



General Assembly

February Session, 2024

Raised Bill No. 118

LCO No. 1006



Referred to Committee on BANKING

Introduced by:

(BA)

***AN ACT CONCERNING THE LEGISLATIVE COMMISSIONERS'
RECOMMENDATIONS FOR TECHNICAL REVISIONS TO THE
BANKING STATUTES.***

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

1 Section 1. Subdivision (6) of section 36a-2 of the 2024 supplement to
2 the general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective October 1, 2024*):

4 (6) "Bank holding company" has the meaning given to that term in 12
5 USC Section 1841(a), as amended from time to time, except that the term
6 "bank", as used in 12 USC Section 1841(a), includes a bank or out-of-state
7 bank that functions solely in a trust or fiduciary capacity;

8 Sec. 2. Subdivision (8) of subsection (a) of section 36a-250 of the 2024
9 supplement to the general statutes is repealed and the following is
10 substituted in lieu thereof (*Effective October 1, 2024*):

11 (8) Act as agent or [attorney in fact] attorney-in-fact for the holders of
12 securities or the owners of real estate;

13 Sec. 3. Subdivisions (4) and (5) of subsection (i) of section 36a-261 of
14 the 2024 supplement to the general statutes are repealed and the
15 following is substituted in lieu thereof (*Effective October 1, 2024*):

16 (4) Loans that are renewed, refinanced [,] or restructured without the
17 advancement of new funds or an increase in a line of credit, except for
18 reasonable closing costs.

19 (5) Loans that are renewed, refinanced [,] or restructured in
20 connection with a workout situation, either with or without the
21 advancement of new funds, where such action is consistent with safe
22 and sound banking practices and is a part of a clearly defined and well
23 documented program to achieve orderly liquidation of the debt, reduce
24 risk of loss or maximize recovery of the loan.

25 Sec. 4. Subdivision (2) of subsection (b) of section 36a-262 of the 2024
26 supplement to the general statutes is repealed and the following is
27 substituted in lieu thereof (*Effective October 1, 2024*):

28 (2) When loans are made (A) to obligors who are related directly or
29 indirectly through common control, including where one obligor is
30 directly or indirectly controlled by another obligor; and (B) substantial
31 financial interdependence exists between or among the obligors.
32 Substantial financial interdependence is deemed to exist when fifty per
33 cent or more of one obligor's gross receipts or gross expenditures, on an
34 annual basis, are derived from transactions with the other obligor. Gross
35 receipts and expenditures include gross revenues, expenses,
36 intercompany loans, dividends, capital contributions [,] and similar
37 receipts or payments;

38 Sec. 5. Subdivision (2) of subsection (e) of section 36a-309 of the 2024
39 supplement to the general statutes is repealed and the following is
40 substituted in lieu thereof (*Effective October 1, 2024*):

41 (2) A banking institution that posts₂ in the public area of its branches
42 and offices in the state₂ the notices described in subdivision (1) of this
43 subsection [,] shall also post equally conspicuous notice, in the same

44 public area of its branches and offices in the state and in the same
45 manner, of the Department of Banking's toll-free consumer hotline
46 number that may be used to file a complaint if a consumer is not satisfied
47 with the services a banking institution provides.

48 Sec. 6. Subparagraph (F) of subdivision (5) of subsection (b) of section
49 36a-486 of the 2024 supplement to the general statutes is repealed and
50 the following is substituted in lieu thereof (*Effective October 1, 2024*):

51 (F) An employee of a person licensed as a lead generator or exempt
52 from licensure as a lead generator, while engaged in lead [generator]
53 generation activities on behalf of such person; and

54 Sec. 7. Subdivision (3) of section 36a-846 of the 2024 supplement to
55 the general statutes is repealed and the following is substituted in lieu
56 thereof (*Effective October 1, 2024*):

57 (3) "Consumer report" has the same meaning as provided in Section
58 603(d) of the Fair Credit Reporting Act, 15 USC [.] 1681a, as amended
59 from time to time;

60 Sec. 8. Subparagraph (D) of subdivision (1) of subsection (f) of section
61 36b-14 of the 2024 supplement to the general statutes, as amended by
62 public act 23-161, is repealed and the following is substituted in lieu
63 thereof (*Effective July 1, 2024*):

64 (D) "Trusted contact person" means an individual who is at least
65 eighteen years of age [who] whom an eligible adult identifies and
66 authorizes a qualified person to, at the qualified person's option, contact
67 and disclose information about the account to address possible financial
68 exploitation, or to confirm the specifics of the account holder's current
69 contact information, health status or the identity of any conservator,
70 executor, trustee or holder of a power of attorney.

