



General Assembly

**Substitute Bill No. 6688**

January Session, 2023



**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:

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 Section 49-31o of the general statutes is repealed and the  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

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

6 (b) (1) A mortgagee that agrees to modify a mortgage pursuant to the  
7 Ezequiel Santiago Foreclosure Mediation Program, established  
8 pursuant to section 49-31m, shall deliver such modification to the  
9 mortgagor for execution at least fifteen business days prior to the first  
10 payment due date under such modification.

11 (2) Any failure by a mortgagee to timely deliver a modification  
12 pursuant to subdivision (1) of this subsection shall constitute grounds  
13 for a court to, in a pending foreclosure action, after notice and a hearing,  
14 issue an order (A) requiring the mortgagee to deliver such modification  
15 in accordance with the requirements of subdivision (1) of this  
16 subsection, and (B) for such other relief as may be appropriate.

17 (3) Any failure by a mortgagee to deliver or otherwise correct a  
18 modification in accordance with the requirements of subdivision (1) or  
19 (2) of this subsection may constitute (A) a defense to a foreclosure action,  
20 and (B) an unfair trade practice under chapter 735a.

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

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 Subsection (a) of section 49-8 of the general statutes is repealed  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

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

41 (2) If a release is not delivered to the mortgagor or a designated  
42 representative of the mortgagor in accordance with subdivision (1) of  
43 this subsection, the mortgagee or a person authorized by law to release  
44 the mortgage shall deliver a copy of such release to the mortgagor  
45 concurrently with the delivery of such release to the town clerk.

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

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

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

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

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

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

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

68 (6) "Attorney-at-law" means any person admitted to practice law in  
69 this state and in good standing.

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

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

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

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

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

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

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

105 (3) The affiant has ascertained that the mortgagee has received  
106 payment of the mortgage loan (A) in accordance with the payoff

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

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

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

126 (d) Such affidavit shall state the names of the mortgagor and the  
127 mortgagee, the date of the mortgage, and the volume and page of the  
128 land records where the mortgage is recorded. The affidavit shall provide  
129 similar information with respect to every recorded assignment of the  
130 mortgage.

131 (e) The affiant shall attach to the affidavit (1) photostatic copies of the  
132 documentary evidence that payment has been received by the  
133 mortgagee, including the mortgagee's endorsement of any bank check,  
134 certified check, attorney's clients' funds account check, title insurance  
135 company check, or confirmation of a wire transfer, and (2) (A) a  
136 photostatic copy of the payoff statement, or (B) in the absence of a payoff  
137 statement requested pursuant to section 49-10a, a copy of a statement  
138 from the mortgagee that is in the possession of the mortgagor indicating

139 the outstanding balance due on the mortgage loan as of a date certain  
140 and a statement setting out the mortgagor's basis for the estimate of the  
141 amount due, and shall certify on each that it is a true copy of the original  
142 document.

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

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

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

153 (i) A mortgagee shall accept, as payment tendered for satisfaction or  
154 partial satisfaction of a mortgage loan, a bank check, certified check,  
155 attorney's clients' funds account check, title insurance company check,  
156 wire transfer or any other form of payment authorized under federal  
157 law.

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

161 (a) On or before October 1, 2011, the Department of Energy and  
162 Environmental Protection shall establish a residential heating  
163 equipment financing program. Such program shall allow residential  
164 customers to finance, through on-bill financing or [other] another  
165 mechanism, the installation of energy efficient (1) natural gas or heating  
166 oil burners, boilers and furnaces, [or] ductless heat pumps or  
167 geothermal heating and cooling systems to replace [(1)] (A) burners,  
168 boilers and furnaces that are not less than seven years old with an  
169 efficiency rating of not more than seventy-five per cent, or [(2)] (B)

170 electric heating systems, or (2) heat pump dryers to replace less efficient  
171 dryers. Eligible fuel oil furnaces shall have an efficiency rating of not  
172 less than eighty-six per cent. An eligible fuel oil burner shall have an  
173 efficiency rating of not less than eighty-six per cent with temperature  
174 reset controls. An eligible natural gas boiler shall have an annual fuel  
175 utilization efficiency rating of not less than ninety per cent and an  
176 eligible natural gas furnace shall have an annual fuel utilization  
177 efficiency rating of not less than ninety-five per cent. To participate in  
178 the program established pursuant to this subsection, a customer shall  
179 first have a home energy audit, the cost of which may be financed  
180 pursuant to subsection (b) of this section.

