



Substitute House Bill No. 6688

Public Act No. 23-45

AN ACT CONCERNING MORTGAGES, THE RESIDENTIAL HEATING EQUIPMENT FINANCING PROGRAM, THE CONNECTICUT HOUSING FINANCE AUTHORITY AND MOBILE MANUFACTURED HOMES.

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

Section 1. Section 49-31o of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2023*):

(a) Nothing in sections 49-31k to 49-31n, inclusive, shall require a mortgagee to modify a mortgage or change the terms of payment of a mortgage without its consent.

(b) (1) A mortgagee that agrees to modify a mortgage pursuant to the Ezequiel Santiago Foreclosure Mediation Program, established pursuant to section 49-31m, shall send such modification to the mortgagor for execution at least fifteen business days prior to the first modified payment due date under such modification. The mortgagee or the mortgagee's attorney may satisfy the requirements of this subdivision by sending the modification to (A) the mortgagor, or (B) if the mortgagor is represented by an attorney, the mortgagor and the mortgagor's attorney.

(2) Any failure by a mortgagee to timely send a modification pursuant to subdivision (1) of this subsection shall constitute grounds

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for a court to, in a pending foreclosure action, after notice and a hearing, issue an order requiring the mortgagee to send such modification in accordance with the requirements of subdivision (1) of this subsection.

(3) Any failure by a mortgagee to send a modification in accordance with the requirements of subdivision (2) of this subsection shall constitute conduct contrary to the objectives of the mediation program for the purpose of imposing sanctions under subsection (b) of section 49-31n.

[(b)] (c) Information submitted by the mortgagor to a mediator, either orally or in writing, including financial documents, shall not be subject to disclosure by the Judicial Branch.

Sec. 2. Subsection (a) of section 49-8 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2023*):

(a) (1) The mortgagee or a person authorized by law to release the mortgage shall execute and deliver, or cause to be delivered, to the town clerk of the town in which the real estate is situated or, if so requested in writing by the mortgagor or a designated representative of the mortgagor, to the mortgagor or the designated representative of the mortgagor, a release to the extent of the satisfaction tendered before or against receipt of the release: [(1)] (A) Upon the satisfaction of the mortgage; [(2)] (B) upon a bona fide offer to satisfy the mortgage in accordance with the terms of the mortgage deed upon the execution of a release; [(3)] (C) when the parties in interest have agreed in writing to a partial release of the mortgage where that part of the property securing the partially satisfied mortgage is sufficiently definite and certain; or [(4)] (D) when the mortgagor has made a bona fide offer in accordance with the terms of the mortgage deed for such partial satisfaction on the execution of such partial release.

(2) If a release is not delivered to the mortgagor or a designated

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representative of the mortgagor in accordance with subdivision (1) of this subsection, the mortgagee or a person authorized by law to release the mortgage shall deliver a copy of such release to the mortgagor concurrently with the delivery of such release to the town clerk.

Sec. 3. Section 49-8a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2023*):

(a) For the purposes of this section and section 49-10a:

(1) "Mortgage loan" means a loan secured by a mortgage on one, two, three or four family residential real property located in this state, including, but not limited to, a residential unit in any common interest community, as defined in section 47-202.

(2) "Person" means an individual, corporation, limited liability company, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision or agency, or other legal or commercial entity.

(3) "Mortgagor" means the grantor of a mortgage.

(4) "Mortgagee" means the grantee of a mortgage; provided, if the mortgage has been assigned of record, "mortgagee" means the last person to whom the mortgage has been assigned of record; and provided further, if the mortgage has been serviced by a mortgage servicer, "mortgagee" means the mortgage servicer.

(5) "Mortgage servicer" means the last person to whom the mortgagor has been instructed by the mortgagee to send payments of the mortgage loan. The person who has transmitted a payoff statement shall be deemed to be the mortgage servicer with respect to the mortgage loan described in that payoff statement.

