

Connecticut Housing Finance Authority

Notice of Intent to Amend Procedures

In accordance with Section 1-121 of the Connecticut General Statutes, NOTICE IS HEREBY GIVEN that the Connecticut Housing Finance Authority proposes to amend Procedures:

Statement of Purpose:

To amend the Procedures of the Authority, specifically section III(E) Single Family Housing, Emergency Mortgage Assistance Payment Program, as described below.

Summary of Proposed Procedures Change:

The Emergency Mortgage Assistance Payment Program Procedures are being amended in accordance with the Public Act 21-101 to provide emergency lien assistance and to otherwise expand certain existing provisions.

Copies of the proposed Procedures (III(E) Single Family Housing, Emergency Mortgage Assistance Payment Program) may be obtained by visiting www.chfa.org. All interested persons may submit written data, views and arguments in connection with the above-stated proposed Procedures by email to PublicComment@chfa.org or by mail to attention Kelly Ryder, Connecticut Housing Finance Authority, 999 West Street, Rocky Hill, CT 06067 no later than 30 days after the publication of this notice.

E. EMERGENCY MORTGAGE ASSISTANCE PAYMENT PROGRAM

E-1. Introduction

The "Emergency Mortgage Assistance Payment Program," (the "Program") authorized by Connecticut General Statutes Sections 8-265cc through 8-265kk as amended (the "Act"), provides for mortgage assistance payments on behalf of Eligible Mortgagors to Mortgagees for a period of up to sixty months from the initial payment in order to maintain the Eligible Mortgagor(s) as current and in good standing in accordance with mortgage terms and conditions. Assistance provided on behalf of the Eligible Mortgagor(s) is an obligation of the Eligible Mortgagor(s). Repayment of this assistance is in the form of a mortgage secured by the Eligible Mortgagor's real property. The Authority is administering this Program. Payments pursuant to the Program to the Mortgagee are not a general or limited obligation of the Authority. The Authority may contract for services pursuant to its responsibilities under the Act relative to application processing, mortgagor counseling, mortgagor recertification or other activities the Authority deems appropriate. All amounts received by the Authority in repayment of Emergency Mortgage Assistance provided hereunder shall be deposited in such accounts as the Authority may establish or identify for such purpose, and be used for the purposes of the Program.

“Emergency Lien Assistance Payments”

Effective as of October 1, 2021, the Program is expanded to provide emergency lien assistance payments to “Homeowners” within available funds and in accordance with Public Act 21-101. As set forth in Public Act 21-101:

a “Homeowner” is defined to mean an owner-occupant of a one-to-four family owner-occupied residential real estate property located in the State (including, but not limited to, a single-family unit in a common interest community).

a “Lien” is defined to mean a debt secured by a lien on a one-to-four family owner-occupied residential real estate property located in the State (including, but not limited to, a single-family unit in a common interest community) pursuant to Connecticut General Statutes: Section 7-239 (Municipal Waterworks Systems), Section 7-254 & Section 7-258 (Municipal Sewerage Systems), Section 47-258 (Common Interest Community Association Assessment), or Chapter 205 (Municipal Tax Liens).

a “Lienholder” is defined to mean the original lienor of a Lien, or its agents, successors or assigns.

Notwithstanding anything to the contrary set forth in these Procedures, eligibility for, and administration of, emergency lien assistance payments under the Program shall be as provided in accordance with Sections III(E-1) through Section III(E-6) of the Procedures, except to the extent set forth, or more particularly described, in Section III(E-7) below.

E-2. Definitions

(a) "Aggregate Family Income" means the total income of persons residing in the same household as the Eligible Mortgagor(s) and any other resident of the household declared by the Eligible Mortgagor(s) 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 (1) reasonable allowances for dependents, (2) reasonable allowances for medical expenses, (3) all or any part of the earnings of gainfully employed minors or family members other than the chief wage earner, (4) income not regularly received, and (5) such other expenses as the Authority may allow. The Authority may make such adjustments relative to the determination of financial hardship and/or the terms of repayment by the Eligible Mortgagor(s). Allowable adjustments to income will be periodically approved by the Executive Director, described in Authority administrative memoranda, uniformly applied to all applicants and may be periodically revised at the discretion of the Authority.

