



General Assembly

Substitute Bill No. 1398

January Session, 2025



AN ACT CONCERNING COMMUNITY REINVESTMENT BY BANKS AND CREDIT UNIONS.

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

1 Section 1. Subsections (a) to (c), inclusive, of section 36a-30 of the
2 general statutes are repealed and the following is substituted in lieu
3 thereof (*Effective October 1, 2025*):

4 (a) As used in sections 36a-30 to 36a-33, inclusive, as amended by this
5 act, unless the context otherwise requires:

6 (1) "Bank" means any bank or out-of-state bank that maintains in this
7 state a branch as defined in section 36a-410. "Bank" does not include
8 special purpose banks that do not perform commercial or retail banking
9 services in which credit is granted to the public in the ordinary course
10 of business, other than as an incident to their specialized operations,
11 including, but not limited to, banker's banks and banks that engage only
12 in one or more of the following activities: Providing cash management
13 controlled disbursement services or serving as correspondent banks,
14 trust companies or clearing agents.

15 (2) "Federal CRA" means (A) the federal Community Reinvestment
16 Act of 1977, 12 USC Section 2901 et seq., as from time to time amended,
17 and (B) the regulations implementing said act adopted by the federal

18 financial supervisory agencies as set forth in 12 CFR Part 25, 12 CFR Part
19 228, 12 CFR Part 345 and 12 CFR Part 563e, as from time to time
20 amended, and as applicable to the specific type of bank.

21 (3) "Federal financial supervisory agency" means the Office of the
22 Comptroller of the Currency, the Board of Governors of the Federal
23 Reserve System, the Federal Deposit Insurance Corporation, the Office
24 of Thrift Supervision and any successor to any of the foregoing agencies,
25 as applicable to the specific type of bank.

26 (4) "Minority" means an individual whose race is defined as other
27 than white, or whose ethnicity is defined as Hispanic or Latino by the
28 federal Office of Management and Budget for use by the Bureau of
29 Census of the United States Department of Commerce.

30 (5) "Minority-owned business" means any business of which at least
31 fifty-one per cent of the capital stock, if any, or assets is owned by a
32 minority who is active in the daily affairs of the business and has the
33 power to direct the management and policies of the business.

34 (6) "Women-owned business" means any business of which at least
35 fifty-one per cent of the capital stock, if any, or assets is owned by a
36 woman who is active in the daily affairs of the business and has the
37 power to direct the management and policies of the business.

38 (b) The commissioner shall assess the record of each bank in
39 satisfying its continuing and affirmative obligations to help meet the
40 credit needs of its local communities, including low and moderate-
41 income neighborhoods, minority-owned businesses and women-owned
42 businesses, consistent with the safe and sound operation of such banks,
43 and shall provide for the consideration of such records in connection
44 with any application listed in subsection (c) of section 36a-32.

45 (c) Each bank shall, in accordance with the provisions of federal CRA
46 and without excluding low and moderate-income neighborhoods,
47 minority-owned businesses or women-owned businesses, delineate the
48 local community or communities that comprise its entire community

49 within this state or delineate one or more assessment areas, as
50 applicable, within which the commissioner shall evaluate the bank's
51 record of helping to meet the credit needs of its entire community in this
52 state. The commissioner shall review the delineation for compliance
53 with federal CRA and this subsection in connection with an examination
54 of the bank under section 36a-17.

55 Sec. 2. Subsections (a) and (b) of section 36a-32 of the general statutes
56 are repealed and the following is substituted in lieu thereof (*Effective*
57 *October 1, 2025*):

58 (a) In connection with the examination of a bank under section 36a-
59 17, the commissioner shall assess the record of the performance of the
60 bank in helping to meet the credit needs of its entire community,
61 including low and moderate-income neighborhoods, minority-owned
62 businesses and women-owned businesses, consistent with the safe and
63 sound operation of the bank. The commissioner shall assess the
64 community reinvestment performance of a bank utilizing the applicable
65 methodology set forth in federal CRA. In addition, the commissioner
66 shall consider the following in assessing a bank's record of performance:

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

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

72 (3) Written comments received by the commissioner.

73 (b) (1) Upon the conclusion of the assessment required under
74 subsection (a) of this section, the commissioner shall prepare a written
75 evaluation of the bank's record of meeting the credit needs of its entire
76 community, including low and moderate-income neighborhoods,
77 minority-owned businesses and women-owned businesses. Each
78 community reinvestment performance evaluation prepared under this
79 subsection shall have a public section and a confidential section.

