



General Assembly

February Session, 2002

***Raised Bill No. 5316***

LCO No. 706

Referred to Committee on Banks

Introduced by:  
(BA )

***AN ACT CONCERNING CREDIT UNION MODERNIZATION.***

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

1 Section 1. Section 36a-2 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2002*):

3 As used in this title, unless the context otherwise requires:

4 (1) "Affiliate" of a person means any person controlling, controlled  
5 by, or under common control with, that person;

6 (2) "Applicant" with respect to any license or approval provision  
7 pursuant to this title means a person who applies for that license or  
8 approval;

9 (3) "Automated teller machine" means a stationary or mobile  
10 unattended device, including a satellite device but excluding a point of  
11 sale terminal, at which banking transactions, including, but not limited  
12 to, deposits, withdrawals, advances, payments or transfers, may be  
13 conducted;

14 (4) "Bank" means a Connecticut bank or a federal bank;

15 (5) "Bank and trust company" means an institution chartered or  
16 organized under the laws of this state as a bank and trust company;

17 (6) "Bank holding company" has the meaning given to that term in  
18 12 USC Section 1841(a), as from time to time amended, except that the  
19 term "bank", as used in 12 USC Section 1841(a) includes a bank or out-  
20 of-state bank that functions solely in a trust or fiduciary capacity;

21 (7) "Capital stock" when used in conjunction with any bank or out-  
22 of-state bank means a bank or out-of-state bank that is authorized to  
23 accumulate funds through the issuance of its capital stock;

24 (8) "Club deposit" means deposits to be received at regular intervals,  
25 the whole amount deposited to be withdrawn by the owner or repaid  
26 by the bank in not more than fifteen months from the date of the first  
27 deposit, and upon which no interest or dividends need to be paid;

28 (9) "Commissioner" means the Commissioner of Banking and, with  
29 respect to any function of the commissioner, includes any person  
30 authorized or designated by the commissioner to carry out that  
31 function;

32 (10) "Company" means any corporation, joint stock company, trust,  
33 association, partnership, limited partnership, unincorporated  
34 organization, limited liability company or similar organization, but  
35 does not include (A) any corporation the majority of the shares of  
36 which are owned by the United States or by any state, or (B) any trust  
37 which by its terms must terminate within twenty-five years or not later  
38 than twenty-one years and ten months after the death of beneficiaries  
39 living on the effective date of the trust;

40 (11) "Connecticut bank" means a bank and trust company, savings  
41 bank or savings and loan association chartered or organized under the  
42 laws of this state;

43 (12) "Connecticut credit union" means a cooperative, nonprofit  
44 [association, the membership of which is limited as provided in section

45 36a-438 which is incorporated without capital stock under the laws of  
46 this state and licensed] financial institution that (A) is organized under  
47 chapter 667 [for the purposes of encouraging thrift among its  
48 members, creating a source of credit at a fair and reasonable rate of  
49 interest and providing an opportunity for its members to use and  
50 control their own money to improve their economic and social  
51 condition] and the membership of which is limited as provided in  
52 section 39 of this act, (B) operates for the benefit and general welfare of  
53 its members with the earnings, benefits or services offered being  
54 distributed to or retained for its members, and (C) is governed by a  
55 volunteer board of directors elected by and from its membership;

56 (13) "Connecticut credit union service organization" means a credit  
57 union service organization that is incorporated under the laws of this  
58 state, located in this state and established by at least one Connecticut  
59 credit union;

60 ~~[(13)]~~ (14) "Consolidation" means a combination of two or more  
61 institutions into a new institution; all institutions party to the  
62 consolidation, other than the new institution, are "constituent"  
63 institutions; the new institution is the "resulting" institution;

64 ~~[(14)]~~ (15) "Control" has the meaning given to that term in 12 USC  
65 Section 1841(a), as from time to time amended;

66 (16) "Credit union service organization" means an entity organized  
67 under state or federal law to provide credit union service organization  
68 services primarily to its members, to Connecticut credit unions, federal  
69 credit unions and out-of-state credit unions other than its members,  
70 and to members of any such other credit unions;

71 ~~[(15)]~~ (17) "Customer" means any person using a service offered by a  
72 financial institution;

73 ~~[(16)]~~ (18) "Demand account" means an account into which demand  
74 deposits may be made;

75        [(17)] (19) "Demand deposit" means a deposit that is payable on  
76 demand, a deposit issued with an original maturity or required notice  
77 period of less than seven days or a deposit representing funds for  
78 which the bank does not reserve the right to require at least seven  
79 days' written notice of the intended withdrawal, but does not include  
80 any time deposit;

81        [(18)] (20) "Deposit" means funds deposited with a depository;

82        [(19)] (21) "Deposit account" means an account into which deposits  
83 may be made;

84        [(20)] (22) "Depositor" includes a member of a mutual savings and  
85 loan association;

86        [(21)] (23) "Director" means a member of the governing board of a  
87 financial institution;

88        [(22)] (24) "Equity capital" means the excess of a Connecticut bank's  
89 total assets over its total liabilities, as defined in the instructions of the  
90 federal Financial Institutions Examination Council for consolidated  
91 reports of condition and income;

92        [(23)] (25) "Executive officer" means every officer of a Connecticut  
93 bank who participates or has authority to participate, otherwise than in  
94 the capacity of a director, in major policy-making functions of such  
95 bank, regardless of whether such officer has an official title or whether  
96 that title contains a designation of assistant and regardless of whether  
97 such officer is serving without salary or other compensation. The  
98 president, vice president, secretary and treasurer of such bank are  
99 deemed to be executive officers, unless, by resolution of the governing  
100 board or by such bank's bylaws, any such officer is excluded from  
101 participation in major policy-making functions, otherwise than in the  
102 capacity of a director of such bank, and such officer does not actually  
103 participate in such policy-making functions;

104        [(24)] (26) "Federal agency" has the meaning given to that term in 12

105 USC Section 3101, as from time to time amended;

106 [(25)] (27) "Federal bank" means a national banking association,  
107 federal savings bank or federal savings and loan association having its  
108 principal office in this state;

109 [(26)] (28) "Federal branch" has the meaning given to that term in 12  
110 USC Section 3101, as from time to time amended;

111 [(27)] (29) "Federal credit union" means any institution chartered or  
112 organized as a federal credit union pursuant to the laws of the United  
113 States having its principal office in this state;

114 [(28)] (30) "Fiduciary" means a person undertaking to act alone or  
115 jointly with others primarily for the benefit of another or others in all  
116 matters connected with its undertaking and includes a person acting in  
117 the capacity of trustee, executor, administrator, guardian, assignee,  
118 receiver, conservator, agent, custodian under the Connecticut Uniform  
119 Gifts to Minors Act or the Uniform Transfers to Minors Act, and acting  
120 in any other similar capacity;

121 [(29)] (31) "Financial institution" means any Connecticut bank,  
122 Connecticut credit union, or other person whose activities in this state  
123 are subject to the supervision of the commissioner, but does not  
124 include a person whose activities are subject to the supervision of the  
125 commissioner solely pursuant to chapter 672a, 672b or 672c or any  
126 combination thereof;