(6) "Attorney-at-law" means any person admitted to practice law in

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this state and in good standing.

(7) "Title insurance company" means any corporation or other business entity authorized and licensed to transact the business of insuring titles to interests in real property in this state.

(8) "Institutional payor" means any bank or lending institution that, as part of making a new mortgage loan, pays off the previous mortgage loan.

(9) "Payoff statement" means a statement of the amount of the unpaid balance on a mortgage loan, including principal, interest and other charges properly assessed pursuant to the loan documentation of such mortgage and a statement of the interest on a per diem basis with respect to the unpaid principal balance of the mortgage loan.

(b) If a mortgagee fails to execute and deliver a release of mortgage to the mortgagor or to the mortgagor's designated agent within sixty days from receipt by the mortgagee of payment of the mortgage loan (1) in accordance with the payoff statement furnished by the mortgagee, or (2) if no payoff statement was provided pursuant to a request made under section 49-10a, in accordance with a good faith estimate by the mortgagor of the amount of the unpaid balance on the mortgage loan using (A) a statement from the mortgagee indicating the outstanding balance due as of a date certain, and (B) a reasonable estimate of the per diem interest and other charges due, any attorney-at-law or duly authorized officer of either a title insurance company or an institutional payor may, on behalf of the mortgagor or any successor in interest to the mortgagor who has acquired title to the premises described in the mortgage or any portion thereof, execute and cause to be recorded in the land records of each town where the mortgage was recorded, an affidavit which complies with the requirements of this section.

(c) An affidavit pursuant to this section shall state that:

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(1) The affiant is an attorney-at-law or the authorized officer of a title insurance company, and that the affidavit is made on behalf of and at the request of the mortgagor or the current owner of the interest encumbered by the mortgage;

(2) The mortgagee has provided a payoff statement with respect to the mortgage loan or the mortgagee has failed to provide a payoff statement requested pursuant to section 49-10a;

(3) The affiant has ascertained that the mortgagee has received payment of the mortgage loan (A) in accordance with the payoff statement, or (B) in the absence of a payoff statement requested pursuant to section 49-10a, in accordance with a good faith estimate by the mortgagor of the amount of the unpaid balance on the mortgage loan calculated in accordance with subdivision (2) of subsection (b) of this section, as evidenced by a bank check, certified check, attorney's clients' funds account check or title insurance company check, which has been negotiated by the mortgagee or by other documentary evidence of such receipt of payment by the mortgagee, including a confirmation of a wire transfer;

(4) More than sixty days have elapsed since payment was received by the mortgagee; and

(5) At least fifteen days prior to the date of the affidavit, the affiant has given the mortgagee written notice by registered or certified mail, postage prepaid, return receipt requested, of intention to execute and cause to be recorded an affidavit in accordance with this section, with a copy of the proposed affidavit attached to such written notice; and that the mortgagee has not responded in writing to such notification, or that any request for additional payment made by the mortgagee has been complied with at least fifteen days prior to the date of the affidavit.

(d) Such affidavit shall state the names of the mortgagor and the

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mortgagee, the date of the mortgage, and the volume and page of the land records where the mortgage is recorded. The affidavit shall provide similar information with respect to every recorded assignment of the mortgage.

(e) The affiant shall attach to the affidavit (1) photostatic copies of the documentary evidence that payment has been received by the mortgagee, including the mortgagee's endorsement of any bank check, certified check, attorney's clients' funds account check, title insurance company check, or confirmation of a wire transfer, and (2) (A) a photostatic copy of the payoff statement, or (B) in the absence of a payoff statement requested pursuant to section 49-10a, a copy of a statement from the mortgagee that is in the possession of the mortgagor indicating the outstanding balance due on the mortgage loan as of a date certain and a statement setting out the mortgagor's basis for the estimate of the amount due, and shall certify on each that it is a true copy of the original document.

