
OLR Bill Analysis

SB 1336 (File 174, as amended by Senate "A")*

AN ACT CONCERNING A STUDY RELATING TO BANKING ISSUES.

SUMMARY

This bill establishes a 10-year statute of limitations for bringing an action to foreclose on certain mortgages for a one-to-four-family dwelling that the mortgagor (borrower) uses as his or her home. (Existing law, unchanged by the bill, has a six-year statute of limitations on actions based on contract law (CGS § 52-576).)

The bill's bar on bringing an action is generally the earlier of 10 years after the:

1. due date for the mortgage's last payment or the maturity date set or calculated from information in the mortgage or the note, bond, or other obligation secured by the mortgage or
2. last payment by, or on behalf of, the debtor.

However, the bill allows for an extension of the 10-year period if there is a written instrument that extends it, in which case the new statute of limitations is 10 years after the extended date. Additionally, if during the last two years of the 10-year period, a law, order, or rule prohibits the action from being brought, the bill allows for an extension equal to the prohibition's duration.

The bill exempts mortgages from the statute of limitations if they are (1) recorded before 2026 and were first in priority at the time of recording (including one subsequent to a satisfied, but not yet released mortgage) or (2) subordinate to a first mortgage when they were recorded, regardless of recording date, that are held by the original mortgagee (lender) or its subsidiary, affiliate, or successor by merger or acquisition. It also exempts actions to cure certain foreclosure errors like improper service or omitting a party from the bill's statute of limitations.

Lastly, the bill reduces the time after which an unreleased mortgage is deemed invalid under certain circumstances. Under current law, when there is an unreleased mortgage on the land records and the mortgagor or current landowner has had undisputed possession for at least 20 years after the mortgage should have been paid off, the mortgage is invalid if the person in possession files an affidavit that meets certain conditions in the land records. The bill reduces the minimum undisputed possession time from 20 to 10 years and specifies that this provision applies regardless of the bill's new statute of limitations. (Existing law, unchanged by the bill, allows a mortgage holder to record a notice on the land records before this time expires to extend this period for another 10 years.)

*Senate Amendment "A" replaces the original file (File 174), which required the banking department to do a study on banking issues in Connecticut.

EFFECTIVE DATE: January 1, 2026

BACKGROUND

Related Bill

HB 6878 (File 190), favorably reported by the Banking and Judiciary committees, also (1) establishes a 10-year statute of limitations for bringing certain residential foreclosure actions and (2) shortens the time period after which an unreleased mortgage is deemed invalid.

COMMITTEE ACTION

Banking Committee

Joint Favorable

Yea 12 Nay 0 (03/06/2025)

Judiciary Committee

Joint Favorable

Yea 40 Nay 0 (05/12/2025)