127 [(30)] (32) "Foreign bank" has the meaning given to that term in 12  
128 USC Section 3101, as from time to time amended;

129 [(31)] (33) "Foreign country" means any country other than the  
130 United States and includes any colony, dependency or possession of  
131 any such country;

132 [(32)] (34) "Governing board" means the group of persons vested  
133 with the management of the affairs of a financial institution

134 irrespective of the name by which such group is designated;

135 [(33)] (35) "Holding company" means a bank holding company or a  
136 savings and loan holding company, except, as used in sections 36a-180  
137 to 36a-191, inclusive, "holding company" means a company that  
138 controls a bank;

139 [(34)] (36) "Insured depository institution" has the meaning given to  
140 that term in 12 USC Section 1813, as from time to time amended;

141 [(35)] (37) "Licensee" means any person who is licensed or required  
142 to be licensed pursuant to the applicable provisions of this title;

143 [(36)] (38) "Loan" includes any line of credit or other extension of  
144 credit;

145 [(37)] (39) "Merger" means the combination of one or more  
146 institutions with another which continues its corporate existence; all  
147 institutions party to the merger are "constituent" institutions; the  
148 merging institution which upon the merger continues its existence is  
149 the "resulting" institution;

150 [(38)] (40) "Mutual" when used in conjunction with any institution  
151 that is a bank or out-of-state bank means any such institution without  
152 capital stock;

153 [(39)] (41) "Mutual holding company" means any mutual savings  
154 bank or mutual savings and loan association reorganized or any  
155 nonstock corporation formed in connection with a reorganization  
156 pursuant to sections 36a-192 to 36a-199, inclusive, to hold a majority of  
157 the ordinary voting shares of a reorganized savings institution;

158 [(40)] (42) "Out-of-state" includes any state other than Connecticut  
159 and any foreign country;

160 [(41)] (43) "Out-of-state bank" means any institution that engages in  
161 the business of banking, but does not include a bank, Connecticut

162 credit union, federal credit union or out-of-state credit union;

163 [(42)] (44) "Out-of-state credit union" means any credit union other  
164 than a Connecticut credit union or a federal credit union;

165 [(43)] (45) "Out-of-state trust company" means any company  
166 chartered to act as a fiduciary but does not include a company  
167 chartered under the laws of this state, a bank, an out-of-state bank, a  
168 Connecticut credit union, a federal credit union or an out-of-state  
169 credit union;

170 [(44)] (46) "Person" means an individual, company, including a  
171 company described in subparagraphs (A) and (B) of subdivision (10) of  
172 this section, or any other legal entity, including a federal, state or  
173 municipal government or agency or any political subdivision thereof;

174 [(45)] (47) "Point of sale terminal" means a device located in a  
175 commercial establishment at which sales transactions can be charged  
176 directly to the buyer's deposit, loan or credit account, but at which  
177 deposit transactions cannot be conducted;

178 [(46)] (48) "Reorganized savings bank" means any savings bank  
179 incorporated and organized in accordance with sections 36a-192 and  
180 36a-193 a majority of the ordinary voting shares of which is owned by  
181 a mutual holding company;

182 [(47)] (49) "Reorganized savings and loan association" means any  
183 savings and loan association incorporated and organized in  
184 accordance with sections 36a-192 and 36a-193 a majority of the  
185 ordinary voting shares of which is owned by a mutual holding  
186 company;

187 [(48)] (50) "Reorganized savings institution" means any reorganized  
188 savings bank or reorganized savings and loan association;

189 [(49)] (51) "Representative office" has the meaning given to that term  
190 in 12 USC Section 3101, as from time to time amended;

191 [(50)] (52) "Reserves for loan and lease losses" means the amounts  
192 reserved by a Connecticut bank against possible loan and lease losses  
193 as shown on the bank's consolidated reports of condition and income;

194 [(51)] (53) "Satellite device" means an automated teller machine  
195 which is not part of an office of the bank, Connecticut credit union or  
196 federal credit union which has established such machine;

197 [(52)] (54) "Savings account" means a deposit account, other than an  
198 escrow account established pursuant to section 49-2a, into which  
199 savings deposits may be made and which account must be evidenced  
200 by periodic statements delivered at least semiannually or by a  
201 passbook;

202 [(53)] (55) "Savings and loan association" means an institution  
203 chartered or organized under the laws of this state as a savings and  
204 loan association;

205 [(54)] (56) "Savings bank" means an institution chartered or  
206 organized under the laws of this state as a savings bank;

207 [(55)] (57) "Savings deposit" means any deposit other than a demand  
208 deposit or time deposit on which interest or a dividend is paid  
209 periodically;

210 [(56)] (58) "Savings and loan holding company" has the meaning  
211 given to that term in 12 USC Section 1467a, as from time to time  
212 amended;

213 [(57)] (59) "State" means any state of the United States, the District of  
214 Columbia, any territory of the United States, Puerto Rico, Guam,  
215 American Samoa, the trust territory of the Pacific Islands, the Virgin  
216 Islands and the Northern Mariana Islands;

217 [(58)] (60) "State agency" has the meaning given to that term in 12  
218 USC Section 3101, as from time to time amended;

219 [(59)] (61) "State branch" has the meaning given to that term in 12  
220 USC Section 3101, as from time to time amended;

221 [(60)] (62) "Subsidiary" has the meaning given to that term in 12  
222 USC Section 1841(d), as from time to time amended;

223 [(61)] (63) "Supervisory agency" means: (A) The commissioner; (B)  
224 the Federal Deposit Insurance Corporation; (C) the Resolution Trust  
225 Corporation; (D) the Office of Thrift Supervision; (E) the National  
226 Credit Union Administration; (F) the Board of Governors of the  
227 Federal Reserve System; (G) the United States Comptroller of the  
228 Currency; and (H) any successor to any of the foregoing agencies or  
229 individuals;

230 [(62)] (64) "Time account" means an account into which time  
231 deposits may be made; and

232 [(63)] (65) "Time deposit" means a deposit that the depositor or  
233 share account holder does not have a right and is not permitted to  
234 make withdrawals from within six days after the date of deposit,  
235 unless the deposit is subject to an early withdrawal penalty of at least  
236 seven days' simple interest on amounts withdrawn within the first six  
237 days after deposit, subject to those exceptions permissible under [Title  
238 12, Part 204 of the Code of Federal Regulations] 12 CFR Part 204, as  
239 from time to time amended.

240 Sec. 2. Section 36a-3 of the general statutes, as amended by section 1  
241 of public 01-9, section 1 of public act 01-34, section 1 of public act 01-56  
242 and section 1 of public act 01-76, is repealed and the following is  
243 substituted in lieu thereof (*Effective October 1, 2002*):

244 Other definitions applying to this title or to specified parts thereof  
245 and the sections in which they appear are:

T1 "Account". Sections 36a-155 and 36a-365.