(f) Such affidavit, when recorded, shall constitute a release of the lien of such mortgage or the property described therein.

(g) The town clerk shall index the affidavit in the name of the original mortgagee and the last assignee of the mortgage appearing of record as the grantors, and in the name of the mortgagors and the current record owner of the property as grantees.

(h) Any person who causes an affidavit to be recorded in the land records of any town in accordance with this section having actual knowledge that the information and statements therein contained are false shall be guilty of a class D felony.

(i) A mortgagee shall accept, as payment tendered for satisfaction or partial satisfaction of a mortgage loan, a bank check, certified check, attorney's clients' funds account check, title insurance company check,

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wire transfer or any other form of payment authorized under federal law.

Sec. 4. Subsections (a) to (g), inclusive, of section 16a-40l of the general statutes are repealed and the following is substituted in lieu thereof (Effective October 1, 2023):

(a) On or before October 1, 2011, the Department of Energy and Environmental Protection shall establish a residential heating equipment financing program. Such program shall allow residential customers to finance, through on-bill financing or [other] another mechanism, the installation of energy efficient (1) natural gas or heating oil burners, boilers and furnaces, [or] ductless heat pumps or geothermal heating and cooling systems to replace [(1)] (A) burners, boilers and furnaces that are not less than seven years old with an efficiency rating of not more than seventy-five per cent, or [(2)] (B) electric heating systems, or (2) heat pump dryers to replace less efficient dryers. Eligible fuel oil furnaces shall have an efficiency rating of not less than eighty-six per cent. An eligible fuel oil burner shall have an efficiency rating of not less than eighty-six per cent with temperature reset controls. An eligible natural gas boiler shall have an annual fuel utilization efficiency rating of not less than ninety per cent and an eligible natural gas furnace shall have an annual fuel utilization efficiency rating of not less than ninety-five per cent. To participate in the program established pursuant to this subsection, a customer shall first have a home energy audit, the cost of which may be financed pursuant to subsection (b) of this section.

(b) Any customer who participates in the financing program established pursuant to this section may repay such financing as part of such customer's monthly gas or electric distribution company bill. Said program may be funded by the residential financing program offered by the Energy Efficiency Fund or the Clean Energy Fund established pursuant to section 16-245n.

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(c) "Eligible entity" means (1) any residential, commercial, institutional or industrial customer of an electric distribution company or natural gas company, as defined in section 16-1, who employs or installs an eligible in-state energy savings technology, (2) an energy service company certified as a Connecticut electric efficiency partner by the Department of Energy and Environmental Protection, or (3) an installer certified by the Connecticut Green Bank.

(d) "Energy savings infrastructure" means tangible equipment, installation, labor, cost of engineering, permits, application fees and other reasonable costs incurred by eligible entities for operating eligible in-state energy savings technologies designed to reduce electricity consumption, natural gas consumption, heating oil consumption or promote combined heat and power systems.

(e) The Department of Energy and Environmental Protection shall [establish] maintain an energy savings infrastructure [pilot] program consisting of financial incentives for the installation of combined heat and power systems, energy efficient heating oil burners, boilers and furnaces, [and] natural gas boilers and furnaces, geothermal heating and cooling systems and heat pump dryers by eligible entities. [On or before June 30, 2014, the department shall evaluate the efficacy of the program established pursuant to this section.]

(f) On or before October 1, 2011, the department shall begin accepting applications for financial incentives for combined heat and power systems of not more than one megawatt of power. To qualify for such financial incentives, such combined heat and power system shall reduce energy costs at an amount equal to or greater than the amount of the installation cost of the system within ten years of the installation. The department shall review the current market conditions for such systems, including any existing federal or state financial incentives, and determine the appropriate financial incentives under this program necessary to encourage installation of such systems. Such financial

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incentives may include providing private financial institutions with loan loss protection or grants to lower borrowing costs. Financial incentives pursuant to this subdivision shall not exceed two hundred dollars per kilowatt. A project accepted for such incentives shall qualify for a waiver of (1) the backup power rate under section 16-243o, and (2) the requirement to provide baseload electricity under section 16-243i. Any purchase of natural gas for any combined heat and power system installed pursuant to this subdivision shall not include a distribution charge pursuant to section 16-243l.

