

Banking Committee JOINT FAVORABLE REPORT

Bill No.: HB-6878

AN ACT CONCERNING MORTGAGE FORECLOSURES AND UNDISCHARGED

Title: MORTGAGES.

Vote Date: 3/6/2025

Vote Action: Joint Favorable

PH Date: 2/13/2025

File No.:

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SPONSORS OF BILL:

The Banking Committee

REASONS FOR BILL:

Completing the final payment on your mortgage for your home, is one of the final steps in the American dream of owning a home. This bill sets limitations on mortgage foreclosures that occur ten years after the last payment and establishes a forty-year time frame for undischarged mortgages. By setting a clear time limit, the bill protects borrowers who may mistakenly believe their mortgage has been concluded, shielding them from the financial burden of an unexpected second mortgage.

RESPONSE FROM ADMINISTRATION/AGENCY:

None Expressed

NATURE AND SOURCES OF SUPPORT:

[Loraine Martinez Bellamy, Connecticut Fair Housing Center, Staff Attorney:](#) She stated that this bill would address 'the worst debt collectors,' who target middle-class homeowners. She explained that homeowners are facing 'zombie second mortgage foreclosures' and are often blindsided by large, inflated sums. She noted that this legislation would allow attorneys to assist the homeowners most in need and that the bill represents a step forward in the national effort to curb zombie mortgages.

NATURE AND SOURCES OF OPPOSITION:

Thomas Mongellow, Connecticut Bankers Association, President-CEO: He explained that the statute of limitations would make it difficult to enforce valid financial obligations, potentially destabilizing Connecticut's housing market. He stated that while the legislation is intended to protect homeowners but could negatively affect borrowers by making it harder to hold homeowners accountable. He concluded by stating implementing a statute of limitations could create uncertainty among lenders, investors, and borrowers.

William Marohn, COT Creditor Bar Association, President: He expressed his wishes for multiple amendments to be added to the bill. He mentioned a shorter statute of limitations, as well as limiting collaboration between homeowners and creditors. He requested swift action for creditors to protect their assets and highlighted the uniquely problematic nature of Section 1, Subsection 3. He stated that Connecticut's foreclosure mediation program is a model for others and allows unrepresented homeowners to address concerns with their mortgages.

Randall McHugh, Brock-Scott-PLLC, Managing Partner: He expressed concerns, listing multiple potential amendments he would like to see added to the bill. The first would be to limit the bill's application to mortgages executed on or after its effective date. The second amendment he requested was to add a tolling provision to Section 1 and to eliminate or modify Section 1, Paragraph 2. The third amendment Mr. McHugh requested was to modify or eliminate Section 1, Paragraph 3 of the bill, which addresses exempt remediation foreclosures related to Connecticut General Statutes 49-30 and consider exempting first mortgages.

Reported by: Tucker Carroll

Date: 03/10/2025