T2 "Additional proceeds". Section 7 of [this act] public act 01-34.

- T3 "Advance fee". Sections 36a-510, 36a-485 and 36a-615.
- T4 "Advertise" or "advertisement". Sections 36a-485 and 36a-510.
- T5 "Agency bank". Section 36a-285.
- T6 "Alternative mortgage loan". Section 36a-265.
- T7 "Amount financed". Section 36a-690.
- T8 "Annual percentage rate". Section 36a-690.
- T9 "Annual percentage yield". Section 36a-316, as amended.
- T10 "Annuities". Section 52 of this act.
- T11 "Applicant". Section 36a-736.
- T12 "APR". Section 3 of [this act] public act 01-34.
- T13 "Assessment area". Section 2 of [this act] public act 01-9.
- T14 "Associate". Section 36a-184.
- T15 "Associated member". Section 59 of this act.
- T16 "Bank". Section 36a-30.
- T17 "Bankers' bank". Section 36a-70, as amended.
- T18 "Banking business". Section 36a-425, as amended.
- T19 "Basic services". Section 38 of this act.
- T20 "Billing cycle". Section 36a-565.
- T21 "Bona fide nonprofit organization". Section 36a-655.
- T22 "Branch". Sections 36a-145, as amended, [and] 36a-410, and 35 of this
- T23 act.
- T24 "Branch or agency net payment entitlement". Section 36a-428n, as
- T25 amended.
- T26 "Branch or agency net payment obligation". Section 36a-428n, as
- T27 amended.
- T28 "Broker". Section 36a-510 and section 3 of [this act] public act 01-34.
- T29 "Business and industrial development corporation". Section 36a-626.
- T30 "Business and property in this state". Section 36a-428n, as amended.
- T31 "Capital". Section 35 of this act.
- T32 "Cash advance". Section 36a-564.
- T33 "Cash price". Section 36a-770, as amended.
- T34 "Certificate of incorporation". Section 35 of this act.
- T35 ["Certificate of organization". Section 36a-435.]
- T36 "Closely related activities". [Section] Sections 36a-250 and 52 of this

- act.
- T37 "Collective managing agency account". Section 36a-365.
- T38 "Commercial vehicle". Section 36a-770, as amended.
- T39 "Community bank". Section 36a-70, as amended.
- T40 "Community credit union". Section 2 of [this act] public act 01-9, as
- T41 amended by this act.
- T42 "Community development bank". Section 36a-70, as amended.
- T43 "Community reinvestment performance". Section 2 of [this act]
- T44 public act 01-9, as amended by this act.
- T45 "Connecticut holding company". Section 36a-410.
- T46 "Construction loan". Section 59 of this act.
- T47 "Consumer". Sections 36a-155, 36a-676 and 36a-695.
- T48 "Consumer Credit Protection Act". Section 36a-676.
- T49 "Consumer debtor" and "debtor". Sections 36a-645 and 36a-800, as
- T50 amended.
- T51 "Consumer collection agency". Section 36a-800, as amended.
- T52 "Consummation". Section 3 of [this act] public act 01-34.
- T53 "Controlling interest". Section 36a-276.
- T54 "Corporate". Section 35 of this act.
- T55 "Credit". Sections 36a-645 and 36a-676.
- T56 "Credit manager". Section 35 of this act.
- T57 "Creditor". Sections 36a-676, 36a-695 and 36a-800, as amended.
- T58 "Credit card", "cardholder" and "card issuer". Section 36a-676.
- T59 "Credit clinic". Section 36a-695.
- T60 "Credit rating agency". Section 36a-695.
- T61 "Credit report". Section 36a-695.
- T62 "Credit sale". Section 36a-676.
- T63 "Credit union service organization". Section 35 of this act.
- T64 "Credit union service organization services". Section 35 of this act.
- T65 "De novo branch". Section 36a-410.
- T66 "Debt". Section 36a-645.
- T67 "Debt adjustment". Section 36a-655.
- T68 "Debt mutual fund". [Section] Sections 36a-275 and 60 of this act.
- T69 "Debt securities". [Section] Sections 36a-275 and 60 of this act.

- T70 "Deliver". Section 36a-316, as amended.
- T71 "Deposit". Section 36a-316, as amended.
- T72 "Deposit account". Sections 36a-136 and 36a-316, as amended.
- T73 "Deposit account charge". Section 36a-316, as amended.
- T74 "Deposit account disclosures". Section 36a-316, as amended.
- T75 "Deposit contract". Section 36a-316, as amended.
- T76 "Deposit services". Section 36a-425, as amended.
- T77 "Depositor". Section 36a-316, as amended.
- T78 "Director". Section 35 of this act.
- T79 "Earning period". Section 36a-316, as amended.
- T80 "Electronic payment instrument". Section 36a-596, as amended.
- T81 "Eligible account holder". Section 36a-136.
- T82 "Eligible collateral". Section 36a-330.
- T83 "Equity mutual fund". [Section] Sections 36a-276 and 60 of this act.
- T84 "Equity security". Sections 36a-276 and 60 of this act.
- T85 "Federal Credit Union Act". Section 35 of this act.
- T86 "Federal Home Mortgage Disclosure Act". Section 36a-736.
- T87 "Fiduciary". Section 36a-365.
- T88 "Filing fee". Section 36a-770, as amended.
- T89 "Finance charge". Sections 36a-690 and 36a-770, as amended.
- T90 "Financial institution". Sections 36a-41, as amended, 36a-155, 36a-
- T91 316, as amended, 36a-330 and section 3 of [this act] public act 01-76.
- T92 "Financial records". Section 36a-41, as amended.
- T93 "First mortgage loan". Sections 36a-485, 36a-705 and 36a-715.
- T94 ["Fiscal year". Section 36a-435.]
- T95 "Foreign banking corporation". Section 36a-425, as amended.
- T96 "General facility". Section 36a-580.
- T97 "Global net payment entitlement". Section 36a-428n, as amended.
- T98 "Global net payment obligation". Section 36a-428n, as amended.
- T99 "Goods". Sections 36a-535 and 36a-770, as amended.
- T100 "Graduated payment mortgage loan". Section 36a-265.
- T101 "Guardian". Section 36a-365.
- T102 "High cost home loan". Section 3 of [this act] public act 01-34.
- T103 "Holder". Section 36a-596, as amended.

