

# Banking Committee JOINT FAVORABLE REPORT

**Bill No.:** SB-1398

AN ACT CONCERNING COMMUNITY REINVESTMENT BY BANKS AND CREDIT UNIONS AND REPORTS, RECORDS, INSPECTIONS AND

**Title:** EXAMINATIONS OF MORTGAGE LENDERS.

**Vote Date:** 3/11/2025

**Vote Action:** Joint Favorable Substitute

**PH Date:** 3/4/2025

**File No.:**

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## **SPONSORS OF BILL:**

The Banking Committee

## **REASONS FOR BILL:**

Because Connecticut banks and credit unions work to ensure that business loans and investments are accessible to a wide range of individuals, regardless of race, gender, or ethnicity. Constant monitoring and adjustments to statutes are necessary to ensure that one group is not given a substantial advantage over others in this area. This bill would redefine the terms 'minority,' 'minority-owned businesses,' and 'women-owned businesses,' while providing reference and review to support inclusion in credit union statutes and their involvement in community reinvestment.

## **SUBSTITUTE LANGUAGE:**

The substitute language of this bill removes section six with respect to inspections of mortgage lenders and the reports they are required to submit.

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

[Matthew Smith, Department of Banking, Director of Government Relations:](#) He expressed concerns that this bill would impose a burden on the Department of Banking and explained that the department would need 14 additional examiners, 2 additional attorneys, and a paralegal position. He also expressed concern that the Department of Banking lacks the capacity to train new examiners to conduct the required exams outlined in Senate Bill 1398. Additionally, he explained that because the Department of Banking lacks the capacity

to train new examiners, it would require federal regulatory partners to assist with training, which would be an obstacle for the department.

**NATURE AND SOURCES OF SUPPORT:**

[Raphael Podolsky, Connecticut Legal Services](#): He expressed that the factors to be considered in CRA evaluations, and specifically Section six of this bill, lay out community lending standards for non-bank lenders.

**NATURE AND SOURCES OF OPPOSITION:**

[Thomas Mongellow, Connecticut Bankers Association, CEO](#): He expressed concerns that this bill would create additional assessment categories for lending to women- and minority-owned businesses, which would misalign with state and federal laws regarding the Community Reinvestment Act (CRA). He also stated that the requirements imposed by this bill are not applicable to federally chartered banks.

**Reported by: Morgan Dlugoleski**

**Date: 03/12/2025**