

CT Mortgage Bankers Association 2023 Legislative Session

SB 998 – AN ACT ESTABLISHING A TAX ABATEMENT FOR CERTAIN CONSERVATION EASEMENTS AND ADDRESSING HOUSING AFFORDABILITY FOR RESIDENTS IN THE STATE.

Status: Passed, PA 23-207

Awaiting Final Action by the Governor

This bill makes various changes in laws regarding housing, landlords and tenants, and housing authorities. Including:

Requiring OPM, by December 1, 2024, to establish a methodology meeting certain requirements for each municipality's fair share allocation by (1) assessing the affordable housing need in each of the state's planning regions and (2) fairly allocating a portion of this need to each of the region's municipalities; requires each chamber of the General Assembly to approve the methodology.

Establishing the majority leaders' roundtable group on affordable housing, consisting of 24 members, to study various topics related to promoting and developing affordable housing in the state.

EFFECTIVE DATE: Various; depends on provision.

Link to Complete Bill Analysis:

<https://www.cga.ct.gov/2023/BA/PDF/2023SB-00998-R02-BA.PDF>

HB 6688 – AN ACT CONCERNING MORTGAGES, THE RESIDENTIAL HEATING EQUIPMENT FINANCING PROGRAM, THE CONNECTICUT HOUSING FINANCE AUTHORITY AND MOBILE MANUFACTURED HOMES.

Status: Passed, PA 23-45

Signed by the Governor on June 13, 2023

This bill does the following:

1. requires the Connecticut Housing Finance Authority (CHFA) to establish a small multifamily lending program generally for properties of two to 20 units and makes various revisions to CHFA's existing homeownership loan program.
2. expands the residential heating equipment financing program to include geothermal heating and cooling systems and heat pump dryers
3. requires a mortgagee (lender) that agrees to modify a mortgage through the state's foreclosure mediation program (FMP) to send the modification to the mortgagor

(borrower) for execution at least 15 business days before the first modified payment is due under it

4. specifies to whom a mortgage release must be delivered by a mortgagee or by a person authorized to release a mortgage in certain situations

5. requires a mortgagee to accept, as payment or partial payment to satisfy a mortgage, a bank or certified check, an attorney's clients' funds check, a title insurance company check, a wire transfer, or any other payment federal law authorizes

6. establishes a working group to study ways to increase access to loans for individuals to buy mobile manufactured homes and submit a report to the Banking and Housing committees by January 1, 2024.

EFFECTIVE DATE: October 1, 2023, except the CHFA multifamily lending program provisions take effect July 1, 2023, and the working group provision takes effect upon passage.

SB 1165 – AN ACT FINANCIAL LITERACY INSTRUCTION.

Status: Passed, PA 23-21

Signed by the Governor on June 07, 2023

This bill adds a half-credit of personal financial management and financial literacy to the high school graduation requirements beginning with the graduating class of 2027 (i.e., students currently enrolled in eighth grade). The bill also adds personal financial management and financial literacy to the state's required program of instruction for public schools.

It also makes completion of a one-credit, mastery-based diploma assessment (i.e., a "capstone") an optional, rather than mandatory, graduation requirement at each board of education's discretion.

In addition to the capstone and financial literacy requirements under the bill, existing law requires students to fulfill 21 of their 25 credits required to graduate as follows:

1. Nine credits in the humanities, including civics and the arts
2. Nine in science, technology, engineering, and mathematics
3. One in physical education and wellness
4. One in health and safety education, as described in law
5. One in world languages (completion of a world language course in middle school may count).

EFFECTIVE DATE: July 1, 2023, except a conforming change is effective July 1, 2025.

HB 6691 – AN ACT CONCERNING CARD ACCESS TO HOME EQUITY LINES OF CREDIT.

Status: Passed, PA 23-78

Signed by the Governor on June 27, 2023

State law allows a consumer revolving loan (e.g., home equity line of credit) secured by an open-end mortgage to have the same priority as the mortgage over the rights of others to a property the mortgage is attached to if specific conditions concerning the loan and mortgage are met. This bill changes current law's conditions on the consumer revolving loans to allow mortgagors (borrowers) to access the proceeds from these loans by certain credit cards, credit plates, or other similar payment methods, if offered by their mortgagees (lenders).