(g) [On or before December 31, 2011, the] The department shall [begin accepting] accept applications for financial incentives for the installation of more efficient (1) fuel oil and natural gas boilers and furnaces, and geothermal heating and cooling systems, that replace existing boilers or furnaces that are not less than seven years old with an efficiency rating of not more than seventy-five per cent, or (2) heat pump dryers to replace less efficient dryers. A qualifying fuel oil furnace shall have an efficiency rating of not less than eighty-six per cent. A qualifying fuel oil boiler shall have an efficiency rating of not less than eighty-six per cent with temperature reset controls. A qualifying natural gas boiler shall have an annual fuel utilization efficiency rating of not less than ninety per cent and a qualifying natural gas furnace shall have an annual fuel utilization efficiency rating of not less than ninety-five per cent. The department shall review the current market conditions for such systems and equipment upgrades, including, but not limited to, any existing federal or state financial incentives, and establish the appropriate financial incentives under this program necessary to encourage such upgrades. Financial incentives shall provide private financial institutions with loan loss protection or grants to lower borrowing costs and, if the department deems it necessary, grants to the lending financial institution to lower borrowing costs and allow for a ten-year loan. Such financial incentive package shall ensure that the annual loan payment by the applicant shall be at not more than the projected annual energy

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savings less one hundred dollars. Any loan provided as a financial incentive pursuant to this subsection shall include the cost of any related incentives, as determined by the department. The department shall arrange with an electric distribution or gas company to provide for payment of any loan made as financial assistance under this subsection through the loan recipient's monthly electric or gas bill, as applicable.

Sec. 5. Section 8-286 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2023*):

(a) The authority shall administer, within the resources allocated by the State Bond Commission to the Department of Housing for the purposes of sections 8-283 to 8-289, inclusive, as amended by this act, the homeownership loan program established by said sections 8-283 to 8-289. The purpose of the program shall be to provide, through a contract, an eligible family or person based on the financial needs of such family or person, a loan, ~~[or deferred loan]~~ which loan may be amortizing, deferred or forgivable as to principal or interest, to assist in the purchase of a dwelling or the purchase and rehabilitation of a dwelling containing up to four residential units, provided such family or person shall reside in at least one of such units. ~~[In the case of a deferred loan, the contract shall require that payments on interest are due currently but that payments on principal may be made at a later time.]~~

(b) ~~(1)~~ (1) Not later than October 1, 2021, the authority shall establish guidelines for issuing loans under the program. Such guidelines shall permit the authority to ~~[(1)]~~ (A) provide loans to borrowers with a debt-to-income ratio equal to the highest debt-to-income ratio permitted by the Federal Housing Administration, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation for residential mortgage loans, as applicable, subject to any other limitations of this chapter, and ~~[(2)]~~ (B) consider ~~[(A)]~~ (i) the application of a prospective borrower, regardless of the prospective borrower's

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credit score, and [(B)] (ii) nontraditional credit references submitted by the prospective borrower including, but not limited to, proof of employment or proof of rental and utility payments.

(2) If the dwelling being purchased by an eligible applicant under the program is situated within an affordability incentive zone, established pursuant to section 8-286e, the authority may utilize lending guidelines that are different from the guidelines utilized for the purchase of a dwelling that is not situated within an affordability incentive zone, which alternative lending guidelines may include, but need not be limited to, increased eligibility limits with respect to the purchase price of the dwelling or the maximum loan amount or a reduced interest rate for such loan.