(b) "Housing Expense" means the sum of the Eligible Mortgagor's monthly maintenance expenses in a common interest community, utility expense, heating expense, hazard insurance payment, taxes and required mortgage payment, including escrows, and costs arising from uninsured damage to the mortgaged property which affects livability and necessitates repairs associated with the Eligible Mortgagor's primary residence only.

(c) "Financial Hardship due to circumstances beyond the Mortgagor's control" means a significant reduction of Aggregate Family Income or increase in expenses which reasonably cannot be or could not have been alleviated by the liquidation of Mortgagor Assets 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 Eligible Mortgagor(s); (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 child support, alimony, or maintenance payments; (v) Disability, illness or death of an Eligible Mortgagor; 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 Eligible Mortgagor's family, but does not include expenses related to the accumulation of credit or installment debt incurred for recreational or nonessential items or purposes prior to the occurrence of the alleged circumstances beyond the Eligible Mortgagor's control in an amount that would have caused the Eligible Mortgagor's total debt service to exceed sixty per cent of Aggregate Family Income at that time.

(d) "Mortgagor Assets" means (1) the sum of the household's savings and checking accounts, market value of stocks, bonds and other securities, other capital investments, pensions and retirement funds valued in an amount greater than one hundred thousand dollars, personal property and equity in real property including the subject mortgaged 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 and (2) lump-sum additions to family assets such as inheritances, capital gains, insurance payments included under health, accident, hazard or worker's 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 Eligible Mortgagor as contingent assets.

(e) “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.

(f) “Foreclosure Mediation Program” means the foreclosure mediation program established by the Act.

(g) “Periodic Payments” means principal, interest, taxes, insurance and, if applicable, condominium fees.

E-3. Eligibility

(a) “Eligible Mortgagors”: are those owner occupants of one-to four-family, homes or a unit in a common ownership interest community in the State of Connecticut who are, as a result of financial hardship due to circumstances beyond the Eligible Mortgagor's control, sixty days or more delinquent on an Eligible Mortgage, or anticipates that he or she will be sixty days or more delinquent on an Eligible Mortgage based on financial hardship beyond such mortgagor’s control, provided the Authority determines that such mortgagor will be so delinquent upon review of facts and circumstances provided by the Mortgagor or have received a notice from a Mortgagee of intent to foreclose or is delinquent on charges, assessments and fees associated with a condominium or common interest community or taxes provided the taxing authority or unit owner association has indicated to the mortgagor its intention to foreclose as provided in section 8-265ee. 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) Eligible Mortgages: are those mortgage deeds or other instruments which constitute a first or a second consensual lien on the primary residence of Eligible Mortgagors (including, without limitation, a reverse mortgage or a home equity conversion mortgage).

(c) Mortgagors who filed emergency mortgage assistance applications on and after July 1, 2008 who did not receive emergency mortgage assistance may re-apply. Mortgagors may apply or reapply for emergency mortgage assistance if such mortgagor is referred to the emergency mortgage assistance program by the foreclosure mediation program.

E-4. Application Process

(a) Notification of Availability of Funds: The Authority shall provide written notice of the availability of funds to Eligible Mortgagors through a statewide advertising campaign.