Under this property rights prioritization law, a "consumer revolving loan" must, among other things, be a loan secured by a mortgage on residential real property and its proceeds must be intended for personal, family, or household purposes. To be eligible under current law, the loan agreement between the lender and borrower must not authorize access to the loan proceeds by a credit card or any similar instrument or device that can be used to obtain money, goods, services, or anything else of value on credit. The bill limits this prohibition on these payment methods to ones that allow access to loan proceeds by single advancements under \$1,000. Consequently, it permits their use if they allow access, through a card or similar instrument, by single advancements of at least \$1,000.

EFFECTIVE DATE: October 1, 2023

SB 1040 – AN ACT CONCERNING REMOTE NOTARIAL ACTS.

Status: Passed, PA 23-28

Signed by the Governor on June 12, 2023

Under specified conditions, this bill allows a notary public to notarize a document for a person who is not in the notary's physical presence ("remote notarization"). In practice, remote notarization involves a notary confirming an individual's identity, receiving the document by mail, attaching the notary seal or stamp, and mailing the document back to the individual.

The bill also allows a notary to refuse to perform remote notarization and excludes certain records from eligibility for remote notarization. Under the bill, a notary who used remote notarization to acknowledge an ineligible document has violated the prohibition on the unauthorized practice of law, which is generally a class D felony punishable by up to five years in prison, a fine of up to \$5,000, or both.

In addition, the bill allows out-of-state and international remote notarization using a Connecticut notary for certain records and authorizes the secretary of the state (SOTS) to adopt regulations for the remote notarization process.

Lastly, the bill prohibits using remote notarization in real estate closings, including the acknowledgment of any instrument pertaining to Connecticut real property or a power of attorney made outside the state before an attorney licensed to practice in Connecticut and the execution of any Connecticut real estate conveyance, mortgage, release of mortgage, or lien.

The bill also prohibits, as part of a real estate closing, the use of remote notarization to acknowledge any instrument located outside of Connecticut in any other state, the District of Columbia, or United States territory or insular possession, which is (1) verified in compliance with that other jurisdiction’s law and (2) authenticated in compliance with Connecticut law.

EFFECTIVE DATE: October 1, 2023

SB 3 – AN ACT CONCERNING ONLINE PRIVACY, DATA SAFETY AND PROTECTIONS. .

Status: Passed, PA 23-56

Signed by the Governor on June 26, 2023

This bill sets standards on accessing and sharing consumer health data by certain private entities that do business in Connecticut. For example, the bill generally prohibits these parties from selling this data without the consumer’s consent or using a “geofence” to create a virtual boundary near mental health or reproductive or sexual health facilities to collect consumer health data. It also places various specific limitations on “consumer health data controllers” (i.e., people or entities that determine the purposes and means of processing consumer health data). It incorporates various provisions on consumer health data controllers into the existing law (set to take effect this July) on consumer data privacy and online monitoring and makes other changes to the existing data privacy law.

The bill’s provisions on consumer health data and consumer health data controllers generally apply to individuals or entities that conduct business in Connecticut or produce products or services that are targeted to Connecticut residents. By contrast, the existing data privacy law exempts individuals or entities whose actions do not meet a specified threshold number of consumers or percentage of related gross revenue.

Notably, this bill did not make any references to any financial services.

EFFECTIVE DATE: July 1, 2023, except the online dating provisions are effective January 1, 2024, the social media provision is effective July 1, 2024, and the minors and online services provisions are effective October 1, 2024.

SB 1103 – AN ACT CONCERNING ARTIFICIAL INTELLIGENCE, AUTOMATED DECISION-MAKING AND PERSONAL DATA PRIVACY.

