



General Assembly

***Substitute Bill No. 7083***

*January Session, 2025*



***AN ACT CONCERNING VARIOUS REVISIONS TO THE CREDIT UNION  
STATUTES RELATING TO NONMEMBER PAYMENTS, MEMBER  
BUSINESS LOANS, CHARITABLE CONTRIBUTIONS, EXTENSIONS  
OF CREDIT, CAPITAL AND NET WORTH.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-435b of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2025*):

3 As used in sections 36a-435a to 36a-472a, inclusive, unless the context  
4 otherwise requires:

5 (1) "Appointed director" means a director emeritus or an advisory  
6 director of a Connecticut credit union [,] who is not a member of the  
7 governing board of such credit union;

8 (2) "Branch" means any office established by a Connecticut credit  
9 union, an out-of-state, state-chartered credit union, a federal credit  
10 union [,] or an out-of-state, federally-chartered credit union, as the case  
11 may be, at a fixed location, at which shares or deposits are received,  
12 share drafts or checks are paid [,] or money is lent, including an office  
13 operated as a shared service center and not including the main office of  
14 the credit union;

15 (3) "Capital" means undivided earnings, [regular reserves, other]

16 special purpose reserves, donated equity [,] and accumulated,  
17 unrealized gains or losses on securities in accordance with generally  
18 accepted accounting principles;

19 (4) "Certificate of incorporation" means the certificate of  
20 incorporation of a Connecticut credit union and includes in the case of  
21 Connecticut credit unions in existence on July 1, 1975, articles of  
22 association, articles of incorporation and certificates of organization;

23 (5) "Corporate", when used in conjunction with any institution that is  
24 a Connecticut credit union, federal credit union or out-of-state credit  
25 union, means a corporate credit union, as defined in 12 CFR 704.2, as  
26 from time to time amended;

27 (6) "Credit manager" means a natural person approved by the  
28 governing board of a Connecticut credit union and employed by such  
29 credit union to supervise its lending activities;

30 (7) "Credit union service organization services" means those services  
31 that are authorized for credit union service organizations under state or  
32 federal law, and that are closely related to credit union business, are  
33 convenient and useful to credit union business, are reasonably related  
34 to the operations of a credit union or are financial in nature;

35 (8) "Director" means a member of the governing board of a  
36 Connecticut credit union;

37 (9) "Federal Credit Union Act" means 12 USC Section 1751 et seq., as  
38 from time to time amended;

39 (10) "Financial institution" means any Connecticut credit union, bank,  
40 federal credit union, out-of-state bank or out-of-state credit union;

41 (11) "Immediate family member" means [any person related by blood,  
42 adoption or marriage to a person within the field of membership of the  
43 Connecticut credit union] a (A) spouse, (B) natural or adoptive parent,  
44 child or sibling, (C) stepparent, stepchild or stepsibling, (D) father-in-  
45 law, mother-in-law, daughter-in-law, son-in-law, brother-in-law or

46 sister-in-law, (E) grandparent or grandchild, or (F) spouse of a  
47 grandparent or grandchild;

48 (12) "Insider" means a director, appointed director, member of a  
49 board-appointed committee, member of senior management or loan  
50 officer of a Connecticut credit union;

51 (13) "Loan officer" means a natural person who for compensation or  
52 gain, or with the expectation of compensation or gain, accepts loan  
53 applications or offers or negotiates the terms of personal, business or  
54 other loan products. "Loan officer" does not include a natural person  
55 engaged solely as a loan processor or underwriter;

56 ~~[(12)]~~ (14) "Member" means any person who has been admitted to  
57 membership in the Connecticut credit union in accordance with this  
58 chapter;

59 ~~[(13)]~~ (15) "Member in good standing" means a member who (A)  
60 owns at least one membership share in a credit union, (B) is current on  
61 all credit obligations to the credit union, and (C) has not caused the  
62 credit union a credit or share loss that remains outstanding;

63 ~~[(14)]~~ (16) "Membership share" means a share equal to the stated par  
64 value of the Connecticut credit union which may not be withdrawn or  
65 transferred except upon termination of membership and which confers  
66 membership and voting rights on the member;

67 ~~[(15)]~~ (17) "Mobile branch" means any office of a Connecticut credit  
68 union at which credit union business is conducted, which is in fact  
69 moved or transported to one or more predetermined locations in  
70 accordance with a predetermined schedule;

