, and (B) a homeowner who has previously received lien assistance payments shall be eligible to reapply for lien assistance if the homeowner has brought the debt underlying the lien current and the homeowner is not delinquent on regular payments to the lienholder for the tax, water, assessment or usage charges underlying the lien for eighteen consecutive months immediately following the date such debt is made current;

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

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

Sec. 3. Subsections (a) to (e), inclusive, of section 8-265gg of the general statutes are repealed and the following is substituted in lieu



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thereof (*Effective October 1, 2024*):

(a) If the authority approves a homeowner for mortgage assistance under the provisions of section 8-265ff, as amended by this act, the authority shall make [monthly] emergency mortgage assistance payments, which may, at the discretion of the authority, be in the form of monthly emergency mortgage assistance payments, lump sum emergency mortgage assistance payments or any combination thereof. Such payments shall be made directly to each mortgagee secured by the homeowner's real property [for a period not to exceed] in a total amount that does not exceed the amount of sixty months of emergency mortgage assistance payments, which amount shall include any such payments that the authority provides to reinstate a homeowner's mortgage or lien to a current status with the initial disbursement of an emergency mortgage assistance payment, either consecutively or nonconsecutively, except no such payments shall be made after sixty months have passed since the date of the initial payment. The total monthly payment made by the authority, to or on behalf of a homeowner under subsection (c) of this section, shall be not more than twenty-eight per cent of one hundred forty per cent of annual area median income, as published by the United States Department of Housing and Urban Development, divided by twelve. Upon receipt of payment in full from a homeowner of the monthly amount established under subsection (b) of this section, the authority shall pay to each mortgagee the full amount then due to the mortgagee pursuant to the terms of the mortgage without regard to any acceleration under the mortgage. Such payments shall include, but not be limited to, principal, interest, taxes, assessments and insurance premiums. The initial payment made by the authority to each mortgagee may be an amount which pays all arrearages, [and pays] reasonable costs and reasonable attorney's fees incurred by the mortgagee in connection with foreclosure of the mortgage, and, if approved by the authority as part of a restructuring of the mortgage debt, a sum to reduce the principal balance of the mortgage to an

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amount that will cause the homeowner to have a reasonable prospect of resuming full periodic mortgage payments following the disbursement of all emergency mortgage assistance payments provided by the authority under this subsection.

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

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

(d) The authority shall establish procedures for periodic review of the homeowner's financial circumstances for the purpose of determining the necessity for continuation, termination or adjustment of the amount of emergency mortgage assistance payments or adjustment of the payments by the homeowner pursuant to subsection (b) of this section.

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Payments shall be discontinued when the authority determines that, due to changes in the homeowner's financial condition, the payments are no longer necessary in accordance with the standards contained in section 8-265ff, as amended by this act, the maximum amount of emergency mortgage assistance payments allowed under subsection (a) of this section has been provided or the sixty-month period [of eligibility for such payments under subsection (e) of section 8-265ff] established under subsection (a) of this section, during which one or more emergency mortgage assistance payments were provided, has expired, whichever is sooner. [ , and a] A foreclosure of the homeowner's mortgage may, at any time thereafter, proceed without further restriction or requirement under sections 8-265cc to 8-265hh, inclusive, as amended by this act. The authority may adjust payments by the homeowner pursuant to subsection (b) of this section based on a review under this subsection.

(e) If the homeowner fails to pay to the authority any amounts due under subsection (b) of this section within seven days of the date due to the authority, the authority: (1) May, at the discretion of the authority, nevertheless advance emergency mortgage assistance payments to the mortgagee; and (2) shall, upon the homeowner's request, review the homeowner's financial circumstances to determine whether the delinquency is the result of additional financial hardship due to circumstances beyond the homeowner's control. If the homeowner does not demonstrate to the satisfaction of the authority that the delinquency is [not] the result of additional financial hardship due to circumstances beyond the homeowner's control in the homeowner's financial circumstances, the authority [shall] may terminate emergency mortgage assistance payments and the foreclosure of the homeowner's mortgage may, at any time thereafter, continue without any further restriction or requirement under sections 8-265cc to 8-265kk, inclusive, as amended by this act. If the delinquency is the result of a change in the homeowner's financial circumstances, the authority may modify the

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homeowner's required monthly payments to the authority.

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

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

(1) [If the homeowner's total housing expense, including projected repayments for assistance under this section, is greater than thirty-five per cent of the homeowner's aggregate family income, repayment] Repayment of the emergency mortgage or lien assistance payments shall be deferred until [such total housing expense, including projected repayments for assistance under this section, is less than or equal to thirty-five per cent of such aggregate family income;] the homeowner (A) transfers title to the homeowner's residential real property, other than a transfer to another mortgagor under the same mortgage pursuant to a dissolution of marriage or by devise, descent or operation of law upon the death of a homeowner, (B) ceases to occupy the residential real property as a principal dwelling, or (C) obtains new mortgage loan financing, other than home improvement mortgage loan financing for repairs necessary to preserve the residential real property, which increases the amount of mortgage debt to an amount that is more than the amount of mortgage debt that encumbered the residential real property at the time when emergency mortgage or lien assistance payments were initially approved under section 8-265ff, as amended by this act; and

[(2) If repayment of emergency mortgage or lien assistance payments

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is not made by the date the mortgage is paid in full, the homeowner shall make monthly payments to the authority in an amount not less than the monthly mortgage or lien payment until such assistance is repaid;

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

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

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

(b) Repayment of amounts owed to the authority from a homeowner under the provisions of sections 8-265cc to 8-265kk, inclusive, as amended by this act, shall be secured by a mortgage on the homeowner's real property, provided said mortgage shall not be deemed to take priority over any other mortgage or lien in effect against such property on the date the emergency mortgage is recorded. The authority may allow subordination of its mortgage if such subordination is required to permit the homeowner to obtain a home improvement loan for repairs necessary to preserve the property.

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

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

(e) Any homeowner who misrepresents any financial or other pertinent information in conjunction with the filing of an application for emergency mortgage or lien assistance or modification of such assistance, may, at the discretion of the authority, be denied assistance and required to immediately repay, either in a lump sum or in installments, any amount of assistance already made together with interest at the maximum per annum rate allowed under section 37-4. The mortgagee or lienholder may, at any time thereafter, take any legal action to enforce the mortgage or lien without further restrictions or requirements.

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

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

(a) The Connecticut Housing Finance Authority shall adopt procedures in accordance with section 1-121 to implement the provisions of sections 8-265cc to 8-265hh, inclusive, as amended by this

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act. Such procedures shall include the establishment of a process for notification to eligible homeowners of the availability of funds under sections 8-265cc to 8-265kk, inclusive, as amended by this act, and for notification to the mortgagee or lienholder that an application has been received by or on behalf of the homeowner and of the authority's determination of eligibility.

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

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

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

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