



**Substitute House Bill No. 7083**

**Public Act No. 25-37**

**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:

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 Section 36a-435b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

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

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

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

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(3) "Capital" means undivided earnings, [regular reserves, other] special purpose reserves, donated equity [,] and accumulated, unrealized gains or losses on securities in accordance with generally accepted accounting principles;

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

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

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

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

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

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

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

(11) "Immediate family member" means [any person related by blood,

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adoption or marriage to a person within the field of membership of the Connecticut credit union] a (A) spouse, (B) natural or adoptive parent, child or sibling, (C) stepparent, stepchild or stepsibling, (D) father-in-law, mother-in-law, daughter-in-law, son-in-law, brother-in-law or sister-in-law, (E) grandparent or grandchild, or (F) spouse of a grandparent or grandchild;

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

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

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

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

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

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

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

[(17)] (19) "Officer" means the chairperson, vice chairperson, secretary and treasurer of the governing board of a Connecticut credit union;

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

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

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

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

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

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(a) As used in this section:

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

(2) "Note account" means a note, subject to the right of immediate call, evidencing funds held by depositories electing the note option under applicable United States Treasury Department regulations. Note accounts are not shares, as defined in [subdivision (17) of] section 36a-435b, as amended by this act.

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

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

(2) Notwithstanding the provisions of subdivision (1) of this subsection, a Connecticut credit union that is designated by the United States Department of the Treasury as a community development financial institution under 12 CFR Part 1805, as amended from time to time, may receive payments from any nonmember, provided the aggregate amount of payments received from all nonmembers shall not at any time exceed: (A) For a Connecticut credit union with total assets

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of less than two hundred fifty million dollars, the greater of six million two hundred fifty thousand dollars or five per cent of the total value of all shares of such Connecticut credit union; (B) for a Connecticut credit union with total assets of two hundred fifty million dollars or more but less than five hundred million dollars, the greater of nine million five hundred thousand dollars or two and one-half per cent of the total value of all shares of such Connecticut credit union; (C) for a Connecticut credit union with total assets of five hundred million dollars or more but less than one billion dollars, the greater of fifteen million dollars or two per cent of the total value of all shares of such Connecticut credit union; and (D) for a Connecticut credit union with total assets of one billion dollars or more, the greater of twenty-five million dollars or one and one-half per cent of the total value of all shares of such Connecticut credit union. For purposes of this subdivision, the receipt by a Connecticut credit union of a public deposit under sections 36a-330 to 36a-338, inclusive, shall not be treated as the receipt by such Connecticut credit union of a payment from a nonmember.

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

(2) (A) Issue shares to its members and receive payments on shares from its members and from [those] nonmembers [specified in] in accordance with the provisions of subsection (e) of section 36a-456a, as amended by this act, subject to the provisions of sections 36a-290 to 36a-297, inclusive, 36a-330 to 36a-338, inclusive, and 36a-456a, as amended by this act, (B) receive deposits of members and nonmembers subject to provisions of sections 36a-456a and 36a-456b, as amended by this act, (C) reduce the amount of its member and nonmember shares and deposits, (D) expel members and cancel shares in accordance with section 36a-439a, and (E) provide check cashing and wire and electronic transfer services to nonmembers who are within such credit union's

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field of membership;

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

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

(i) A loan intended for personal use;

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

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

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

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

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

(vii) A commercial loan to a nonmember or a participation interest in

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

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

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

(B) (i) If approved by a majority of the Connecticut credit union's governing board and documented in such governing board's minutes, make charitable contributions or gifts (I) during a fiscal year that, in the aggregate, exceed one ten-thousandth of the net assets of the

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Connecticut credit union as of the close of the prior fiscal year, or (II) to a recipient even if an insider or immediate family member of an insider is a director or member of senior management of such recipient, and (ii) provided the Connecticut credit union establishes and maintains a record of any charitable contribution or gift made pursuant to this subparagraph;

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

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

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

(c) No insider of a Connecticut credit union or professional retained

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by a Connecticut credit union shall in any manner, directly or indirectly, participate in any determination affecting such [person's] insider's or professional's pecuniary interest or the pecuniary interest of any immediate family member of such [person] insider or professional or any corporation, partnership or association, other than the Connecticut credit union, in which such [person] insider or professional is directly or indirectly interested.

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

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

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

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(e) As used in this section, the term "net worth" means the retained earnings balance of the Connecticut credit union at the end of each dividend period, excluding the allowance for loan and lease losses account and, in the case of a Connecticut credit union designated by the National Credit Union Administration as a low-income credit union under 12 CFR 701.34, as from time to time amended, net worth includes any secondary capital account that is uninsured and subordinate to all other claims, including claims of creditors, shareholders and the National Credit Union Share Insurance Fund. Retained earnings shall consist of undivided earnings, as determined under generally accepted accounting principles, [regular reserves] and other appropriations designated by the commissioner or the National Credit Union Administration, or its successor agency, or by the governing board of the Connecticut credit union with the approval of the commissioner.

Governor's Action:  
Approved June 10, 2025