80 (2) The public section of the performance evaluation shall (A) state
81 the commissioner's assessment of the community reinvestment
82 performance of the bank utilizing the applicable methodology set forth
83 in federal CRA, (B) discuss the facts supporting such assessment, and
84 (C) contain the bank's rating and a statement describing the basis for the
85 rating. The rating shall be one of the following: (i) Outstanding record
86 of meeting community credit needs; (ii) satisfactory record of meeting
87 community credit needs; (iii) needs to improve record of meeting
88 community credit needs; or (iv) substantial noncompliance in meeting
89 community credit needs. The commissioner shall furnish a copy of the
90 public portion of the performance evaluation to the bank upon its
91 completion.

92 (3) The confidential section of the performance evaluation shall
93 contain all references that identify any customer of the bank, any
94 employee or officer of the bank, or any person that has provided
95 information in confidence to the commissioner or to any federal
96 financial supervisory agency. The confidential section shall also contain
97 any statements obtained or made by the commissioner in the course of
98 an examination under section 36a-17 which, in the judgment of the
99 commissioner, are too sensitive or speculative in nature to disclose to
100 the bank or the public. The confidential section may be disclosed, in
101 whole or in part, to the bank if the commissioner determines that such
102 disclosure will promote the objectives of sections 36a-30 to 36a-33,
103 inclusive, as amended by this act, provided any such disclosure shall
104 not identify a person that has provided information in confidence to the
105 commissioner or to any federal financial supervisory agency.

106 Sec. 3. Subsections (a) to (c), inclusive, of section 36a-34 of the general
107 statutes are repealed and the following is substituted in lieu thereof
108 (*Effective October 1, 2025*):

109 (a) As used in subsection (b) of this section:

110 (1) "Eligible entity" means any entity that (A) received a composite
111 rating of one or two under the Uniform Financial Institutions Rating

112 System as a result of its most recent safety and soundness examination;
113 (B) received a compliance rating of one or two on its most recent
114 compliance examination; (C) received a satisfactory or better rating on
115 its most recent community reinvestment performance evaluation; (D) is
116 well capitalized, as defined in 12 CFR 324.403(b)(1), as amended from
117 time to time; (E) is not subject to a cease and desist order, consent order,
118 prompt correction action directive, written agreement, memorandum of
119 understanding or other administrative agreement with its primary state
120 or federal banking regulator; and (F) is not subject to any formal or
121 informal administrative action by its primary state or federal banking
122 regulator.

123 (2) "Entity" means the applicant or applicants except, in the case of an
124 approval pursuant to section 36a-411, "entity" means the subsidiaries of
125 the applicant holding company.

126 (3) "Federal CRA" has the same meaning as provided in subsection
127 (a) of section 36a-30, as amended by this act.

128 (4) "Minority" means an individual whose race is defined as other
129 than white, or whose ethnicity is defined as Hispanic or Latino by the
130 federal Office of Management and Budget for use by the Bureau of
131 Census of the United States Department of Commerce.

132 (5) "Minority-owned business" means any business of which at least
133 fifty-one per cent of the capital stock, if any, or assets is owned by a
134 minority who is active in the daily affairs of the business and has the
135 power to direct the management and policies of the business.

136 [(4)] (6) "Resulting entity" means: (A) In the case of an approval
137 pursuant to section 36a-145 and subdivision (2) of subsection (a) of
138 section 36a-412, the applicant; (B) in the case of an approval pursuant to
139 section 36a-125, the resulting Connecticut bank; (C) in the case of an
140 approval pursuant to section 36a-181, the Connecticut bank; (D) in the
141 case of an approval pursuant to section 36a-411, the bank to be acquired
142 or established; and (E) in the case of an approval pursuant to
143 subdivision (1) of subsection (a) of section 36a-412, the bank to be

144 acquired or the resulting bank.

145 (7) "Women-owned business" means any business of which at least
146 fifty-one per cent of the capital stock, if any, or assets is owned by a
147 woman who is active in the daily affairs of the business and has the
148 power to direct the management and policies of the business.