(c) [A] Any loan [or deferred loan] issued under the program shall include the customary and reasonable closing costs of the purchase of the dwelling, if so requested by the borrower, and to the extent the loan amount inclusive of such closing costs does not exceed the maximum loan amount under the authority's procedures and guidelines, and shall not exceed twenty-five per cent of the cost of acquiring such dwelling or twenty-five per cent of the value of such dwelling after rehabilitation, if greater; except that no such limitation may apply to any loan made to a tenant whose dwelling unit is being converted to a condominium and who is able to obtain a mortgage for the purchase of such dwelling unit. Such value shall be determined from the appraisal, if any, required by the lending institution granting the first mortgage loan on such dwelling, and if no such appraisal has been made at the time that a contract for loan is entered into pursuant to this chapter, the authority shall cause such appraisal to be made.

(d) Commencing October 1, 1995, the proceeds of the sale of any bonds of the state authorized by any public or special act effective on or after July 1, 1995, that are to be used for the purpose of making loans [or deferred loans] pursuant to this chapter shall be used by the department

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to make grants-in-aid to the authority and used by the authority, subject to the purposes and conditions of this chapter, for the purpose of making loans [or deferred loans] pursuant to this chapter.

(e) The commissioner shall establish and administer within available funds a residential mortgage guarantee program for eligible persons purchasing a home for owner occupancy. Real property eligible for the program shall be located in public investment communities, as defined in section 7-545, and may contain one to three dwelling units.

Sec. 6. Section 8-286a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2023*):

Any contract for a loan to purchase a dwelling under section 8-286, as amended by this act, may require that the state or the authority shall receive, in exchange for any such loan, a share in the appreciation of the dwelling or any interest therein upon its sale. Such share shall be in an amount determined by the [the] authority.

Sec. 7. Section 8-287 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2023*):

(a) Any loan [or deferred loan] contracted for pursuant to this chapter shall be secured by a [second] subordinate mortgage on the dwelling purchased by the recipient of such loan. [or deferred loan.] If the recipient of such loan [or deferred loan] assigns, transfers or otherwise conveys his interest in such dwelling or ceases to occupy such dwelling, the unpaid principal balance of said [second] mortgage, together with interest thereon, shall become due and payable. If the recipient of any loan [or deferred loan] is unable to repay the loan, [or deferred loan,] the authority or the commissioner, for loans [or deferred loans] made under this chapter prior to October 1, 1995, and the authority for loans [or deferred loans] acquired from the state or made after October 1, 1995, at [his or its] the discretion of the authority or the commissioner, as the

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case may be, may adjust the interest rate, terms and conditions of the loan [or deferred loan] to facilitate repayment.

(b) Repayment of any loan [or deferred loan] provided in accordance with this chapter shall be subject to an interest rate to be determined in accordance with subsection (t) of section 3-20 and such terms and conditions as the commissioner or the authority may establish, including, but not limited to, any interest rate, terms of repayment or conditions for forgiveness of the principal or interest of any such loan. The authority, in its discretion, (1) may approve repayment of a loan for a term [that is concurrent with the first mortgage] to be established by the authority in its discretion or, in the case of a first mortgage that is a graduated payment mortgage, for a term of no more than thirty years or (2) may require the loan be due and payable upon assignment, transfer, sale or other conveyance of the property. Payments by homeowners who have received financial assistance under this chapter prior to October 1, 1995, shall be paid to the State Treasurer and deposited in the General Fund of the state. Payments by homeowners who have received financial assistance under this chapter after October 1, 1995, 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 [paid by the authority to the State Treasurer and deposited in the General Fund, except that with the approval of] used by the authority to make additional loans pursuant to this chapter unless the Secretary of the Office of Policy and Management [and] directs such payments to be paid to the State Treasurer [payments received by the authority may be used by the authority to make additional loans pursuant to this chapter] and deposited in the General Fund.