71 Sec. 9. Subsection (c) of section 49-2 of the 2024 supplement to the
72 general statutes is repealed and the following is substituted in lieu
73 thereof (*Effective October 1, 2024*):

74 (c) Advancements may also be made by a mortgagee, or the assignee
75 of any mortgagee, under an open-end mortgage to the original
76 mortgagor, or to the assign or assigns of the original mortgagor who
77 assume the existing mortgage, or any of them, and any such mortgage
78 debt and future advances shall, from the time such mortgage deed is
79 recorded, without regard to whether the terms and conditions upon
80 which such advances will be made are contained in the mortgage deed
81 and, in the case of an open-end mortgage securing a commercial future
82 advance loan, a consumer revolving loan or a letter of credit, without
83 regard to whether the authorized amount of indebtedness shall at that
84 time or any time have been fully advanced, be a part of the debt due
85 such mortgagee and be secured by such mortgage equally with the debts
86 and obligations secured thereby at the time of recording the mortgage
87 deed and have the same priority over the rights of others who may
88 acquire any rights in, or liens upon, the mortgaged real estate
89 subsequent to the recording of such mortgage deed, provided: (1) The
90 heading of any such mortgage deed shall be clearly entitled "Open-End
91 Mortgage"; (2) the mortgage deed shall contain specific provisions
92 permitting such advancements and, if applicable, shall specify that such
93 advancements are made pursuant to a commercial future advance loan
94 agreement, a consumer revolving loan agreement or a letter of credit; (3)
95 the mortgage deed shall state the full amount of the loan therein
96 authorized; (4) the terms of repayment of such advancements shall not
97 extend the time of repayment beyond the maturity of the original
98 mortgage debt, provided this subdivision shall not be applicable where
99 such advancements are made or would be made pursuant to a
100 commercial future advance loan agreement, a consumer revolving loan
101 agreement or a letter of credit, and the mortgage deed specifies that such
102 advancements are repayable upon demand or by a date which shall not
103 be later than thirty years from the date of the mortgage; (5) such
104 advancements shall be secured or evidenced by a note or notes signed
105 by the original mortgagor or mortgagors or any assign or assigns of the
106 original mortgagor or mortgagors who assume the existing mortgage,
107 or any of them, but no note shall be required with respect to any
108 advancements made pursuant to a commercial future advance loan

109 agreement, a consumer revolving loan agreement or a letter of credit as
110 long as such advancements are recorded in the books and records of the
111 original mortgagee or its assignee; (6) the original mortgage shall be
112 executed and recorded after October 1, 1955; (7) the original mortgagor
113 or mortgagors, or any assign or assigns of the original mortgagor or
114 mortgagors who assume the existing mortgage, or any of them, are
115 hereby authorized to record a written notice terminating the right to
116 make such optional future advances secured by such mortgage or
117 limiting such advances to not more than the amount actually advanced
118 at the time of the recording of such notice, provided a copy of such
119 written notice shall also be sent by registered or certified mail, postage
120 prepaid and return receipt requested, to the mortgagee, or a copy of
121 such written notice shall be delivered to the mortgagee by a proper
122 officer or an indifferent person and a receipt for the same received from
123 the mortgagee, and such notice, unless a later date is recorded or
124 specified in the notice, shall be effective from the time it is received by
125 the mortgagee; (8) except that if any such optional future advance or
126 advances are made by the mortgagee, or the assignee of any mortgagee,
127 to the original mortgagor or mortgagors, or any assign or assigns who
128 assume the existing mortgage, or any of them, after receipt of written
129 notice of any subsequent mortgage, lien, attachment, lis pendens, legal
130 proceeding or adjudication against such real property, then the amount
131 of any such advance, other than an advance made pursuant to a
132 commercial future advance loan agreement or a letter of credit, shall not
133 be a priority as against any such mortgage, lien, attachment, lis pendens
134 or adjudication of which such written notice was given; (9) any notice
135 given to the mortgagee under the terms of subdivision (8) of this
136 subsection shall be deemed valid and binding upon the original
137 mortgagee or any assignee of the original mortgagee, in the case of a
138 mortgagee other than a banking institution, on the next business day
139 following receipt by such mortgagee of such notice sent by registered or
140 certified mail, postage prepaid and return receipt requested, or by hand
141 delivery with a signed receipt, and in the case of a mortgagee which is a
142 banking institution, on the next business day following receipt at the
143 main office of such banking institution of such notice sent by registered