149 (b) The commissioner shall not grant any approval under section 36a-
150 125, subsections (b), (c) and (d) of section 36a-145, section 36a-181,
151 section 36a-411 or subdivisions (1) and (2) of subsection (a) of section
152 36a-412 unless the commissioner finds, in accordance with regulations
153 adopted pursuant to chapter 54, that (1) based on the most recent
154 applicable performance evaluation and any related information
155 required by the commissioner, the entity has a record of compliance
156 with the requirements of federal CRA, sections 36a-30 to 36a-33,
157 inclusive, as amended by this act, to the extent applicable, and
158 applicable consumer protection laws; and (2) except as otherwise
159 provided in this subsection, if the entity, and in the case of an approval
160 pursuant to section 36a-411, the bank or any subsidiary bank of the
161 Connecticut holding company, received any overall rating other than an
162 assigned rating of "outstanding" on its most recent applicable
163 community reinvestment performance evaluation, the resulting entity
164 will provide adequate services to meet the banking needs of all of the
165 community [residents] of such resulting entity, including low-income
166 residents, [and] moderate-income residents, minority-owned
167 businesses and women-owned businesses to the extent permitted by its
168 charter, in accordance with a plan submitted by the applicant to the
169 commissioner, in such form and containing such information as the
170 commissioner may require, or, if acceptable to the commissioner, in
171 accordance with an approved strategic plan prepared under federal
172 CRA, or the relevant portion thereof, that is submitted by the applicant
173 to the commissioner. Upon receiving any such plan, the commissioner
174 shall make the plan available for public inspection and comment at the
175 Department of Banking and cause notice of its submission and
176 availability for inspection and comment to be published in the
177 department's weekly bulletin. With the concurrence of the

178 commissioner, the applicant or applicants shall publish, in the form of a
179 legal advertisement in a newspaper having a substantial circulation in
180 the area, notice of such plan's submission and availability for public
181 inspection and comment. The notice shall state that the inspection and
182 comment period will last for a period of thirty days from the date of
183 publication. The commissioner shall not make such finding until the
184 expiration of such thirty-day period. In making such finding, the
185 commissioner shall, unless clearly inapplicable, consider, among other
186 factors, whether the plan identifies specific unmet credit and consumer
187 banking needs in the local community and specifies how such needs will
188 be satisfied, provides for sufficient distribution of banking services
189 among branches or satellite devices, or both, located in low-income
190 neighborhoods, contains adequate assurances that banking services will
191 be offered on a nondiscriminatory basis and demonstrates a
192 commitment to extend credit for housing, small business, minority-
193 owned businesses, women-owned businesses and consumer purposes
194 in low-income neighborhoods. The submission of such plan shall not be
195 required in the case of an approval under subsection (d) of section 36a-
196 145, provided, the commissioner may require the filing of such
197 information in lieu of a plan as the commissioner deems appropriate. If
198 the commissioner determines that an applicant is an eligible entity, the
199 commissioner may (A) exempt such applicant from the requirement that
200 such applicant file a plan, or (B) require such information in lieu of a
201 plan as the commissioner deems appropriate. Except with respect to an
202 approval pursuant to section 36a-145 and section 36a-181, the
203 commissioner shall not approve the transaction if the transaction would
204 result in a monopoly, or would be in furtherance of any combination or
205 conspiracy to monopolize or attempt to monopolize the business of
206 banking in this state or if the commissioner determines that the effect of
207 the proposed transaction may be to substantially lessen competition, or
208 would tend to create a monopoly, or would be in restraint of trade,
209 unless the commissioner finds that the anticompetitive effects of the
210 proposed transaction are clearly outweighed in the public interest by
211 the probable effect of the transaction in meeting the convenience and
212 needs of the community to be served.

