

# Banking Committee JOINT FAVORABLE REPORT

**Bill No.:** SB-183

**Title:** AN ACT CONCERNING FAIR LENDING.

**Vote Date:** 3/8/2022

**Vote Action:** Joint Favorable Substitute

**PH Date:** 3/1/2022

**File No.:** 80

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## **SPONSORS OF BILL:**

Banking Committee

## **REASONS FOR BILL:**

Current legislation prohibits discriminatory practices regarding credit and home loans, but there is no legislation codified directly into banking statutes. There have been many instances where predatory lending has targeted specific, vulnerable populations. This bill would give the Banking Commissioner more tools to fight discriminatory practices and give more protections to vulnerable communities.

JFS language – changes the date on line 112 from "July 1, 2023" to "July 1, 2024" to give the commissioner more time to implement examination procedures. Changes were made on line 208 and 209 to include a deadline of January 1, 2024 by which date and after the bank's records must be assessed. Another deadline of January 1, 2024 was added to line 240 by which date and after the commissioner must assess a community credit union's record.

## **RESPONSE FROM ADMINISTRATION/AGENCY:**

### **Matt Smith, Director of Government Relations and Consumer Affairs – CT DOB**

All Connecticut residents deserve "fair and equal access to credit." Codifying anti-discrimination policies into banking statutes and applying these standards to the mortgage industry is an incredibly important addition. However, the Department and the industry would need time to adjust and educate and to coordinate exams. The Department of Banking supports the bill with a lengthened time frame.

## **NATURE AND SOURCES OF SUPPORT:**

**Jeff Gentes – Connecticut Fair Housing Center and Housing Clinic at Yale Law School**  
Supports this bill because the discriminatory lending practices that target Black and Latino communities in the 2000s led to a foreclosure crisis. This bill would help prevent another crisis like that and help protect those and other communities from discriminatory practices.

**Raphael L. Podolsky – Connecticut Legal Services**

While discriminatory practices are already illegal under current CT legislation, this bill would give more tools to the Banking Commissioner to enforce fair lending requirements.

## **NATURE AND SOURCES OF OPPOSITION:**

**Tom Mongellow, Art Corey, and Fritz Conway – Connecticut Bankers Association**

Opposes the bill at the moment because the bill would duplicate state and federal fair lending laws. There is legislation already in the Connecticut General Statutes that prohibits discrimination in the area of credit and more legislation against discrimination specific to home loans. There is concern that duplication of the federal lending laws and state laws would lead to confusion. Federal banking regulators are going to be doing a modernization of the federal Community Reinvestment Act and so the Connecticut Bankers Association suggests that Connecticut wait until the outcome of that process before addressing it in CT statutes.

**Reported by: Alexa Moyer / Dawn Marzik**

**3/22/22**