



CONNECTICUT BANKERS ASSOCIATION

July 30, 2020

Thomas S. Mongellow
President, CEO & Treasurer

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Martin Looney
Senate President Pro Tempore
Legislative Office Building, Room 3300
300 Capitol Avenue
Hartford, CT 06106-1591

Joseph Aresimowicz
Speaker of the House of Representatives
Legislative Office Building, Room 4105
300 Capitol Avenue
Hartford, CT 06106-1591

Robert Duff
Senate Majority Leader
Legislative Office Building, Room 3300
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Matthew Ritter
House Majority Leader
Legislative Office Building, Room 4106
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Leonard Fasano
Senate Republican Leader
Legislative Office Building, Room 3402
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Themis Klarides
House Republican Leader
Legislative Office Building, Room 4200
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Kevin Witkos
Senate Minority Leader Pro Tempore
Legislative Office Building, Room 3403
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Hartford, CT 06106

Vincent Candelora
Deputy Republican Leader
Legislative Office Building, Room 4200
300 Capitol Avenue
Hartford, CT 06106

Dear President Pro Tempore Looney, Speaker Aresimowicz, Majority Leader Duff, Majority Leader Ritter, Senate Republican Leader Fasano, House Republican Leader Klarides, Minority Leader Pro Tempore Witkos, and Deputy Republican Leader Candelora:

The Connecticut Bankers Association, which represents fifty banks across the state, was pleased to see the State Bond Commission's recent authorization of an additional \$20 million for residential homeowner crumbling foundation claims. The claims program, which is managed by the Connecticut Foundation Solutions Indemnity Company (CFSIC), has already received and allocated the first \$60 million in bonding dollars to qualified homeowners.

The new \$20 million influx of funds is particularly good news for affected condominium owners and their homeowner's associations (HOAs). These new dollars, coupled with CFSIC's previous

policy change making HOAs eligible for the program, and not just condo owners, will give many owners and HOAs their first ability to file a claim with CFSIC.

Importantly, there is one last step that needs to be taken in order to bring impacted condominium owners onto equal footing with affected residential homeowners. That is to amend the current state statute that created the Supplemental Collapsing Foundation Loan Program (administered by Connecticut Housing Finance Authority, or CHFA) to permit HOAs the clear ability to obtain loans under this program.

The loan program was created because CFSIC is limited by law to only provide claim dollars for foundation repair or replacement, and those claims are capped at certain amounts, depending upon the type of residential building involved. As a result of these limitations, homeowners may need additional financial resources to complete repairs to their foundation, or parts of their property that are damaged as a result of the foundation repairs. The loan program provides that critical additional funding.

Unfortunately, the current loan program statute (C.G.S. Sections 8-265tt to 8-265xx) does not permit HOAs to borrow funds under the loan program. In mid-March, just prior to the outbreak of COVID 19, interested stakeholders were working on a legislative proposal to permit impacted HOAs to borrow funds under the program. The proposal would also have made it easier for individual condominium unit owners to obtain loans under the program. However, as a result of the pandemic, the General Assembly, in the interest of public health, was forced to shut down and as a result, this corrective proposal did not move forward.

The Connecticut Bankers Association strongly urges the General Assembly to consider taking up this issue should it convene a special session prior to the 2021 legislative session. We stand ready to provide any additional information that may be needed to accomplish this goal and thank you in advance for considering this important revision.

Sincerely,



Thomas S. Mongellow
President and CEO

cc: Representative Jeff Currey
Peg Fitzgerald, CHFA
Michael Maglaras, Superintendent, CFSIC
Fritz Conway, Gaffney, Bennett and Associates