144 or certified mail, postage prepaid and return receipt requested, or by
145 hand delivery with a signed receipt. For the purposes of this subsection:
146 (A) "Banking institution" means a bank and trust company, a national
147 banking association having its main office in this state, a savings bank,
148 a federal savings bank having its main office in this state, a savings and
149 loan association, a federal savings and loan association having its main
150 office in this state, a credit union having assets of two million dollars or
151 more, or a federal credit union having its main office in this state and
152 having assets of two million dollars or more; (B) "commercial future
153 advance loan" means a loan to a foreign or domestic corporation,
154 partnership, limited liability company, sole proprietorship, association
155 or entity, or any combination thereof, the proceeds of which are not
156 intended primarily for personal, family or household purposes, which
157 loan entails advances of all or part of the loan proceeds and repayments
158 of all or part of the outstanding balance of the loan from time to time,
159 and includes (i) a commercial revolving loan wherein all or part of the
160 loan proceeds that have been repaid may be readvanced, and (ii) a
161 commercial nonrevolving loan wherein previously advanced loan
162 proceeds, once repaid, cannot be readvanced; and (C) "consumer
163 revolving loan" means a loan to one or more individuals, the proceeds
164 of which are intended primarily for personal, family or household
165 purposes, which is secured by a mortgage on residential real property,
166 and is made pursuant to an agreement between the mortgagor and
167 mortgagee which (i) provides for advancements of all or part of the loan
168 proceeds during a period of time which shall not exceed ten years from
169 the date of such agreement and for repayments of the loan from time to
170 time, (ii) provides for payments to be applied at least in part to the
171 unpaid principal balance not later than ten years from the date of the
172 loan, (iii) does not authorize access to the loan proceeds by single
173 advancements of less than one thousand dollars by a card or any similar
174 instrument or device, whether known as a credit card, credit plate, or by
175 any other name, issued with or without a fee by an issuer for the use of
176 the cardholder in obtaining money, goods, services [,] or anything else
177 of value on credit, and (iv) does not provide that such a revolving loan
178 to more than one mortgagor will be immediately due and payable upon

179 the death of fewer than all the mortgagors who signed the revolving
180 loan agreement. Nothing in this subsection shall affect the validity or
181 enforceability of any loan agreement which provides for future
182 advancements by a lender to a borrower as between such parties or their
183 heirs, successors or assigns, or shall affect the validity or enforceability
184 of any mortgage securing any such loan that would be valid and
185 enforceable without the provisions of this subsection.

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| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | <i>October 1, 2024</i> | 36a-2(6) |
| Sec. 2 | <i>October 1, 2024</i> | 36a-250(a)(8) |
| Sec. 3 | <i>October 1, 2024</i> | 36a-261(i)(4) and (5) |
| Sec. 4 | <i>October 1, 2024</i> | 36a-262(b)(2) |
| Sec. 5 | <i>October 1, 2024</i> | 36a-309(e)(2) |
| Sec. 6 | <i>October 1, 2024</i> | 36a-486(b)(5)(F) |
| Sec. 7 | <i>October 1, 2024</i> | 36a-846(3) |
| Sec. 8 | <i>July 1, 2024</i> | 36b-14(f)(1)(D) |
| Sec. 9 | <i>October 1, 2024</i> | 49-2(c) |

Statement of Purpose:

To make technical revisions to the banking statutes.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]