

11/01/2019

Governor Lamont Announces Launch of Loan Program Providing Supplementary Assistance to Homeowners with Crumbling Foundations

Loan Program Assists with the Additional Costs Associated With Replacing Foundations Above That Granted by the State-Funded Captive Insurer

(HARTFORD, CT) – Governor Ned Lamont today announced that a new loan program administered by the Connecticut Housing Finance Authority (CHFA) assisting homeowners with the associated costs of replacing their pyrrhotite-damaged foundations has launched and can now be obtained through participating financial institutions.

Created by a new law Governor Lamont signed this summer ([Public Act 19-192](#)), the [Supplemental Collapsing Foundation Loan Program](#) will provide supplemental assistance to homeowners who have already been approved to receive financial assistance by the Connecticut Foundation Solutions Indemnity Company Inc. (CFSIC), the captive insurance company that was created and is funded by the state. While CFSIC funding can only be used for the costs of replacing the actual concrete foundations, this loan program is intended to cover those repairs that might otherwise not be funded in whole or in part through that assistance, such as the replacement of decking, heating, and plumbing.

The governor explained that while funding distributed by CFSIC is a significant help for those homeowners in the northeastern area of the state who are facing the problematic situation, these fixed-rate of interest loans will serve to supplement that aid.

“We created this loan program to fill the gap in necessary costs needed by families who are literally watching as the foundations of their homes crumble before their eyes,” **Governor Lamont said**. “While the state continues to do what we can to provide assistance to those homeowners who are facing this problem, we are grateful for the partnership of these participating financial institutions, the Connecticut Bankers Association, the Connecticut Housing Finance Authority, and others who helped make this program a reality. We remain committed to working with our federal partners to address the repercussions of this natural disaster so that these homeowners can get some help rebuilding their homes and their lives.”

To apply, interested homeowners who have already been approved to receive financial assistance by CFSIC should contact one of the participating financial institutions that are [listed on CHFA’s website](#). Participating financial institutions may loan up to \$75,000 to each eligible borrower. The total amount of loans available under the program is capped at \$20 million.

“This is a great example of collaboration between state government and the banking industry to come together to help our homeowners rebuild their homes, and continue on with their lives without having to fear that their prime asset will depreciate in value,” **Department of Housing Commissioner and CHFA Board Chair Seila Mosquera-Bruno said.** “The bond dollars administered by CFSIC, through DOH, is the first course of action to repair the affected foundations, while our new loan program will provide the gap financing for all other repairs at a lower interest rate than the homeowners would see otherwise”.

“Today’s announcement is more positive assistance for this difficult, persistent issue of crumbling foundations in eastern Connecticut, and it builds on efforts that began in in June of 2018, when the problem of homeowner eligibility for bank financing of home repairs first emerged,” **Congressman Joe Courtney said.** “Along with state officials, I engaged with the Federal Housing Finance Agency about homes with crumbling foundations whose mortgages are held by Fannie Mae and Freddie Mac, requesting that federal housing regulators issue flexibility guidelines to financial institutions working with affected homeowners. Now, almost 17 months later, homeowners with crumbling foundations who still have a gap between what CFSIC can provide and what is needed to repair their home can find the additional cash they need to finish those repairs. Lastly, it’s important to note that my office received confirmation from the IRS to ensure that homeowners who take a loan from this new program for crumbling foundations repairs will be able to take the federal casualty loss tax deduction for eligible repairs, helping them to re-pay the loan. This program is an essential piece to the puzzle, and I encourage all homeowners in need of gap financing to take the loan and apply for the federal tax deduction so that they can be made whole again.”

“We’re delighted that the CHFA loan program has officially launched, and our participating banks look forward to helping homeowners impacted by crumbling foundations,” **Tom Mongellow, President and CEO of the Connecticut Bankers Association, said.** “By having this below-market gap financing vehicle available, homeowners can achieve an affordable solution for the complete repair of their foundation and house. We sincerely appreciate the efforts of all the stakeholders to make this program a reality.”

Last month, Governor Lamont in his position as chairman of the State Bond Commission approved the next \$20 million allocation for CFSIC. He has pledged to release the remaining \$40 million in future meetings under the schedule authorized by state statute.