



Senate Bill No. 218

Public Act No. 26-79

AN ACT CONCERNING THE COMMUNITY BANK AND CREDIT UNION INVESTMENT PROGRAM, MORTGAGE PAYMENTS, PENALTIES FOR VIOLATIONS OF RENTAL SECURITY DEPOSIT REQUIREMENTS, CERTAIN APPROVALS BY THE BANKING COMMISSIONER, CONNECTICUT BRANCH APPLICATIONS AND SECURED CREDIT CARDS.

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

Section 1. Section 3-24k of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

(a) The State Treasurer may establish a program under which the State Treasurer may, based on cash availability, make available a pool of funds not exceeding three hundred million dollars for investment with eligible community banks and community credit unions. Such funds shall be obtained from the state's operating cash managed by the State Treasurer.

(b) (1) The State Treasurer shall establish eligibility criteria for any program established under subsection (a) of this section. Such eligibility criteria shall include, at a minimum, an asset limit for community banks and community credit unions to participate in such program. Such asset limit shall provide that: (A) During the period beginning July 1, 2023, and ending September 29, 2024, no community bank or community

Senate Bill No. 218

credit union with assets exceeding two billion dollars may participate in such program; and (B) beginning September 30, 2024, no community bank or community credit union may participate in such program if such community bank's or community credit union's assets exceed the sum of (i) the preceding asset limit established by the State Treasurer, and (ii) the median percentage loan growth of community banks and community credit unions eligible for the program at the time when the State Treasurer establishes such asset limit. As used in this subsection, "median percentage loan growth" means the middle value representing the percentage increase or decrease, as the case may be, in loan assets over a period of time reflected on the balance sheet of a specified group of lenders.

(2) Not later than July 1, 2024, and annually thereafter, the State Treasurer shall provide to the Department of Banking a list of the community banks and community credit unions that are eligible to participate in such program at the time when the State Treasurer provides each such list to the department. Not later than August 31, 2024, and annually thereafter, the Department of Banking shall provide to the State Treasurer the median percentage loan growth of each such community bank and community credit union.

(c) The State Treasurer shall establish a schedule for making such investments with such banks and credit unions.

(d) The State Treasurer shall establish a [competitive bidding] procedure under which such banks and credit unions may [compete] apply for investment-related services under said program. Under such procedure, the State Treasurer may accept rates for such investment-related services that are not greater than one hundred basis points below the previous day's yield for an appropriately comparative United States Treasury security with the same maturity date as the maturity date applicable to such investment-related services, as determined by the State Treasurer.

Senate Bill No. 218

(e) The State Treasurer may establish capital standards for such banks and credit unions wishing to participate in said program.

Sec. 2. Subsection (i) of section 49-8a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

(i) (1) A mortgagee shall accept, as payment tendered for satisfaction or partial satisfaction of a mortgage loan, a bank check, certified check, attorney's clients' funds account check, title insurance company check, wire transfer or any other form of payment authorized under federal law.

(2) As used in this subdivision, (A) "mortgage loan" means a loan secured by a mortgage on residential real property, which loan is granted by a mortgagee to a mortgagor, (B) "mortgagee" means the owner or servicer of the debt secured by a mortgage, (C) "mortgagor" means any person obligated to repay a mortgage loan, (D) "residential real property" means a one-to-four family dwelling, occupied as a residence by a mortgagor, and (E) "prepayment" means a payment toward the outstanding principal amount of a mortgage loan beyond the monthly payment due on such mortgage loan. For a mortgage loan made on or after January 1, 2027, a mortgagee shall accept a full or partial prepayment from a mortgagor, which prepayment shall reduce, in whole or in part, the amount of principal that a mortgagor owes on the mortgage loan, provided the mortgagee may apply the prepayment to an amount that is owed under the mortgage loan other than the principal amount, as permitted by the terms of the mortgage loan. The mortgagee shall apply such prepayment in accordance with applicable state and federal laws and regulations. A payment on a mortgage loan that a mortgagor intends as a prepayment shall not be considered a prepayment under this subdivision unless all monthly payments due on the mortgage loan have been paid at the time the mortgagor delivers such payment. A prepayment shall not result in any change to the due date or the amount of the mortgagor's monthly payment due on the

Senate Bill No. 218

mortgage loan unless the mortgagee agrees in writing to such change. A mortgagee shall not assess a prepayment charge with respect to any prepayment if such charge is prohibited by any state or federal law or regulation, provided, with respect to a mortgage loan insured by the Federal Housing Administration, the mortgagor may be required to reimburse the mortgagee up to the full amount of any charge, premium or fee required by any state or federal law or regulation of the Federal Housing Administration to be paid by the mortgagee upon payment of the mortgage loan prior to the date fixed for such payment.

Sec. 3. Subdivision (1) of subsection (j) of section 47a-21 of the 2026 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

(j) (1) Except as provided in subdivision (2) of this subsection, the commissioner may receive and investigate complaints regarding any alleged violation of [subsections] subsection (b), (d), (h) or (i) of this section. For the purposes of such investigation, any person who is or was a landlord shall be subject to the provisions of section 36a-17. If the commissioner determines that any landlord has violated any provision of this section over which the commissioner has jurisdiction, the commissioner may, in accordance with [section] sections 36a-50 and 36a-52, order such [person to] landlord to pay a civil penalty, cease and desist from such practices and [to] comply with the provisions of this section.

