
OLR Bill Analysis

HB 5317

AN ACT DEFINING "MORTGAGE LOAN" FOR PURPOSES OF CERTAIN NOTICE PROVISIONS RELATING TO FLOOD DAMAGE AND INSURANCE.

SUMMARY

This bill narrows the circumstances under which a creditor must give a mortgage loan applicant a plain language notice about flood insurance. Current law requires creditors to do so at least 10 days before closing on any mortgage loan transaction. The bill limits this notice requirement to apply only when the mortgage loan application is to finance buying a one-to-four family residential real property that is secured by a first mortgage.

Creditors subject to the law, unchanged by the bill, include state or federal banks, credit unions, mortgage lenders, correspondent lenders, or other financial institutions.

By law, unchanged by the bill, the written notice must state that (1) standard homeowners' policies do not cover flood related losses, (2) flood damage can happen regardless of whether the property is in a designated flood zone, and (3) the applicant may want to consult an insurance producer or surplus lines broker about flood insurance availability and benefits.

EFFECTIVE DATE: July 1, 2026

COMMITTEE ACTION

Banking Committee

Joint Favorable

Yea 13 Nay 0 (03/10/2026)