(b) Notification of Eligible Mortgagor(s): the Mortgagee shall provide written notice to the address of the property secured by the Eligible Mortgage, through Registered, or Certified Mail-

Postage Pre-paid, to any Eligible Mortgagor contractually delinquent, against whom it desires to foreclose upon an Eligible Mortgage, that

- (1) the Authority is currently accepting applications;
- (2) informs the Eligible Mortgagor(s) that within 60 days from the date of such notice the Eligible Mortgagor(s) must have a face-to-face meeting, telephone conference or other conference with the Mortgagee or a face-to-face meeting with a consumer credit counseling agency designated by the Authority to attempt to reach an agreement to resolve the delinquency or default, and, if such efforts are unsuccessful, to contact the Authority during such 60-day time period in order to apply for Emergency Mortgage Assistance;
- (3) describes the Mortgagee's deferral of action in pursuit of foreclosure or judgment, pursuant to the Act, from the date until (i) the Eligible Mortgagor(s) and Mortgagee reach an agreement to resolve the delinquency or default, (ii) the Authority reaches a determination regarding the Eligible Mortgagor's application for Emergency Mortgage Assistance, or (iii) at any time following the conclusion of 30 calendar days from the Mortgagee's provision of the notification described in this subsection, if the Eligible Mortgagor(s) have neither reached an agreement with the Mortgagee to resolve the delinquency or default nor submitted a completed application to the Authority for Emergency Mortgage Assistance during such 30 calendar days.
- (4) describes the consequences of the Eligible Mortgagor's failure to meet or confer with the Mortgagee except in cases in which the mortgagee refuses to meet with the mortgagor or the designated consumer credit counseling agency to attempt to resolve the delinquency or default, comply with the terms of any such agreement pursuant to the Act to resolve delinquency or default, or contact the Authority to apply for Emergency Mortgage Assistance within thirty days of any default in payment under an agreement to resolve the delinquency or default;
- (5) informs the Eligible Mortgagor(s) that the application for or the award of Emergency Mortgage Assistance affects mortgagor recourse to benefits under section 49-31f of the General Statutes relative to the rights of underemployed and unemployed homeowners.

Should funds no longer be available to provide Emergency Mortgage Assistance, the Authority shall notify Mortgagees and will suspend accepting applications. Upon receipt of such notice, Mortgagees will not be required to provide the Notification of Eligible Mortgagor(s) described in this Subsection.

- (c) Mortgagor Application for Emergency Mortgage Assistance:

- (1) Upon contacting the Authority as described in Subsection b.2. above the Eligible Mortgagor(s) will be informed how to apply for Emergency Mortgage Assistance and may be directed to the Authority's agent to make such application.
- (2) Applications for Emergency Mortgage Assistance shall be filed on forms provided by the Authority. The Mortgagor shall complete and sign the application subject to the penalty of false statement under Connecticut General Statutes Section 53a-157b.
- (3) Upon receipt of an application for Emergency Mortgage Assistance, the Authority will notify the Eligible Mortgagor(s) of the receipt of such application, and shall not later than eight business days after the date of receipt of such application notify all of the Mortgagees listed on the Eligible Mortgagor's application holding a mortgage on the Eligible Mortgagor's primary residence.
- (4) Determination on the Eligible Mortgagor's application will be made within 30 calendar days of receipt of a completed application by the Authority or its agent.
- (5) The Eligible Mortgagor(s) shall provide all information and supporting exhibits to the Authority or its agents that the Authority may require as necessary to make a determination regarding the Eligible Mortgagor's application. Failure to provide such required information in a timely manner within the 30-day application period shall be grounds for rejection. Rejection for incomplete application will be documented in writing to the applicant indicating specific deficiencies.
- (6) The Eligible Mortgagor(s) shall provide such information as the Authority may require relative to:
 - (A) financial hardship due to circumstances beyond the Mortgagor's control;
 - (B) Aggregate Family Income;
 - (C) Housing Expense;
 - (D) Mortgagor assets and liabilities;
 - (E) current mortgage insurance;
 - (F) place of principal residence;
 - (G) previous receipt of Emergency Mortgage Assistance;
 - (H) residential mortgage payment history;
 - (I) current mortgage statement evidencing the interest rate and payment increase; and
 - (J) length of time the mortgagor has lived in the home.
- (7) Upon failure of the Eligible Mortgagor(s) to submit a completed application to the Authority or its agent within 60 days from the date of the Notification

of Eligible Mortgagor(s) by the Mortgagee described in subsection (b), above, or if the Eligible Mortgagor's application for emergency mortgage assistance payments is not approved within 30 days of the receipt by the Authority of the Eligible Mortgagor's completed application, the Mortgagee, at any time thereafter, may pursue foreclosure without further restriction or requirement, in accordance with the Act.