71 ~~[(16)]~~ (18) "Multiple common bond membership" means a field of  
72 membership consisting of more than one group of individuals, each of  
73 which has, within the group, a common bond of occupation or  
74 association;

75 ~~[(17)]~~ (19) "Officer" means the chairperson, vice chairperson,

76 secretary and treasurer of the governing board of a Connecticut credit  
77 union;

78 [(18)] (20) "Senior management" means the president or chief  
79 executive officer, vice president or vice chief executive officer, chief  
80 financial officer, credit manager, and any person occupying a similar  
81 status or performing a similar function;

82 [(19)] (21) "Share" means the basic unit of moneys held by a member  
83 of a Connecticut credit union in share accounts at a Connecticut credit  
84 union on which a dividend may be paid;

85 [(20)] (22) "Shared service center" means a branch that is (A)  
86 established by any combination of two or more [(A)] (i) Connecticut  
87 credit unions, [(B)] (ii) out-of-state, state-chartered credit unions, [(C)]  
88 (iii) federal credit unions, or [(D)] (iv) out-of-state, federally-chartered  
89 credit unions, [that is] and (B) operated in such a manner as to provide  
90 a credit union member the same credit union services that the credit  
91 union member could lawfully obtain at the main office of the  
92 [member's] member's credit union; and

93 [(21)] (23) "Single common bond membership" means a field of  
94 membership consisting of one group that has a common bond of  
95 occupation or association.

96 Sec. 2. Subsection (a) of section 36a-456b of the general statutes is  
97 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
98 *2025*):

99 (a) As used in this section:

100 (1) "Tax and loan account" means an account, the balance of which is  
101 subject to the right of immediate withdrawal, established for receipt of  
102 payments of federal taxes and certain United States obligations. Such  
103 accounts are not shares, as defined in [subdivision (17) of] section 36a-  
104 435b, as amended by this act; and

105 (2) "Note account" means a note, subject to the right of immediate call,

106 evidencing funds held by depositories electing the note option under  
107 applicable United States Treasury Department regulations. Note  
108 accounts are not shares, as defined in [subdivision (17) of] section 36a-  
109 435b, as amended by this act.

110 Sec. 3. Subsection (e) of section 36a-456a of the general statutes is  
111 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
112 *2025*):

113 (e) (1) A Connecticut credit union may receive payments from a  
114 nonmember who is [(1)] (A) an individual, into a share account held  
115 jointly with a member of the Connecticut credit union, which share  
116 account is subject to the provisions of section 36a-290; [(2)] (B) the  
117 United States, this state or any municipality or other political  
118 subdivision thereof; [(3)] (C) a federally-recognized Native American  
119 tribal government located in this state; or [(4)] (D) another Connecticut  
120 credit union, federal credit union or out-of-state credit union.

121 (2) Notwithstanding the provisions of subdivision (1) of this  
122 subsection, a Connecticut credit union that is designated by the United  
123 States Department of the Treasury as a community development  
124 financial institution under 12 CFR Part 1805, as amended from time to  
125 time, may receive payments from any nonmember, provided no such  
126 payment shall exceed the lesser of one million five hundred thousand  
127 dollars or twenty-five per cent of the total value of all shares of such  
128 Connecticut credit union.

129 Sec. 4. Subparagraph (A) of subdivision (2) of section 36a-455a of the  
130 general statutes is repealed and the following is substituted in lieu  
131 thereof (*Effective July 1, 2025*):

132 (2) (A) Issue shares to its members and receive payments on shares  
133 from its members and from [those] nonmembers [specified in] in  
134 accordance with the provisions of subsection (e) of section 36a-456a, as  
135 amended by this act, subject to the provisions of sections 36a-290 to 36a-  
136 297, inclusive, 36a-330 to 36a-338, inclusive, and 36a-456a, as amended  
137 by this act, (B) receive deposits of members and nonmembers subject to

138 provisions of sections 36a-456a and 36a-456b, as amended by this act,  
139 (C) reduce the amount of its member and nonmember shares and  
140 deposits, (D) expel members and cancel shares in accordance with  
141 section 36a-439a, and (E) provide check cashing and wire and electronic  
142 transfer services to nonmembers who are within such credit union's  
143 field of membership;