- T104 "Home banking services". Section 36a-170.
- T105 "Home banking terminal". Section 36a-170.
- T106 "Home improvement loan". Section 36a-736.
- T107 "Home purchase loan". Section 36a-736.
- T108 "Home state". Section 36a-410.
- T109 "Immediate family member". Section [36a-435] 35 of this act.
- T110 "Insider". Section 51 of this act.
- T111 "Installment loan contract". Sections 36a-535 and 36a-770, as
- T112 amended.
- T113 "Insurance". Section 52 of this act.
- T114 "Insurance bank". Section 36a-285.
- T115 "Insurance department". Section 36a-285.
- T116 "Interest". Section 36a-316, as amended.
- T117 "Interest rate". Section 36a-316, as amended.
- T118 "Lender". Sections 36a-510, 36a-770, as amended, and section 3 of
- T119 [this act] public act 01-34.
- T120 "Lessor". Section 36a-676.
- T121 "License". Section 36a-626.
- T122 "Licensee". Sections 36a-510, 36a-596, as amended, and 36a-626.
- T123 "Limited branch". Section 36a-145, as amended.
- T124 "Limited facility". Section 36a-580.
- T125 "Loan broker". Section 36a-615.
- T126 "Loss". Section 36a-330.
- T127 "Made in this state". Section 36a-770, as amended.
- T128 "Managing agent". Section 36a-365.
- T129 "Manufactured home". Section 58 of this act.
- T130 "Material litigation". Section 36a-596, as amended.
- T131 "Member". Section [36a-435] 35 of this act.
- T132 "Member business loan". Section 59 of this act.
- T133 "Member in good standing". Section 35 of this act.
- T134 "Membership share". Section [36a-435] 35 of this act.
- T135 "Money order". Section 36a-596, as amended.
- T136 "Money transmission". Section 36a-365.
- T137 "Mortgage broker". Section 36a-485.

- T138 "Mortgage insurance". Section 36a-725.
- T139 "Mortgage lender". Sections 36a-485 and 36a-705.
- T140 "Mortgage loan". Sections 36a-261 and 36a-265, and section 58 of this
- T141 act.
- T142 "Mortgage rate lock-in". Section 36a-705.
- T143 "Mortgage servicing company". Section 36a-715.
- T144 "Mortgagor". Section 36a-715.
- T145 "Motor vehicle". Section 36a-770, as amended.
- T146 "Multiple common bond membership". Section [36a-435] 35 of this
- T147 act.
- T148 "Municipality". Section 36a-800, as amended.
- T149 "Net outstanding member business loan balance". Section 59 of this
- T150 act.
- T151 "Net worth". Section 36a-596, as amended, and sections 43 and 59 of
- T152 this act.
- T153 "Network". Section 36a-155.
- T154 "Note account". Sections 36a-301 and [36a-445] 55 of this act.
- T155 "Office". Section 36a-316, as amended.
- T156 "Officer". Section 35 of this act.
- T157 "Open-end credit plan". Section 36a-676.
- T158 "Open-end loan". Section 36a-565.
- T159 "Organization". Section 36a-800, as amended.
- T160 "Out-of-state holding company". Section 36a-410.
- T161 "Outstanding". Section 36a-596, as amended.
- T162 "Passbook savings account". Section 36a-316, as amended.
- T163 "Payment instrument". Section 36a-596, as amended.
- T164 "Periodic statement". Section 36a-316, as amended.
- T165 "Permissible investment". Section 36a-596, as amended.
- T166 "Person". Section 36a-184.
- T167 "Post". Section 36a-316, as amended.
- T168 "Prepaid finance charge". Section 3 of [this act] public act 01-34.
- T169 "Prepayment penalty". Section 3 of [this act] public act 01-34.
- T170 "Prime quality". Section 36a-596, as amended.
- T171 "Principal amount of the loan". Section 36a-510.

- T172 "Principal officer". Section 36a-485.
- T173 "Processor". Section 36a-155.
- T174 "Public deposit". Section 36a-330.
- T175 "Purchaser". Section 36a-596, as amended.
- T176 "Qualified financial contract". Section 36a-428n, as amended.
- T177 "Qualified public depository" and "depository". Section 36a-330.
- T178 "Real estate". Section 58 of this act.
- T179 "Records". Section 36a-17, as amended by this act.
- T180 "Relocate". Section 36a-145, as amended and section 63 of this act.
- T181 "Residential property". Section 36a-485.
- T182 "Retail buyer". Sections 36a-535 and 36a-770, as amended.
- T183 "Retail credit transaction". Section 42-100b.
- T184 "Retail deposits". Section 36a-70, as amended.
- T185 "Retail installment contract". Sections 36a-535 and 36a-770, as
- T186 amended.
- T187 "Retail installment sale". Sections 36a-535 and 36a-770, as amended.
- T188 "Retail seller". Sections 36a-535 and 36a-770, as amended.
- T189 "Reverse annuity mortgage loan". Section 36a-265.
- T190 "Sales finance company". Sections 36a-535 and 36a-770, as amended.
- T191 "Savings department". Section 36a-285.
- T192 "Savings deposit". Section 36a-316, as amended.
- T193 "Secondary mortgage loan". Section 36a-510.
- T194 "Security convertible into a voting security". Section 36a-184.
- T195 "Senior management". Section 35 of this act.
- T196 "Share". Section [36a-435] 35 of this act.
- T197 "Simulated check". Sections 36a-485 and 36a-510.
- T198 "Single common bond membership". Section [36a-435] 35 of this act.
- T199 "Social purpose investment". Section 36a-277.
- T200 "Standard mortgage loan". Section 36a-265.
- T201 "Tax and loan account". Sections 36a-301 and [36a-445] 55 of this act.
- T202 "The Savings Bank Life Insurance Company". Section 36a-285.
- T203 "Time account". Section 36a-316, as amended.
- T204 "Transaction". Section 36a-215, as amended.
- T205 "Travelers check". Section 36a-596, as amended.

- T206 "Troubled Connecticut credit union". Section 45 of this act.
- T207 "Troubled financial institution". Section 36a-215, as amended.
- T208 "Uninsured bank". Section 36a-70, as amended.
- T209 "Unsecured loan". Section 36a-615.

246 Sec. 3. Section 36a-17 of the general statutes is repealed and the  
247 following is substituted in lieu thereof (*Effective October 1, 2002*):

248 (a) The commissioner, in the commissioner's discretion, may make  
249 such public or private investigations or examinations within or outside  
250 this state, concerning any person subject to the jurisdiction of the  
251 commissioner, as the commissioner deems necessary to carry out the  
252 duties of the commissioner.

253 (b) Any Connecticut bank, Connecticut credit union or Connecticut  
254 credit union service organization which causes or has caused any  
255 electronic data processing services to be performed for such  
256 [Connecticut] bank, credit union or credit union service organization  
257 either on or off its premises by an electronic data processing servicer  
258 shall enter into a written contract with such servicer. Such contract  
259 shall specify the duties and responsibilities of the [Connecticut] bank,  
260 credit union or credit union service organization and such servicer and  
261 provide that such servicer shall allow the commissioner to examine  
262 such servicer's books, records and computer systems in accordance  
263 with this subsection, if required by the commissioner. The Connecticut  
264 bank, Connecticut credit union or Connecticut credit union service  
265 organization shall promptly send a copy of such contract to the  
266 commissioner. The commissioner may examine the books, records and  
267 computer systems of any electronic data processing servicer that  
268 performs electronic data processing services for a Connecticut bank,  
269 Connecticut credit union or Connecticut credit union service  
270 organization, if such services substantially impact the operations of the  
271 Connecticut bank, Connecticut credit union or Connecticut credit  
272 union service organization as determined by the commissioner, in

273 order to (1) determine whether such servicer has the capacity to protect  
274 the [Connecticut bank's] customer information of such bank, credit  
275 union or credit union service organization's customer information, and  
276 (2) assess such servicer's potential for continued service. The  
277 commissioner may assess a fee of one hundred fifty dollars per day  
278 plus costs for each examiner who conducts such examination, the total  
279 cost of which the commissioner may allocate on a pro rata basis to all  
280 Connecticut banks, Connecticut credit unions and Connecticut credit  
281 union service organizations under contract with such servicer.