Sec. 4. Subsection (b) of section 36a-34 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

(b) The commissioner shall not grant any approval under section 36a-125, subsections (b), (c) and (d) of section 36a-145, as amended by this act, section 36a-181, section 36a-411 or subdivisions (1) and (2) of subsection (a) of section 36a-412 unless the commissioner finds, in

Senate Bill No. 218

accordance with regulations adopted pursuant to chapter 54, that (1) based on the most recent applicable performance evaluation and any related information required by the commissioner, the entity has a record of compliance with the requirements of federal CRA, sections 36a-30 to 36a-33, inclusive, to the extent applicable, and applicable consumer protection laws; and (2) except as otherwise provided in this subsection, if the entity, and in the case of an approval pursuant to section 36a-411, the bank or any subsidiary bank of the Connecticut holding company, received any overall rating other than an assigned rating of "outstanding" on its most recent applicable community reinvestment performance evaluation, or, in the case of an approval under subsection (b), (c) or (d) of section 36a-145, as amended by this act, if the entity received an overall rating of "needs to improve" or "substantial noncompliance" on its most recent applicable community reinvestment performance evaluation, the resulting entity will provide adequate services to meet the banking needs of all community residents, including low-income residents and moderate-income residents to the extent permitted by its charter, in accordance with a plan submitted by the applicant to the commissioner, in such form and containing such information as the commissioner may require, or, if acceptable to the commissioner, in accordance with an approved strategic plan prepared under federal CRA, or the relevant portion thereof, that is submitted by the applicant to the commissioner. Upon receiving any such plan, the commissioner shall make the plan available for public inspection and comment at the Department of Banking and cause notice of its submission and availability for inspection and comment to be published in the department's weekly bulletin. With the concurrence of the commissioner, the applicant or applicants shall publish, in the form of a legal advertisement in a newspaper having a substantial circulation in the area, notice of such plan's submission and availability for public inspection and comment. The notice shall state that the inspection and comment period will last for a period of thirty days from the date of publication. The commissioner shall not make such finding until the

Senate Bill No. 218

expiration of such thirty-day period. In making such finding, the commissioner shall, unless clearly inapplicable, consider, among other factors, whether the plan identifies specific unmet credit and consumer banking needs in the local community and specifies how such needs will be satisfied, provides for sufficient distribution of banking services among branches or satellite devices, or both, located in low-income neighborhoods, contains adequate assurances that banking services will be offered on a nondiscriminatory basis and demonstrates a commitment to extend credit for housing, small business and consumer purposes in low-income neighborhoods. The submission of such plan shall not be required in the case of an approval under subsection (d) of section 36a-145, provided, the commissioner may require the filing of such information in lieu of a plan as the commissioner deems appropriate. If the commissioner determines that an applicant is an eligible entity, the commissioner may (A) exempt such applicant from the requirement that such applicant file a plan, or (B) require such information in lieu of a plan as the commissioner deems appropriate. Except with respect to an approval pursuant to section 36a-145, as amended by this act, and section 36a-181, the commissioner shall not approve the transaction if the transaction would result in a monopoly, or would be in furtherance of any combination or conspiracy to monopolize or attempt to monopolize the business of banking in this state or if the commissioner determines that the effect of the proposed transaction may be to substantially lessen competition, or would tend to create a monopoly, or would be in restraint of trade, unless the commissioner finds that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served.

Sec. 5. Subsection (n) of section 36a-145 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

Senate Bill No. 218

(n) Upon receipt of an application pursuant to subdivision (1) of subsection (b) of this section, subdivisions (1) and (4) of subsection (c) of this section, subdivision (1) of subsection (d) of this section or subsection (j) of this section, the commissioner shall cause notice of the application to be published in the department's weekly bulletin. The commissioner shall determine whether the applicant is an eligible entity, as defined in section 36a-34, as amended by this act, and shall promptly notify the applicant of such determination. An application by an eligible entity shall be deemed approved on the [twelfth] fifth business day after expiration of the comment period provided in the department's weekly bulletin, unless the commissioner informs the applicant, in writing, prior to such [twelfth] fifth business day, that (1) an adverse comment has been received that warrants additional investigation or review; (2) the application presents a significant community reinvestment or compliance concern; (3) the application presents a significant supervisory concern or raises significant legal or policy issues; or (4) the application requires additional information. The application may be deemed approved prior to the expiration of the [twelfth] fifth business day if the commissioner issues a written notice of the commissioner's intent not to disapprove the application.

Sec. 6. Subsection (a) of section 36a-32 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2026*):

(a) In connection with the examination of a bank under section 36a-17, the commissioner shall assess the record of the performance of the bank in helping to meet the credit needs of its entire community, including low and moderate-income neighborhoods, consistent with the safe and sound operation of the bank. The commissioner shall assess the community reinvestment performance of a bank utilizing the applicable methodology set forth in federal CRA. In addition, the commissioner shall consider the following in assessing a bank's record of performance:

Senate Bill No. 218

(1) The bank's record of offering escrow accounts for purposes of compliance with subsection (h) of section 47a-21;

(2) Efforts of the bank to work with delinquent residential mortgage customers who are unemployed or underemployed to facilitate a resolution of the delinquency; [and]

(3) Written comments received by the commissioner; and

(4) The bank's offering of a loan or deposit product designed to assist residents of its local communities, including, but not limited to, low and moderate-income individuals, in establishing or improving such residents' credit history.