144 Sec. 5. Subdivision (3) of subsection (a) of section 36a-458a of the  
145 general statutes is repealed and the following is substituted in lieu  
146 thereof (*Effective July 1, 2025*):

147 (3) "Member business loan" means any loan, line of credit or  
148 unfunded commitment thereof, letter of credit or any other extension of  
149 credit, where the borrower intends to use or uses the proceeds for any  
150 of the following purposes: (A) Commercial; (B) corporate; (C)  
151 investment property; (D) business venture; or (E) agricultural, but does  
152 not include the following loans:

153 (i) A loan intended for personal use;

154 [(i)] (ii) A loan fully secured by a lien on a one-to-four family  
155 residence that is the primary residence of the member;

156 [(ii)] (iii) A loan fully secured by shares in the credit union making  
157 the loan or by shares or deposits in other financial institutions;

158 [(iii)] (iv) One or more loans to a member or an associated member  
159 where the proceeds are to be used or are used for the purposes specified  
160 in this subdivision to benefit a common endeavor and which, in the  
161 aggregate, are equal to less than fifty thousand dollars;

162 [(iv)] (v) A loan where any agency of the federal government, a state  
163 or any political subdivision of such state, fully insures or guarantees  
164 repayment, or provides an advance commitment to purchase the loan in  
165 full; [or]

166 [(v)] (vi) A loan granted by the corporate Connecticut credit union to  
167 a Connecticut credit union, federal credit union or out-of-state credit

168 union; or

169 (vii) A commercial loan to a nonmember or a participation interest in  
170 a commercial loan to a nonmember that (I) is acquired by a federally  
171 insured credit union in compliance with all applicable laws and  
172 regulations, and (II) is not traded for a member business loan for the  
173 purpose of circumventing the limitations on member business loans  
174 established in subsections (f) to (i), inclusive, of this section.

175 Sec. 6. Subdivision (17) of section 36a-455a of the general statutes is  
176 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
177 *2025*):

178 (17) (A) In the discretion of [a majority of its governing board] the  
179 Connecticut credit union's senior management, make charitable  
180 contributions or gifts, [to or for the use of any corporation, trust or  
181 community chest, fund or foundation created or organized under the  
182 laws of the United States or of this state and organized and operated  
183 exclusively for charitable, educational or public welfare purposes, or of  
184 any hospital which is located in this state and which is exempt from  
185 federal income taxes and to which contributions are deductible under  
186 Section 501(c) of the Internal Revenue Code of 1986, or any subsequent  
187 corresponding internal revenue code of the United States, as from time  
188 to time amended] provided (i) the aggregate amount of such charitable  
189 contributions or gifts made during a fiscal year shall not exceed one ten-  
190 thousandth of the net assets of the Connecticut credit union as of the  
191 close of the prior fiscal year, (ii) no such charitable contributions or gifts  
192 are made to a recipient if an insider or immediate family member of an  
193 insider is a director or member of senior management of such recipient,  
194 and (iii) the Connecticut credit union establishes and maintains a record  
195 of any charitable contribution or gift made pursuant to this  
196 subparagraph; and

197 (B) (i) If approved by a majority of the Connecticut credit union's  
198 governing board and documented in such governing board's minutes,  
199 make charitable contributions or gifts (I) during a fiscal year that, in the

200 aggregate, exceed one ten-thousandth of the net assets of the  
201 Connecticut credit union as of the close of the prior fiscal year, or (II) to  
202 a recipient even if an insider or immediate family member of an insider  
203 is a director or member of senior management of such recipient, and (ii)  
204 provided the Connecticut credit union establishes and maintains a  
205 record of any charitable contribution or gift made pursuant to this  
206 subparagraph;

207       Sec. 7. Subsections (a) to (d), inclusive, of section 36a-454b of the  
208 general statutes are repealed and the following is substituted in lieu  
209 thereof (*Effective July 1, 2025*):

210       (a) The governing board of a Connecticut credit union shall adopt a  
211 written conflict of interest policy that includes provisions addressing  
212 transactions with insiders and their immediate family members [, as  
213 defined in section 36a-435b,] and other persons having a common  
214 ownership, investment or other pecuniary interest in a business  
215 enterprise with such insiders and immediate family members of such  
216 persons. [As used in this section, (1) "insider" means a director,  
217 appointed director, member of a board-appointed committee, member  
218 of senior management and loan officer of a Connecticut credit union,  
219 and (2) "immediate family member" has the same meaning as  
220 "immediate family member" as defined in section 36a-435b, provided  
221 the term also includes any person related by blood, adoption or  
222 marriage to an appointed director.]