(d) Participation in Foreclosure Mediation Program required: Eligible Mortgagors who have applied for Emergency Mortgage Assistance where a mortgagee has commenced foreclosure are required to participate in the Foreclosure Mediation Program as part of the application process.

E-5. Determination and Award

(a) Upon receipt of a completed application, the Authority will make a determination at its sole discretion and judgment whether:

- (1) the Eligible Mortgagor(s) is (are) suffering from financial hardship due to circumstances beyond the Eligible Mortgagor's control based on the Authority's assessment of the Eligible Mortgagor's employment history, credit history, past and present income, assets, liabilities, total debt service, net worth, eligibility for other types of assistance, length of time the mortgagor has lived his or her home and other factors as the Authority may determine to be relevant including, but not limited to, documentation of unanticipated increases in housing expense such as monthly mortgage loan statements or other written communication from the mortgagor's lender demonstrating increases in mortgage interest rate and/or payment or increases in required escrow payments; copies of tax bills; statements from utility providers or other documentation satisfactory to the Authority regarding the increase in expense. In determining whether credit or installment debt was incurred for recreational or nonessential items, the Authority may consider the type of debt, the date it was incurred, the total obligation and monthly repayment terms and may review billing statements or other documentation related to the creation of the obligation;
- (2) the Eligible Mortgagor(s) has (have) insufficient household income or net worth to correct the delinquency or delinquencies within a reasonable period of time and make full mortgage payments;
- (3) the Eligible Mortgagor(s) has (have) been fully discharged from any action of bankruptcy, 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;
- (4) there is a reasonable expectation that the Eligible Mortgagor(s) will be able to resume full mortgage payments on the original, modified or refinanced mortgage and to pay the Emergency Mortgage Assistance within a reasonable period of time under the terms and conditions of repayment under the Act.

(b) Determination regarding an application for Emergency Mortgage Assistance will be made by the Executive Director or his designee(s) based on the findings described in (a) above. Upon determination, the Mortgagee and the Eligible Mortgagor(s) will be notified in writing by certified mail within 2 business days.

(c) Applicants who are denied Emergency Mortgage Assistance may request a review of this negative determination. Such a review shall be made by an employee of the Authority other than the employee who denied the application. Applicants who request such a review shall provide the Authority with information documenting a material change in the information provided in their application and supporting a change in the Authority's initial determination.

(d) Upon positive determination to award Emergency Mortgage Assistance, the Mortgagee shall receive notice which includes the date on which the Mortgagee will begin to receive Emergency Mortgage Assistance Payments in accordance with Emergency Mortgage Assistance Agreement and the amount of the initial and ongoing payments. The notice to the Mortgagee and the Eligible Mortgagor(s) shall indicate the amount, terms and conditions of the Emergency Mortgage Assistance and the Eligible Mortgagor's monthly payment to the Authority.

(e) Upon positive determination to award Emergency Mortgage Assistance, the Authority and the Eligible Mortgagor(s) will enter into a Mortgagor Assistance Agreement. Such Agreement will establish the particular terms and conditions of assistance and repayment in accordance with the Act.

E-6. Loan Terms and Conditions

(a) **Mortgagor Payment:** while the Authority is making Emergency Mortgage Assistance Payments to the Mortgagee, and while the Eligible Mortgagor(s) is (are) required to repay such Assistance, the Eligible Mortgagor(s) shall make payment to the Authority in accordance with the Act and the Mortgagor Assistance Agreement. If the Eligible Mortgagor(s) completes payment on a second or more junior mortgage while the Emergency Mortgage Assistance Loan remains unpaid, the Authority reserves the right to require that the Eligible Mortgagor make monthly payments to the Authority in the amount of the monthly payment previously made on the second or more junior mortgage loan.

