



Substitute House Bill No. 6494

Public Act No. 21-101

AN ACT CONCERNING THE DOWN PAYMENT ASSISTANCE PROGRAM, AFFORDABILITY INCENTIVE ZONES AND BONDS OF BOARD MEMBERS AND OTHER EMPLOYEES OF THE CONNECTICUT HOUSING FINANCE AUTHORITY.

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

Section 1. Section 8-286 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(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, 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 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) Not later than October 1, 2021, the authority shall establish guidelines for issuing loans under the program. Such guidelines shall

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permit the authority to (1) provide loans to borrowers with a debt-to-income ratio equal to the highest debt-to-income 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) consider (A) the application of a prospective borrower, regardless of the prospective borrower's credit score, and (B) nontraditional credit references submitted by the prospective borrower including, but not limited to, proof of employment or proof of rental and utility payments.

~~[(b) Such]~~ (c) A 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.

~~[(c)]~~ (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 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

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making loans or deferred loans pursuant to this chapter.

[(d)] (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. 2. (NEW) (*Effective from passage*) The Connecticut Housing Finance Authority may establish affordability incentive zones under the homeownership loan program established pursuant to sections 8-283 to 8-289, inclusive, of the general statutes to incentivize the purchase of dwellings situated in municipalities not exempt from the affordable housing appeals procedure under subsection (k) of section 8-30g of the general statutes. The authority may expand access to the program in such zones by utilizing lending guidelines that are different from the guidelines for the purchase of a dwelling not situated in such zones, which may include increasing eligibility limits with respect to the purchase price of the dwelling or the maximum loan amount, or by reducing the rate of interest of the loan. If the authority establishes an affordability incentive zone under this section, any municipality that is not (1) exempt from the affordable housing appeals procedure under subsection (k) of section 8-30g of the general statutes, and (2) designated as an affordability incentive zone may make a request to the authority, in writing, to be considered an affordability incentive zone. The authority may, in its discretion, grant such requests after considering available funding for the program.

Sec. 3. Section 8-286b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Mortgage loan guarantees issued by the commissioner under subsection [(d)] (e) of section 8-286, as amended by this act, shall be in the form of a guarantee from the commissioner to an approved

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mortgagee. Mortgagees may participate in the program by entering into a mortgage guarantee agreement with the commissioner. Mortgagees participating in the program shall process and underwrite loan guarantees in accordance with the provisions of said subsection [(d)] (e), this section and sections 8-286c, as amended by this act, and 8-286d and any regulations adopted by the commissioner pursuant to section 8-289.

(b) Any mortgagee seeking a loan guarantee and any mortgagor seeking to have a loan guaranteed shall provide such information to the commissioner as the commissioner deems necessary. The information shall be provided on a form prescribed by the commissioner. Any information required by the commissioner in connection with an application for a mortgage loan guarantee shall be provided subject to the penalty for false statement under section 53a-157b. No guarantee shall be valid until approved by the commissioner.

(c) No loan shall be eligible for a guarantee under the program established pursuant to section 8-286, as amended by this act, unless the commissioner determines that the terms and conditions of the loan are acceptable to the commissioner.

Sec. 4. Section 8-286c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) The maximum amount of any guarantee issued by the commissioner under the provisions of subsection [(d)] (e) of section 8-286, as amended by this act, section 8-289 and sections 8-286b to 8-286d, inclusive, as amended by this act, shall be in an amount equal to twenty per cent of the mortgage on the real property.

(b) The guarantee shall secure the mortgagee up to the amount of the guarantee for any loss incurred by the mortgagee because of default of the mortgagor, including losses in principal balance, interest and fees and expenses due to foreclosure.

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(c) The commissioner shall maintain a record of payments made to honor loan guarantees issued under the provisions of sections 8-286, as amended by this act, 8-289 and 8-286b to 8-286d, inclusive, as amended by this act.

Sec. 5. Section 8-247 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

Each member of the board of directors of the authority shall execute a surety bond in the penal sum of fifty thousand dollars and the executive director shall execute a surety bond in the penal sum of one hundred thousand dollars, or, in lieu thereof, the [chairman] chairperson of the board shall execute a blanket position bond or procure an equivalent insurance product covering each board member, the executive director and the employees of the authority. [, each] Each surety bond [to be] or equivalent insurance product shall be conditioned upon the faithful performance of the duties of the office or offices covered, to be executed by a surety company or issued by an insurance company authorized to transact business in this state as surety or for an equivalent insurance product and [to be approved by the Attorney General and] shall be filed in the office of the Secretary of the State. The cost of each such bond or insurance product shall be paid by the authority.