282 (c) For the purpose of any investigation, examination or proceeding  
283 under this title the commissioner may administer oaths and  
284 affirmations, subpoena witnesses, compel attendance of witnesses,  
285 take evidence, require written statements and require the production  
286 of any records which the commissioner deems relevant or material.  
287 The commissioner may require that certified copies of any such  
288 records be provided to the commissioner at the commissioner's office.

289 (d) Any person who is the subject of any such investigation,  
290 examination or proceeding shall make its records available to the  
291 commissioner in readable form; provide personnel and equipment  
292 necessary, including, but not limited to, assistance in the analysis of  
293 computer-generated records; provide copies or computer printouts of  
294 records when so requested; furnish unrestricted access to all areas of  
295 its principal place of business or wherever records may be located; and  
296 otherwise cooperate with the commissioner.

297 (e) The superior court for the judicial district of Hartford, upon  
298 application of the commissioner, may issue to any person refusing to  
299 obey a subpoena issued pursuant to subsection (c) of this section an  
300 order requiring that person to appear before the commissioner or any  
301 officer designated by the commissioner to produce records so ordered  
302 or to give evidence concerning the matter under investigation or in  
303 question. Failure to obey the order of the court may be punished by the  
304 court as a contempt of court.

305 [(f) A licensee under section 36a-489, 36a-511, 36a-536, 36a-555, 36a-  
306 581, 36a-600, 36a-633, 36a-656 or 36a-801, shall pay to the commissioner  
307 the actual cost of any examination of the licensee, as such cost is  
308 determined by the commissioner. Failure by the licensee to pay such  
309 cost within thirty days of receipt of demand from the commissioner  
310 shall automatically suspend the license until the costs are paid.]

311 [(g)] (f) As used in this section, "records" includes, but is not limited  
312 to, books, papers, correspondence, memoranda, agreements, diaries,  
313 logs, notes, ledgers, journals, visual, audio, magnetic or electronic  
314 recordings, computer printouts and software, and any other  
315 documents.

316 Sec. 4. Section 36a-53 of the general statutes, as amended by section  
317 11 of public act 01-34 and section 11 of public act 01-48, is repealed and  
318 the following is substituted in lieu thereof (*Effective October 1, 2002*):

319 (a) Whenever the commissioner finds as the result of an  
320 investigation that any officer or director of any Connecticut bank or  
321 officer or director, as defined in section 35 of this act, of any  
322 Connecticut credit union or any officer, director, manager or general  
323 partner of a Connecticut credit union service organization (1) has  
324 violated or is violating any provision of the general statutes within the  
325 jurisdiction of the commissioner, or any regulation, rule or order  
326 adopted or issued thereunder, or any condition imposed in writing by  
327 the commissioner, (2) has breached or is breaching any written  
328 agreement with the commissioner, (3) has engaged or participated in  
329 or is engaging or participating in any unsafe or unsound practice in  
330 connection with any bank, Connecticut credit union, [or] federal credit  
331 union or credit union service organization, (4) has been or is charged in  
332 any information, indictment or complaint with the commission of or  
333 participation in a crime which is punishable by imprisonment for a  
334 term exceeding one year under state or federal law, and continued  
335 service or participation by such officer, [or] director, manager or  
336 general partner may pose a threat to the interests of depositors or

337 members, or threatens to impair public confidence in any bank,  
338 Connecticut credit union, [or] federal credit union or Connecticut  
339 credit union service organization, (5) has used or is using such officer's,  
340 [or] director's, manager's or general partner's official position in a  
341 manner contrary to the interest of any bank, Connecticut credit union,  
342 [or] federal credit union or credit union service organization, or its  
343 depositors or members, or (6) has been or is negligent in the  
344 performance of such officer's, [or] director's, manager's or general  
345 partner's duties, after having been warned in writing by the  
346 commissioner to discontinue any such continuing delinquency, the  
347 commissioner may send notice to such officer, [or] director, manager  
348 or general partner by registered or certified mail, return receipt  
349 requested, or by any express delivery carrier that provides a dated  
350 delivery receipt. The notice shall be deemed received by the officer,  
351 [or] director, manager or general partner on the earlier of the date of  
352 actual receipt or seven days after mailing or sending. Any such notice  
353 shall include: (A) A statement of the time, place and nature of the  
354 hearing; (B) a statement of the legal authority and jurisdiction under  
355 which the hearing is to be held; (C) a reference to the particular  
356 sections of the general statutes, regulations, rules or orders alleged to  
357 have been violated; (D) a short and plain statement of the matters  
358 asserted; and (E) a statement indicating that such officer, [or] director,  
359 manager or general partner may file a written request for a hearing on  
360 the matters asserted within fourteen days of receipt of the notice. If a  
361 hearing is requested within the time specified in the notice, the  
362 commissioner shall hold a hearing upon the matters asserted in the  
363 notice unless such officer, [or] director, manager or general partner  
364 fails to appear at the hearing. After the hearing, if the commissioner  
365 finds that any of the grounds set forth in subdivisions (1) to (6),  
366 inclusive, of this subsection exist with respect to such officer, [or]  
367 director, manager or general partner, the commissioner shall order the  
368 removal of such officer, [or] director, manager or general partner from  
369 office and from any participation in the management of the  
370 Connecticut bank, [or] Connecticut credit union or Connecticut credit

371 union service organization. If such officer, [or] director, manager or  
372 general partner fails to appear at the hearing, the commissioner shall  
373 order the removal of such officer, [or] director, manager or general  
374 partner from office and from any participation in the management of  
375 the Connecticut bank, [or] Connecticut credit union or Connecticut  
376 credit Union service organization. If the commissioner finds that the  
377 protection of the Connecticut bank, [or] Connecticut credit union or  
378 Connecticut credit union service organization, or the interest of its  
379 depositors or members requires immediate action, the commissioner  
380 may suspend any such officer, [or] director, manager or general  
381 partner from office and from further participation in the management  
382 of the Connecticut bank, [or] Connecticut credit union or Connecticut  
383 credit union service organization, by incorporating a finding to that  
384 effect in such notice. The suspension or prohibition shall become  
385 effective upon receipt of such notice and, unless stayed by a court,  
386 shall remain in effect until the entry of a permanent order or the  
387 dismissal of the matters asserted.