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

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

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

200 (e) The Department of Energy and Environmental Protection shall  
201 establish an energy savings infrastructure pilot program consisting of

202 financial incentives for the installation of combined heat and power  
203 systems, energy efficient heating oil burners, boilers and furnaces, [and]  
204 natural gas boilers and furnaces, geothermal heating and cooling  
205 systems and heat pump dryers by eligible entities. [On or before June  
206 30, 2014, the department shall evaluate the efficacy of the program  
207 established pursuant to this section.]

208 (f) On or before October 1, 2011, the department shall begin accepting  
209 applications for financial incentives for combined heat and power  
210 systems of not more than one megawatt of power. To qualify for such  
211 financial incentives, such combined heat and power system shall reduce  
212 energy costs at an amount equal to or greater than the amount of the  
213 installation cost of the system within ten years of the installation. The  
214 department shall review the current market conditions for such systems,  
215 including any existing federal or state financial incentives, and  
216 determine the appropriate financial incentives under this program  
217 necessary to encourage installation of such systems. Such financial  
218 incentives may include providing private financial institutions with  
219 loan loss protection or grants to lower borrowing costs. Financial  
220 incentives pursuant to this subdivision shall not exceed two hundred  
221 dollars per kilowatt. A project accepted for such incentives shall qualify  
222 for a waiver of (1) the backup power rate under section 16-243o, and (2)  
223 the requirement to provide baseload electricity under section 16-243i.  
224 Any purchase of natural gas for any combined heat and power system  
225 installed pursuant to this subdivision shall not include a distribution  
226 charge pursuant to section 16-243l.

227 (g) [On or before December 31, 2011, the] The department shall [begin  
228 accepting] accept applications for financial incentives for the installation  
229 of more efficient (1) fuel oil and natural gas boilers and furnaces, and  
230 geothermal heating and cooling systems, that replace existing boilers or  
231 furnaces that are not less than seven years old with an efficiency rating  
232 of not more than seventy-five per cent, or (2) heat pump dryers to  
233 replace less efficient dryers. A qualifying fuel oil furnace shall have an  
234 efficiency rating of not less than eighty-six per cent. A qualifying fuel oil



235 boiler shall have an efficiency rating of not less than eighty-six per cent  
236 with temperature reset controls. A qualifying natural gas boiler shall  
237 have an annual fuel utilization efficiency rating of not less than ninety  
238 per cent and a qualifying natural gas furnace shall have an annual fuel  
239 utilization efficiency rating of not less than ninety-five per cent. The  
240 department shall review the current market conditions for such systems  
241 and equipment upgrades, including, but not limited to, any existing  
242 federal or state financial incentives, and establish the appropriate  
243 financial incentives under this program necessary to encourage such  
244 upgrades. Financial incentives shall provide private financial  
245 institutions with loan loss protection or grants to lower borrowing costs  
246 and, if the department deems it necessary, grants to the lending financial  
247 institution to lower borrowing costs and allow for a ten-year loan. Such  
248 financial incentive package shall ensure that the annual loan payment  
249 by the applicant shall be at not more than the projected annual energy  
250 savings less one hundred dollars. Any loan provided as a financial  
251 incentive pursuant to this subsection shall include the cost of any related  
252 incentives, as determined by the department. The department shall  
253 arrange with an electric distribution or gas company to provide for  
254 payment of any loan made as financial assistance under this subsection  
255 through the loan recipient's monthly electric or gas bill, as applicable.

256       Sec. 5. (NEW) (*Effective July 1, 2023*) (a) The Connecticut Housing  
257 Finance Authority shall, as part of the homeownership loan program  
258 established pursuant to sections 8-283 to 8-289, inclusive, of the general  
259 statutes, and within the resources allocated by the State Bond  
260 Commission to the Department of Housing for the purposes of said  
261 program, establish a time to own down payment assistance loan  
262 program to assist eligible applicants to purchase a first home by issuing  
263 down payment assistance loans in the manner set forth in said sections,  
264 but subject to the guidelines established pursuant to subsection (b) of  
265 this section.