Sec. 8. Section 8-289 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2023*):

The commissioner [shall] may adopt regulations providing for financial qualifications of eligible families or persons, requirements and

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limitations as to adjustments of terms and conditions of repayment, funding priorities, guarantee conditions and any additional requirements as [he] the commissioner deems necessary to carry out the purposes of this chapter for loans [or deferred loans] made under this chapter prior to October 1, 1995. The authority shall adopt written procedures under section 1-121 for such purposes for loans [or deferred loans] made after October 1, 1995.

Sec. 9. (NEW) (*Effective July 1, 2023*) (a) Notwithstanding any provision of chapter 134 of the general statutes, the Connecticut Housing Finance Authority shall, within the resources allocated by the State Bond Commission to the Department of Housing, establish a small multifamily lending program to provide a revolving loan fund, which fund shall be available to community development financial institutions established under 12 CFR Part 1805, as amended from time to time, and other comparable institutions deemed eligible by the authority, to provide acquisition, construction, rehabilitation and permanent financing for small multifamily properties with not fewer than two and not more than twenty units, except that properties with more than twenty units may be deemed eligible by the authority in order to accomplish the objectives of the program.

(b) Not later than January 1, 2024, the Connecticut Housing Finance Authority shall establish guidelines for issuing loans under the program established pursuant to subsection (a) of this section. Such guidelines shall provide that:

(1) Loans issued under such program shall be utilized to provide acquisition, construction, rehabilitation or permanent financing to (A) increase the affordable housing stock in higher income communities, including housing which would qualify for housing unit equivalent points pursuant to section 8-30g of the general statutes, (B) restore vacant and blighted properties or properties in need of rehabilitation to performing properties, or (C) assist revitalization efforts in low and

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moderate-income communities; and

(2) If the property being purchased by an eligible applicant under such program is situated within an affordability incentive zone established pursuant to section 8-286e of the general statutes, the authority may utilize lending guidelines that are different from the guidelines utilized for the financing of a property that is not situated within an affordability incentive zone, which alternative lending guidelines may include, but need not be limited to, increased eligibility limits with respect to the purchase price of the property or the maximum loan amount or a reduced interest rate for such loan.

Sec. 10. (*Effective from passage*) (a) There is established a working group to study ways to provide greater access to loans used by individuals to purchase mobile manufactured homes for the purpose of promoting homeownership.

(b) The working group shall consist of the following members:

(1) The chairpersons and ranking members of the joint standing committee of the General Assembly having cognizance of matters relating to banking, or their designees;

(2) The Commissioner of Housing, or the commissioner's designee;

(3) The Banking Commissioner, or the commissioner's designee;

(4) The executive director of the Connecticut Housing Finance Authority, or the executive director's designee;

(5) A representative of an association that represents financial institutions in the state, who shall be appointed by the chairpersons of the joint standing committee of the General Assembly having cognizance of matters relating to banking; and

(6) A representative of an organization that represents credit unions

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in the state, who shall be appointed by the chairpersons of the joint standing committee of the General Assembly having cognizance of matters relating to banking.

(c) Any member of the working group appointed under subdivision (5) or (6) of subsection (b) of this section may be a member of the General Assembly.

(d) All initial appointments to the working group shall be made not later than thirty days after the effective date of this section. Any vacancy shall be filled by the appointing authority.

(e) The chairpersons of the joint standing committee of the General Assembly having cognizance of matters relating to banking shall be the chairpersons of the working group. Such chairpersons shall schedule the first meeting of the working group, which shall be held not later than sixty days after the effective date of this section.

(f) The administrative staff of the joint standing committee of the General Assembly having cognizance of matters relating to banking shall serve as administrative staff of the working group.

(g) Not later than January 1, 2024, the working group shall submit a report on its findings and recommendations to the joint standing committees of the General Assembly having cognizance of matters relating to banking and housing, in accordance with the provisions of section 11-4a of the general statutes. The working group shall terminate on the date that it submits such report or January 1, 2024, whichever is later.

Approved June 13, 2023