(b) **Repayment Term:** If the mortgagor's total housing expense, including projected repayments of emergency mortgage assistance, is greater than thirty-five percent of the mortgagor's aggregate family monthly income, repayment of the emergency mortgage assistance payments shall be deferred until such total housing expense including projected repayment of emergency mortgage assistance is less than or equal to thirty-five percent of such aggregate family income monthly.

(c) **Payment Schedule:** the Mortgagor Assistance Agreement shall provide for monthly payments to the Mortgagee(s) for no more than sixty (60) months, either consecutively or non-consecutively beginning on the date of the first Emergency Mortgage Assistance Payment, except no such payments shall be made after sixty months have passed since the date of the initial payment.

(d) **Interest Rate:** the Mortgagor Assistance Agreement shall provide for an interest rate to be charged on the outstanding balance which will be established by the Authority at the time of the

closing of the Emergency Mortgage Assistance Loan. Interest shall accrue against the loan to the Mortgagor from the date on which the Eligible Mortgagor(s) is (are) required to commence repayment in accordance with the Agreement.

(e) **Periodic Recertification:** Eligible Mortgagor(s) shall, no later than the first anniversary of the award of Emergency Mortgage Assistance, certify their current Aggregate Family Income, assets and liabilities, and Housing Expense at that time in a manner and in a form prescribed by the Authority. The Authority may designate an agent to administer recertification requirements. The Authority reserves the right to request such recertification no more than three times in any twelve-month period.

(f) **Subsequent Liens:** Eligible Mortgagor(s) shall not enter into any lien agreements subsequent to execution of the Mortgage Assistance Agreement without the prior written consent of the Authority.

(g) **Mortgagee Payment:** while the Mortgagee is due payment, such payment will be made in accordance with the Act and the Mortgage Assistance Agreement.

(h) **Mortgagor Default:** in the case of Eligible Mortgagor default under the terms of the Mortgage Assistance Agreement, the Authority shall review the facts and circumstances of the default and modify or terminate the Agreement in accordance with the terms of the Agreement and the Act.

E-7. Emergency Lien Assistance

(a) General Eligibility. A Homeowner may apply for emergency lien assistance in accordance with this Section E if such Homeowner: (i) has received notice of a Lienholder's intent to foreclose a Lien, (ii) is sixty (60) days or more delinquent on the debt secured by the Lien, or (iii) anticipates that he or she will be sixty (60) days or more delinquent on the debt secured by the Lien based on a financial hardship beyond such Homeowner's control, provided that the Authority determines that such Homeowner will be so delinquent.

(b) Re-Application Eligibility. In addition to the requirements set forth in this Section E of these Procedures, a Homeowner who has previously received lien assistance payment shall be eligible to reapply only 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 (18) consecutive months immediately following the date such debt is made current.

(c) Forbearance Eligibility. In addition to the requirements set forth in this Section E, a Homeowner who is also the borrower under a mortgage encumbering such real property may apply for Program assistance if the homeowner's mortgage is in forbearance.

(d) Authority Lien Assistance Payment. The Authority shall make emergency lien assistance payments directly to the Lienholder in an amount equal to the lesser of: (i) the full amount due and payable to the Lienholder under the Lien, or (ii) the full amount due and payable to the Lienholder under the Lien for the thirty-six (36) month period commencing on the date the first tax,

water, assessment or usage charge underlying the Lien became due and payable. Such payment amount shall include and pay all arrearages and all reasonable costs and attorney's fees incurred by the Lienholder in connection with the foreclosure of the Lien.

(e) Homeowner Repayment. The amount of emergency lien assistance payments made by the Authority to the Lienholder shall be a loan in that amount made by the Authority to the Homeowner. Any such loan shall be evidenced and repaid in accordance with Section III(E-6) of this Section of the Procedures.

**Single Family
Emergency Mortgage Assistance Program
Revised: TBD07/11/12
Adopted: TBD09/24/12**