266       (b) Not later than July 1, 2023, the Connecticut Housing Finance  
267 Authority shall establish guidelines for issuing down payment

268 assistance loans under the program established pursuant to subsection  
269 (a) of this section. Such guidelines shall enable the authority to:

270 (1) Provide down payment assistance loans, each of which shall be  
271 structured as a zero per cent, nonamortizing loan, of which a portion of  
272 the principal amount shall be forgiven annually on the anniversary of  
273 the loan closing date until such loan is forgiven; and

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

283 Sec. 6. (NEW) (*Effective July 1, 2023*) (a) The Connecticut Housing  
284 Finance Authority shall, as part of the homeownership loan program  
285 established pursuant to sections 8-283 to 8-289, inclusive, of the general  
286 statutes, and within the resources allocated by the State Bond  
287 Commission to the Department of Housing for the purposes of said  
288 program, establish a rehabilitation loan pilot program to foster the  
289 rehabilitation of housing by facilitating the acquisition and renovation  
290 of one-to-four family owner-occupied homes.

291 (b) Not later than October 1, 2023, the Connecticut Housing Finance  
292 Authority shall establish guidelines for issuing down payment  
293 assistance and rehabilitation loans under the pilot program established  
294 pursuant to subsection (a) of this section. Such guidelines shall enable  
295 the authority to:

296 (1) Provide down payment assistance and rehabilitation loans, each  
297 of which shall be used to purchase a one-to-four family owner-occupied  
298 home to support rehabilitation, construction, demolition, energy

299 efficiency or aesthetic improvements;

300 (2) Provide rehabilitation loans, each of which shall be structured as  
301 a zero per cent, nonamortizing loan, of which a portion of the principal  
302 amount shall be forgiven annually on the anniversary of the loan closing  
303 date until such loan is forgiven; and

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

313 Sec. 7. (NEW) (*Effective July 1, 2023*) (a) The Connecticut Housing  
314 Finance Authority shall, within the resources allocated by the State  
315 Bond Commission to the Department of Housing, establish a small  
316 multifamily lending program to provide a revolving loan fund, which  
317 fund shall be available to community development financial institutions  
318 established under 12 CFR Part 1805, as amended from time to time, to  
319 provide acquisition, construction, rehabilitation and permanent  
320 financing for small multifamily properties with not fewer than three and  
321 not more than thirty units.

322 (b) Not later than October 1, 2023, the Connecticut Housing Finance  
323 Authority shall establish guidelines for issuing loans under the program  
324 established pursuant to subsection (a) of this section. Such guidelines  
325 shall provide that:

326 (1) Loans issued under such program shall be utilized to (A) provide  
327 investors with acquisition, construction, rehabilitation or permanent  
328 financing for vacant or blighted properties, (B) increase the affordable  
329 housing stock in higher income communities, (C) restore vacant and

330 blighted properties to performing properties, and (D) assist  
331 revitalization efforts in low and moderate income communities; and

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

341 Sec. 8. (Effective from passage) The Departments of Banking and  
342 Housing shall jointly conduct a study concerning ways to provide  
343 greater access to loans used by individuals to purchase mobile  
344 manufactured homes, and decrease the denial rate for such loans, for  
345 the purpose of promoting homeownership. Not later than January 15,  
346 2024, said departments shall jointly submit a report, in accordance with  
347 the provisions of section 11-4a of the general statutes, disclosing the  
348 results of such study to the joint standing committees of the General  
349 Assembly having cognizance of matters relating to banking and  
350 housing.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2023	49-31o
Sec. 2	October 1, 2023	49-8(a)
Sec. 3	October 1, 2023	49-8a
Sec. 4	October 1, 2023	16a-40l(a) to (g)
Sec. 5	July 1, 2023	New section
Sec. 6	July 1, 2023	New section
Sec. 7	July 1, 2023	New section
Sec. 8	from passage	New section

**Statement of Legislative Commissioners:**

In Section 1(b)(2)(A) and (b)(3), "reissue" was changed to "deliver" for internal consistency.

**BA**      *Joint Favorable Subst.*