388 (b) Whenever it appears to the commissioner that any such  
389 Connecticut bank, [or] Connecticut credit union or Connecticut credit  
390 union service organization (1) is violating, has violated or is about to  
391 violate any provision of the general statutes within the jurisdiction of  
392 the commissioner, or any regulation, rule or order adopted or issued  
393 thereunder, or any condition imposed in writing by the commissioner,  
394 (2) is breaching, has breached or is about to breach any written  
395 agreement with the commissioner, or (3) is engaging, has engaged or is  
396 about to engage, in an unsafe or unsound practice, the commissioner  
397 may send notice and take action against the Connecticut bank, [or]  
398 Connecticut credit union or Connecticut credit union service  
399 organization in accordance with section 36a-52, as amended. If the  
400 commissioner finds that the actual or threatened violation, breach or  
401 unsafe or unsound practice or practices specified in such notice is  
402 likely to cause insolvency or substantial dissipation of assets or  
403 earnings of the Connecticut bank, [or] Connecticut credit union or  
404 Connecticut credit union service organization, or is likely to otherwise

405 seriously prejudice the interests of its depositors or members, the  
406 commissioner may incorporate a finding to that effect in such notice  
407 and issue a temporary order requiring the Connecticut bank, [or]  
408 Connecticut credit union or Connecticut credit union service  
409 organization to cease and desist from any such violation, breach or  
410 practice. The temporary order shall become effective upon receipt and,  
411 unless set aside or modified by a court, shall remain in effect until the  
412 effective date of a permanent order or the dismissal of the matters  
413 asserted.

414 (c) (1) Whenever the commissioner finds as the result of an  
415 investigation that any such officer, director, manager, general partner,  
416 Connecticut bank, [or] Connecticut credit union or Connecticut credit  
417 union service organization has (A) violated any provision of the  
418 general statutes within the jurisdiction of the commissioner, or any  
419 regulation, rule or order adopted or issued thereunder, or any  
420 condition imposed in writing by the commissioner, (B) breached any  
421 written agreement with the commissioner, (C) engaged or participated  
422 in any unsafe or unsound practice, or (D) used such officer's, [or]  
423 director's, manager's or general partner's official position in a manner  
424 contrary to the interest of any bank, Connecticut credit union, [or]  
425 federal credit union or credit union service organization, or its  
426 depositors or members, the commissioner may send notice to and take  
427 action against such officer, director, manager, general partner,  
428 Connecticut bank, [or] Connecticut credit union or Connecticut credit  
429 union service organization regarding the violation, breach, unsafe or  
430 unsound practice, or misuse of official position in accordance with  
431 section 36a-50. Any finding made by the commissioner pursuant to  
432 this subdivision shall be considered a violation of this subsection for  
433 purposes of section 36a-50, as amended.

434 (2) Notwithstanding the provisions of section 36a-50, as amended,  
435 unless the violation, breach, unsafe or unsound practice, or misuse of  
436 official position found to have occurred pursuant to this subsection  
437 and section 36a-50, as amended, is such that it (A) is part of a pattern

438 of misconduct, (B) has caused or is likely to cause a loss other than a de  
439 minimis loss to any bank, Connecticut credit union, [or] federal credit  
440 union or credit union service organization, (C) will result or has  
441 resulted in a pecuniary gain to an officer, [or] director, manager or  
442 general partner of any Connecticut bank, [or] Connecticut credit union  
443 or Connecticut credit union service organization, or (D) is a violation  
444 of section 36a-53a or sections 4 to 9, inclusive, of [this act] public act 01-  
445 34 the civil penalty the commissioner may impose under this  
446 subsection and section 36a-50, as amended, shall not exceed one  
447 thousand dollars.

448 (3) In determining the amount of any penalty imposed under this  
449 subsection and section 36a-50, as amended, the commissioner shall  
450 take into account (A) the size of the financial resources and good faith  
451 of the Connecticut bank, Connecticut credit union, Connecticut credit  
452 union service organization, officer or director of such Connecticut  
453 bank, [or] Connecticut credit union or officer, director, manager or  
454 general partner of such Connecticut credit union service organization,  
455 (B) the gravity of the violation, breach, unsafe or unsound practice or  
456 misuse of official position, (C) the history of previous violations,  
457 breaches, unsafe or unsound practices, or misuse of official position,  
458 and (D) such other matters as justice may require, except that this  
459 subdivision does not apply to any violation of section 36a-53a and  
460 sections 4 to 9, inclusive, of [this act] public act 01-34.

461 (d) In connection with any investigation or proceeding under this  
462 section and section 36a-50, as amended, the commissioner shall make  
463 reasonable efforts to obtain from a federal banking or credit union  
464 agency any relevant information that the commissioner knows to be in  
465 the possession of such agency.

466 Sec. 5. (NEW) (*Effective October 1, 2002*) The Commissioner of  
467 Banking may enter into one or more stipulations and agreements or  
468 memoranda of understanding with a Connecticut bank, either alone or  
469 in conjunction with the Federal Deposit Insurance Corporation or its

470 successor agency, or may enter into one or more letters of  
471 understanding and agreement or memoranda of understanding with a  
472 Connecticut credit union or Connecticut credit union service  
473 organization, either alone or in conjunction with the National Credit  
474 Union Administration or its successor agency, if the Commissioner of  
475 Banking finds as a result of an examination or investigation that the  
476 Connecticut bank, Connecticut credit union or Connecticut credit  
477 union service organization: (1) Has failed to file a report when due, (2)  
478 is insolvent, (3) has violated any provisions of the general statutes  
479 within the jurisdiction of the Commissioner of Banking, or any  
480 regulation, rule or order adopted or issued thereunder, or (4) has  
481 engaged or participated in, or is engaging or participating in, any  
482 unsafe and unsound practice.

483 Sec. 6. Subsection (a) of section 36a-65 of the general statutes is  
484 repealed and the following is substituted in lieu thereof (*Effective*  
485 *October 1, 2002*):

486 (a) The commissioner shall annually, on or after July first for the  
487 fiscal year commencing on said July first, collect pro rata based on  
488 asset size from each Connecticut bank and each Connecticut credit  
489 union an amount sufficient in the commissioner's judgment to meet  
490 the expenses of the Department of Banking, including a reasonable  
491 reserve for contingencies, provided the commissioner shall not collect  
492 such amount from a newly organized Connecticut credit union until  
493 July first following the third full calendar year after issuance by the  
494 commissioner of such credit union's certificate of authority. Such  
495 assessments and expenses shall not exceed the budget estimates  
496 submitted in accordance with section 36a-13. Such assessments may be  
497 made more frequently than annually at the discretion of the  
498 commissioner. Such assessments for any fiscal year shall be reduced  
499 pro rata by the amount of any surplus from the assessments of prior  
500 fiscal years, which surplus shall be maintained in accordance with  
501 subdivision (4) of subsection (c) of this section. The commissioner may  
502 reduce any such assessment collected from a Connecticut credit union

503 up to the amount of any assessment for the same fiscal year collected  
504 from such credit union by another state in which such credit union has  
505 established a branch. Such assessments for any fiscal year shall be a  
506 liability of such banks and credit unions as of the assessment date.  
507 Except as provided in this subsection, such assessments shall not be  
508 prorated for any reason.