213 (c) The commissioner shall not make a determination stating that the
214 commissioner does not disapprove an offer, invitation, request,
215 agreement or acquisition pursuant to section 36a-185 unless the
216 commissioner finds, in accordance with regulations adopted pursuant
217 to chapter 54, that (1) based on the most recent applicable performance
218 evaluation and any related information required by the commissioner,
219 the acquiring person, if such person is a bank or out-of-state bank, and
220 the acquiring person's subsidiaries, if such person is a holding company,
221 has a record of compliance with the requirements of federal CRA,
222 sections 36a-30 to 36a-33, inclusive, as amended by this act, to the extent
223 applicable, and applicable consumer protection laws; and (2) except as
224 otherwise provided in this subsection, if the bank or any banking
225 subsidiary of the holding company referred to in the acquisition
226 statement received any overall rating other than an assigned rating of
227 "outstanding" on its most recent applicable community reinvestment
228 performance evaluation, such bank or banking subsidiary will provide
229 adequate services to meet the banking needs of all of the community
230 [residents] of such bank or banking subsidiary, including low-income
231 residents, [and] moderate-income residents, minority-owned
232 businesses and women-owned businesses to the extent permitted by its
233 charter or their charters. If the acquiring person is not a natural person,
234 or if the acquiring person is a natural person who would be the
235 beneficial owner of twenty-five per cent or more of any class of voting
236 securities of the bank or holding company referred to in the acquisition
237 statement, the finding as to the adequacy of services to be provided shall
238 be based on a plan submitted by the acquiring person to the
239 commissioner, in such form and containing such information as the
240 commissioner may require, or, if acceptable to the commissioner, in
241 accordance with an approved strategic plan prepared under federal
242 CRA, or the relevant portion thereof, that is submitted by the acquiring
243 person to the commissioner. Upon receiving any such plan, the
244 commissioner shall make the plan available for public inspection and
245 comment at the Department of Banking and cause notice of its
246 submission and availability for inspection and comment to be published
247 in the department's weekly bulletin. With the concurrence of the

248 commissioner, the acquiring person shall publish, in the form of a legal
249 advertisement in a newspaper having a substantial circulation in the
250 area, notice of such plan's submission and availability for public
251 inspection and comment. The notice shall state that the inspection and
252 comment period will last for a period of thirty days from the date of
253 publication. The commissioner shall not make such finding until the
254 expiration of such thirty-day period. In making such finding, the
255 commissioner shall consider, among other factors, whether the plan
256 identifies specific unmet credit and consumer banking needs in the local
257 community and specifies how such needs will be satisfied, provides for
258 sufficient distribution of banking services among branches or satellite
259 devices, or both, located in low-income neighborhoods, contains
260 adequate assurances that banking services will be offered on a
261 nondiscriminatory basis and demonstrates a commitment to extend
262 credit for housing, small business, minority-owned businesses, women-
263 owned businesses and consumer purposes in low-income
264 neighborhoods. The commissioner may exempt an acquiring person
265 from the requirement that such acquiring person file a plan if the
266 commissioner determines that the bank or banking subsidiary referred
267 to in the acquisition statement is an eligible entity. If the acquiring
268 person is a natural person who would be the beneficial owner of less
269 than twenty-five per cent of all classes of voting securities of the bank or
270 holding company referred to in the acquisition statement, the
271 commissioner shall make the finding as to adequacy of services to be
272 provided based on the commitment of the acquiring person to use the
273 acquiring person's best efforts to cause such bank or banking
274 subsidiaries of such holding company to provide such services. The
275 commissioner shall not make a determination stating that the
276 commissioner does not disapprove such offer, invitation, request,
277 agreement or acquisition if such offer, invitation, request, agreement or
278 acquisition would result in a monopoly, or would be in furtherance of
279 any combination or conspiracy to monopolize or attempt to monopolize
280 the business of banking in this state or if the commissioner should
281 determine that the effect of the proposed offer, invitation, request,
282 agreement or acquisition may be to substantially lessen competition, or

283 would tend to create a monopoly, or would be in restraint of trade,
284 unless the commissioner finds that the anticompetitive effects of the
285 proposed transaction are clearly outweighed in the public interest by
286 the probable effect of the transaction in meeting the convenience and
287 needs of the community to be served.

288 Sec. 4. Section 36a-37 of the general statutes is repealed and the
289 following is substituted in lieu thereof (*Effective October 1, 2025*):

290 As used in sections 36a-37 to 36a-37e, inclusive, as amended by this
291 act:

292 (1) "Assessment area" means one or more of the geographic areas as
293 delineated by a community credit union that (A) consist of one or more
294 metropolitan statistical areas or one or more contiguous political
295 subdivisions, including, but not limited to, counties, cities or towns, (B)
296 include geographies in which the community credit union has its
297 principal office, subsidiary offices and share-taking automated teller
298 machines, and (C) include the surrounding geographies in which the
299 community credit union originates or purchases a substantial portion of
300 its loans.

301 (2) "Community credit union" means a Connecticut credit union that
302 has ten million dollars or more in total assets and the membership of
303 which is limited to persons within a well-defined community,
304 neighborhood or rural district as provided in subsection (a) of section
305 36a-438a.

306 (3) "Community reinvestment performance" means the performance
307 of a community credit union in helping to meet the credit needs of its
308 entire community, including low-income and moderate-income
309 neighborhoods, minority-owned businesses and women-owned
310 businesses.