223       (b) An extension of credit made by a Connecticut credit union to an  
224 insider shall require the approval of the governing board if (1) such  
225 insider is the debtor, guarantor, endorser or cosigner of the extension of  
226 credit; and (2) the extension of credit by itself or when added to the  
227 aggregate of all outstanding extensions of credit for which such insider  
228 is the debtor, guarantor, endorser or cosigner exceeds twenty-five  
229 thousand dollars plus pledged shares.

230       (c) No insider of a Connecticut credit union or professional retained  
231 by a Connecticut credit union shall in any manner, directly or indirectly,



232 participate in any determination affecting such [person's] insider's or  
233 professional's pecuniary interest or the pecuniary interest of any  
234 immediate family member of such [person] insider or professional or  
235 any corporation, partnership or association, other than the Connecticut  
236 credit union, in which such [person] insider or professional is directly  
237 or indirectly interested.

238 (d) [An] (1) Except as provided in subdivision (2) of this subsection,  
239 an insider, immediate family member of such insider or other person  
240 having a common ownership, investment or other pecuniary interest in  
241 a business enterprise with an insider or immediate family member of  
242 such insider shall not obtain an extension of credit from the Connecticut  
243 credit union with preferential rates, terms or conditions, or act as  
244 guarantor or endorser thereon, and shall not be involved in the  
245 appraisal or valuation of assets which are to be used as collateral for an  
246 extension of credit.

247 (2) An insider, an employee of a Connecticut credit union or a  
248 member of the governing board may obtain an extension of credit from  
249 the Connecticut credit union with preferential rates, terms or conditions,  
250 or act as guarantor or endorser thereon, provided such extension of  
251 credit is obtained pursuant to a written policy established by the  
252 governing board. Any such written policy shall require that (A) uniform  
253 preferential rates, terms or conditions are offered to insiders, employees  
254 and members of the governing board, and (B) no extension of credit  
255 shall be offered pursuant to such written policy if, at the time the credit  
256 is extended, the Connecticut credit union reasonably expects such  
257 extension of credit to result in a financial loss.

258 Sec. 8. Subsection (e) of section 36a-441a of the general statutes is  
259 repealed and the following is substituted in lieu thereof (*Effective July 1,*  
260 *2025*):

261 (e) As used in this section, the term "net worth" means the retained  
262 earnings balance of the Connecticut credit union at the end of each  
263 dividend period, excluding the allowance for loan and lease losses

264 account and, in the case of a Connecticut credit union designated by the  
 265 National Credit Union Administration as a low-income credit union  
 266 under 12 CFR 701.34, as from time to time amended, net worth includes  
 267 any secondary capital account that is uninsured and subordinate to all  
 268 other claims, including claims of creditors, shareholders and the  
 269 National Credit Union Share Insurance Fund. Retained earnings shall  
 270 consist of undivided earnings, as determined under generally accepted  
 271 accounting principles, [regular reserves] and other appropriations  
 272 designated by the commissioner or the National Credit Union  
 273 Administration, or its successor agency, or by the governing board of  
 274 the Connecticut credit union with the approval of the commissioner.

This act shall take effect as follows and shall amend the following sections:

|           |                     |                    |
|-----------|---------------------|--------------------|
| Section 1 | <i>July 1, 2025</i> | 36a-435b           |
| Sec. 2    | <i>July 1, 2025</i> | 36a-456b(a)        |
| Sec. 3    | <i>July 1, 2025</i> | 36a-456a(e)        |
| Sec. 4    | <i>July 1, 2025</i> | 36a-455a(2)(A)     |
| Sec. 5    | <i>July 1, 2025</i> | 36a-458a(a)(3)     |
| Sec. 6    | <i>July 1, 2025</i> | 36a-455a(17)       |
| Sec. 7    | <i>July 1, 2025</i> | 36a-454b(a) to (d) |
| Sec. 8    | <i>July 1, 2025</i> | 36a-441a(e)        |

**BA**      *Joint Favorable Subst.*