509 Sec. 7. Subsection (b) of section 36a-65 of the general statutes is  
510 repealed and the following is substituted in lieu thereof (*Effective*  
511 *October 1, 2002*):

512 (b) (1) The fee for trust department examinations is one hundred  
513 fifty dollars a day for the examiner in charge, including time for report  
514 writing, and one hundred dollars a day for each assisting examiner.  
515 Any daily charge based on less than a three and one-half hour day will  
516 be computed on the basis of one-half per day charge and any time in  
517 excess of three and one-half hours will be on the basis of a full day. The  
518 minimum rate for the examination of a trust department is one  
519 hundred fifty dollars.

520 (2) The fee for an examination of a Connecticut credit union service  
521 organization is the actual cost of the examination, as such cost is  
522 determined by the commissioner.

523 (3) A licensee under section 36a-489, 36a-511, 36a-536, 36a-555, 36a-  
524 581, 36a-600, as amended, 36a-633, 36a-656 or 36a-801, as amended,  
525 shall pay to the commissioner the actual cost of any examination of the  
526 licensee, as such cost is determined by the commissioner. Failure by  
527 the licensee to pay such cost within thirty days of receipt of demand  
528 from the commissioner shall automatically suspend the license until  
529 the costs are paid.

530 Sec. 8. Section 36a-44 of the general statutes, as amended by section  
531 3 of public act 01-72 and section 103 of public act 01-9 of the June  
532 special session, is repealed and the following is substituted in lieu  
533 thereof (*Effective October 1, 2002*):

534 No provision of sections 36a-41 to 36a-45, inclusive, as amended,  
535 shall be construed to prohibit: (1) The preparation, examination,  
536 handling or maintenance of any financial records by any officer,  
537 employee or agent of a financial institution having custody of such  
538 records or the examination of such records by a certified public  
539 accountant engaged by the financial institution to perform an  
540 independent audit; (2) the examination of any financial records by, or  
541 the furnishing of financial records by a financial institution to any  
542 official, employee or agent of a supervisory agency solely for use in the  
543 exercise of the duties of such official, employee or agent; (3) the  
544 publication of data furnished from financial records relating to  
545 customers where such data does not contain information identifying  
546 any particular customer or account; (4) the making of reports or  
547 returns required under the Internal Revenue Code of 1986, or any  
548 subsequent corresponding internal revenue code of the United States,  
549 as from time to time amended; (5) disclosure of information permitted  
550 under the Uniform Commercial Code concerning the dishonor of any  
551 negotiable instrument; (6) the exchange, in the regular course of  
552 business, of credit information between a financial institution and  
553 other financial institutions or commercial enterprises, directly or  
554 through a consumer reporting agency; (7) disclosures to appropriate  
555 officials of federal, state or local governments upon suspected  
556 violations of the criminal law; (8) disclosures pursuant to a search  
557 warrant issued by a judge of the Superior Court or a judge trial referee  
558 under the provisions of section 54-33a, as amended; (9) disclosures  
559 concerning lawyers' clients' funds accounts made to the state-wide  
560 grievance committee pursuant to any rule adopted by the judges of the  
561 Superior Court; (10) disclosures to the purported payee or to any  
562 purported holder of a check, draft, money order or other item, whether  
563 or not such check, draft, money order or other item has been accepted  
564 by such payee or holder as payment, or to any financial institution  
565 purportedly involved in the collection process of a check, draft, money  
566 order or other item whether such check, draft, money order or other  
567 item would be paid if presented at the time of such disclosure; (11) any

568 disclosure made in connection with a financial institution's attempts to  
569 preserve its rights or determine its liabilities with regard to any funds  
570 transfer or any check, draft, money order or other item drawn by or  
571 upon it or handled by it for collection or otherwise; [(12) the transfer of  
572 information from a Connecticut credit union to a shared service center  
573 and the personnel of such shared service center which takes place  
574 when a member of such Connecticut credit union uses a shared service  
575 center to effect a transaction with such Connecticut credit union;] (12)  
576 disclosures to an insurance company for purposes of risk assessment  
577 in connection with obtaining or maintaining a surety bond or fraud  
578 investigations; (13) any other disclosure required under applicable  
579 state or federal law or authorized to be made to any regulatory or law  
580 enforcement agency under applicable state or federal law.

581 Sec. 9. Section 36a-216 of the general statutes is repealed and the  
582 following is substituted in lieu thereof (*Effective October 1, 2002*):

583 (a) Whenever, in the opinion of the commissioner, general financial  
584 conditions are such that the public interest requires limitation on  
585 withdrawal of funds from Connecticut banks or Connecticut credit  
586 unions, or the assets of any Connecticut bank or Connecticut credit  
587 union are in such nonliquid condition that the interests of the  
588 depositors or share account holders may be jeopardized, the  
589 commissioner may: (1) Order any one or more of such banks or credit  
590 unions to restrict all or any part of their business and limit or postpone  
591 for any length of time the payment of any amount or proportion of the  
592 deposits in any of the departments of such banks or credit unions as  
593 the commissioner deems necessary or expedient. The commissioner  
594 may regulate as to time and amount further payments as the interest of  
595 the public, of any such bank [or banks] or credit union or of the  
596 depositors, share account holders or creditors thereof may require.  
597 Any order [or orders] made by the commissioner under this  
598 subdivision may be amended, extended or revoked in whole or in part,  
599 whenever in the commissioner's judgment circumstances warrant or  
600 require; (2) authorize any such [banks] banks or credit unions to

601 receive new deposits or share account payments which shall be  
602 designated as new deposits or share account payments, and shall be  
603 segregated from all other deposits or share account payments. Such  
604 new deposits or share account payments shall be invested only in  
605 assets approved by the commissioner as being sufficiently liquid to be  
606 available when needed to meet any demands on account of such new  
607 deposits or share account payments. Such assets shall not be merged  
608 with other assets but shall be held in trust for the security and payment  
609 of such new deposits or share account payments, except that income  
610 from such assets may, to the extent authorized by the commissioner, be  
611 used by the banks or credit unions for other proper purposes of such  
612 banks or credit unions; and the withdrawal of such new deposits or  
613 share account payments shall not be subjected in any respect to  
614 restriction or limitation under this section; (3) adopt such regulations,  
615 in accordance with chapter 54, as the commissioner deems advisable  
616 for the protection of any such bank or [banks] credit union or the  
617 depositors, share account holders or creditors thereof. Any person who  
618 violates any provision of such regulations shall be fined not more than  
619 one thousand dollars or imprisoned not more than one year or both.

620 (b) In determining action to be taken under this section, the  
621 commissioner may place such fair value on the assets of any such bank  
622 or credit union as the commissioner deems advisable under the  
623 conditions prevailing and circumstances relating thereto.