311 (4) "Minority" means an individual whose race is defined as other
312 than white, or whose ethnicity is defined as Hispanic or Latino by the
313 federal Office of Management and Budget for use by the Bureau of

314 Census of the United States Department of Commerce.

315 (5) "Minority-owned business" means any business of which at least
316 fifty-one per cent of the capital stock, if any, or assets is owned by a
317 minority who is active in the daily affairs of the business and has the
318 power to direct the management and policies of the business.

319 (6) "Women-owned business" means any business of which at least
320 fifty-one per cent of the capital stock, if any, or assets is owned by a
321 woman who is active in the daily affairs of the business and has the
322 power to direct the management and policies of the business.

323 Sec. 5. Subsections (a) to (c), inclusive, of section 36a-37a of the
324 general statutes are repealed and the following is substituted in lieu
325 thereof (*Effective October 1, 2025*):

326 (a) Each community credit union shall satisfy its continuing and
327 affirmative obligation to help meet the credit needs of its community,
328 including low-income and moderate-income neighborhoods, minority-
329 owned businesses and women-owned businesses, consistent with the
330 safe and sound operation of such community credit union.

331 (b) Not later than six months following July 1, 2001, each community
332 credit union shall delineate one or more assessment areas within which
333 the commissioner shall evaluate the community credit union's
334 community reinvestment performance in this state and shall file such
335 delineations with the commissioner. An assessment area shall consist
336 only of whole geographies, and may not (1) reflect illegal
337 discrimination, (2) arbitrarily exclude low-income or moderate-income
338 geographies, or (3) extend substantially beyond a consolidated
339 metropolitan statistical area boundary or beyond a state boundary,
340 unless the assessment area is located in a multistate metropolitan
341 statistical area. A community credit union may adjust the boundaries of
342 its assessment areas to include only the portion of a political subdivision
343 that it reasonably can be expected to serve. A community credit union
344 shall immediately file an amendment with the commissioner reflecting
345 an adjustment of the boundaries of an assessment area.

346 (c) The commissioner shall assess periodically the community
347 reinvestment performance of a community credit union consistent with
348 the safe and sound operation of the community credit union. The
349 commissioner shall assess the community reinvestment performance of
350 such community credit union based on: (1) The community credit
351 union's record of helping to meet the credit needs of its assessment area
352 or areas through qualified investments that benefit its assessment area
353 or areas or a broader state-wide or regional area that includes its
354 assessment area or areas; (2) the community credit union's record of
355 helping to meet the credit needs of its assessment area or areas, by
356 analyzing both the availability and effectiveness of its systems for
357 delivering retail credit union services and the extent and innovativeness
358 of its community development services; (3) loan-to-share ratio given the
359 community credit union's size and financial condition, credit needs of
360 the assessment area or areas, other lending-related activities,
361 considering seasonal variations, as used in 12 CFR 228.26; (4) percentage
362 of total loans and other lending-related activities within the assessment
363 area or areas; (5) record of lending and other lending-related activities
364 to borrowers of different income levels, minority-owned businesses,
365 women-owned businesses and businesses and farms of different sizes;
366 (6) geographic distribution of loans; (7) action taken in response to
367 written complaints with respect to community reinvestment
368 performance; (8) efforts of the community credit union to work with
369 delinquent residential mortgage customers who are unemployed or
370 underemployed to facilitate a resolution of the delinquency; and (9)
371 written comments received by the commissioner.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2025</i>	36a-30(a) to (c)
Sec. 2	<i>October 1, 2025</i>	36a-32(a) and (b)
Sec. 3	<i>October 1, 2025</i>	36a-34(a) to (c)
Sec. 4	<i>October 1, 2025</i>	36a-37
Sec. 5	<i>October 1, 2025</i>	36a-37a(a) to (c)

Statement of Legislative Commissioners:

In Sections 1(a)(5), 3(a)(5) and 4(5), the definition of "minority-owned business" was redrafted for clarity; in Sections 1(a)(6), 3(a)(7) and 4(6), the definition of "women-owned business" was redrafted for clarity; in Sections 1(b) and (c), 2(a) and (b)(1), 3(b)(2) and (c)(2), 4(3) and 5(a) and (c)(5), provisions concerning minority-owned businesses and women-owned businesses were rewritten for clarity and internal consistency.

BA *Joint Favorable Subst.*