Status: Passed, PA 23-16

Signed by the Governor on June 07, 2023

This bill requires the executive and judicial branches to conduct an inventory of all their systems that employ artificial intelligence (AI) and develop and set policies and procedures on developing, procuring, using, and assessing systems that use AI. It also requires them to publicly post the inventory and policies and procedures online.

Beginning February 1, 2024, the bill prohibits the executive and judicial branches from implementing any system that uses AI unless they have done an impact assessment to ensure the system will not result in any unlawful discrimination or disparate impact against specified individuals or groups (e.g., age and race). It also establishes a 21-member working group to make recommendations to the General Law Committee on certain issues concerning AI. Among other things, the working group must engage stakeholders and experts on how to develop best practices for the ethical and equitable use of AI in state government.

Notably, this bill did not make any references to any financial services.

EFFECTIVE DATE: July 1, 2023, except the working group provision is effective upon passage and the consumer data privacy provision is effective October 1, 2023.

HB 6580 – AN ACT REVISING REQUIREMENTS FOR THE AFFIDAVIT RELATED TO SMOKE AND CARBON MONOXIDE DETECTORS IN RESIDENTIAL BUILDINGS.

Status: Passed, PA 23-164

Signed by the Governor on June 27, 2023

This bill makes several changes in a smoke and carbon monoxide detector disclosure law for residential buildings.

Under current law, the transferor (e.g., seller) of a one- or two-family residence must generally give the transferee (e.g., buyer) an affidavit certifying certain conditions about the detectors or credit the transferee with \$250 at the closing. The bill eliminates the credit option and extends the affidavit requirement to transfers of units in residential common interest communities. (The law already applies to common interest community residential units located in single-family buildings and duplexes; the bill's extension presumably applies to units in buildings designed to be occupied by more than two families.)

The bill changes the content required in the affidavit and when it must be given. It also expands the exemptions from the law's requirements by exempting transfers of property acquired by a judgment of strict foreclosure or by foreclosure by sale.

Additionally, the bill requires the State Fire Marshal's Office to create a model form that may be used for the affidavit and guide outlining smoke detector requirements to help transferors complete the affidavit. The office must consult with an association representing fire marshals' interests for the model form and guide, as well as with a bar association and an association representing realtors' interests for the model form.

House Amendment "A" principally extends the affidavit requirement to every unit in a residential common interest community regardless of occupancy design, removes the underlying bill's requirement for a compliance form instead of an affidavit, requires the State Fire Marshal's Office to create the model form and guide, eliminates a process for when a transferred property lacks the satisfactory detectors or has inoperable ones, and expands the exemptions from the law's requirements.

EFFECTIVE DATE: October 1, 2023

HB 6751 – AN ACT CONCERNING THE ASSIGNMENT OF TAX LIENS.

Status: DEAD

This bill proposed to reduce, from 18% to 12%, the annual interest rate on unpaid municipal property taxes when a municipal tax collector files a lien on the property and assigns the lien (i.e., sells it to an outside party). Under existing law, unchanged by the bill, unpaid municipal property taxes generally accrue interest at a rate of 18% per year.

By law, an assignee of a tax collector lien (i.e., person who bought the lien) has the same powers and rights as the municipality and its tax collector if the lien had not been assigned. Under current law, this includes charging the 18% annual interest rate. However, for assignments executed on or after July 1, 2024, and beginning on the date a lien is assigned, the bill reduces this amount to 12% on the delinquent portion of the principal of the assigned taxes.

HB 6014 – AN ACT CONCERNING PARTIAL MORTGAGE PAYMENTS.

Status: DEAD

The purpose of this bill was to provide that mortgage lenders and mortgage servicers shall accept and apply any partial mortgage payment made by a mortgagor.

In Closing:

In total, Gaffney, Bennett and Associates actively engaged in a total of 117 items of legislation for the CT Mortgage Bankers Association during the 2023 Legislative Session that required daily attention to language, amendments and activity.

We will continue to keep you informed during the interim as we progress with subsequent activity within the legislature, administration and agencies.

As always, it has been a pleasure serving as your voice in Hartford and we look forward to continuing our successful relationship.

Please do not hesitate to contact us with any questions or concerns.