624 (c) Any costs and expenses incurred by the commissioner in the  
625 exercise of the powers given to the commissioner under this section  
626 shall be assessed by the commissioner against [the] any bank or  
627 [banks] credit union in connection with which such costs and expenses  
628 were incurred and, when so assessed, shall be paid by such bank or  
629 [banks] credit union in addition to the annual assessment of expenses  
630 of the Department of Banking provided under section 36a-65, as  
631 amended by this act.

632 (d) Nothing in this section shall be construed to give the

633 commissioner authority to establish a maximum rate of dividends or  
634 interest on deposits or share accounts applying to a type of  
635 Connecticut bank or Connecticut credit union as a group.

636 Sec. 10. Section 36a-219 of the general statutes is repealed and the  
637 following is substituted in lieu thereof (*Effective October 1, 2002*):

638 (a) Whenever, in the opinion of the commissioner or the governing  
639 board, or in the case of a Connecticut credit union service organization  
640 the commissioner or the governing board, managers or general  
641 partners, it may be necessary to preserve assets or protect depositors or  
642 share account holders, the commissioner may issue a temporary order  
643 restraining any Connecticut bank, [or] out-of-state bank that maintains  
644 in this state a branch, as defined in section 36a-410, to the extent of its  
645 operations in this state, Connecticut credit union or out-of-state credit  
646 union that maintains a branch in this state, as defined in section 35 of  
647 this act, to the extent of its operations in this state, or Connecticut  
648 credit union service organization from paying out any funds or  
649 receiving moneys for deposit, for certificates of indebtedness or for  
650 payment on accounts, or, in the case of a Connecticut bank,  
651 Connecticut credit union or Connecticut credit union service  
652 organization, appoint a conservator, until a hearing before the superior  
653 court of the judicial district of Hartford. The court may, upon  
654 application of the commissioner or upon application of the governing  
655 board of any such Connecticut bank, [or] out-of-state bank,  
656 Connecticut credit union or out-of-state credit union, or the governing  
657 board, managers or general partners of any such Connecticut credit  
658 union service organization, issue an order restraining any such bank,  
659 credit union or credit union service organization from declaring or  
660 paying any dividends or from paying out any funds of such bank,  
661 credit union or credit union service organization for such time as the  
662 court deems necessary. Such order shall be in writing directed to such  
663 bank, credit union or credit union service organization and a copy of  
664 the order attested and [left] hand-delivered by the commissioner  
665 [with] to the president, chief executive officer, secretary, or treasurer

666 [or cashier] of any such bank, or credit union, or in the case of a  
 667 Connecticut credit union service organization, to the president, chief  
 668 executive officer, secretary, treasurer, a manager or general partner of  
 669 any such credit union service organization, or in the case of an out-of-  
 670 state bank, [with] or out-of-state credit union, to its agent, shall be  
 671 sufficient notice thereof. Before issuing such restraining order, the  
 672 court shall cause reasonable notice to be given to such bank, credit  
 673 union or credit union service organization. Notice to the [cashier]  
 674 president, chief executive officer, secretary, treasurer or agent of any  
 675 such bank or credit union, an agent of any such out-of-state bank or  
 676 out-of-state credit union, or president, chief executive officer, secretary,  
 677 treasurer, manager or general partner of any such credit union service  
 678 organization shall be notice to such bank, credit union or credit union  
 679 service organization. Notice may be waived by any such [cashier]  
 680 president, chief executive officer, treasurer, secretary, manager, general  
 681 partner or agent.

682 (b) Before the governing board of any such Connecticut bank, [or]  
 683 out-of-state bank, Connecticut credit union or out-of-state credit union,  
 684 or the governing board, managers or general partners of any such  
 685 Connecticut credit union service organization applies to the court for  
 686 such restraining order, notice shall be given in writing to the  
 687 commissioner of its intention to so apply at least ten days before such  
 688 application is made. If, in the opinion of the commissioner or such  
 689 governing board, managers or general partners, such order should be  
 690 revoked or modified, the court may, on application of the  
 691 commissioner or such governing board, managers or general partners,  
 692 revoke or modify the original order, and notice of such revocation or  
 693 modification shall be given to the bank, credit union or credit union  
 694 service organization affected thereby in the same manner as in the case  
 695 of the original order.

696 Sec. 11. Section 36a-220 of the general statutes is repealed and the  
 697 following is substitute din lieu thereof (*Effective October 1, 2002*):

698 (a) If it appears to the commissioner that (1) the charter of any  
699 Connecticut bank or out-of-state bank that maintains in this state a  
700 branch as defined in section 36a-410, or the certificate of authority of  
701 any Connecticut credit union or out-of-state credit union that  
702 maintains in this state a branch, as defined in section 35 of this act, is  
703 forfeited, (2) the public is in danger of being defrauded by such bank  
704 or credit union, it is unsafe or unsound for such bank or credit union to  
705 continue business or its assets are being dissipated, (3) such bank or  
706 credit union is insolvent, or (4) the Federal Deposit Insurance  
707 Corporation, National Credit Union Administration or [its] their  
708 successor [agency has] agencies have terminated insurance of the  
709 insurable accounts or deposits of such bank or credit union, the  
710 commissioner shall apply to the superior court for the judicial district  
711 of Hartford [or the judicial district in which the main office of such  
712 bank is located] for an injunction restraining such bank or credit union  
713 from conducting business or, in the case of a Connecticut bank or  
714 Connecticut credit union, for the appointment of a conservator or for a  
715 receiver to wind up its affairs.

716 (b) The court may take one or more of the following actions: (1)  
717 Grant such injunction or appoint such receiver, or both, (2) appoint  
718 such conservator, or (3) in the case of a Connecticut bank or  
719 Connecticut credit union, declare the charter of such bank or certificate  
720 of authority of such credit union to be null and void after reasonable  
721 notice to such bank or credit union. Nothing in this section shall be  
722 construed as affecting any provision of sections 36a-218 and 36a-219, as  
723 amended by this act.

724 Sec. 12. Section 36a-222 of the general statutes is repealed and the  
725 following is substituted in lieu thereof (*Effective October 1, 2002*):

726 (a) The duty of the receiver shall be to place the Connecticut bank or  
727 Connecticut credit union in liquidation and proceed to realize upon  
728 the assets of such bank or credit union, having due regard for the  
729 conditions of credit in the locality of such bank or credit union.

730 (b) The duty of the conservator shall be to carry on the business of  
731 the Connecticut bank or Connecticut credit union, to preserve and  
732 conserve the assets and property of the bank or credit union, and to  
733 put such bank or credit union in a safe and sound condition.

734 Sec. 13. Section 36a-223 of the general statutes is repealed and the  
735 following is substituted in lieu thereof (*Effective October 1, 2002*):

736 (a) In all cases in which the appointment of a receiver or conservator  
737 for any Connecticut bank or Connecticut credit union is sought, if it is  
738 found that a receiver or conservator should be appointed, the Superior  
739 Court shall appoint the commissioner as a receiver or conservator,  
740 except that the commissioner may request that the Federal Deposit  
741 Insurance Corporation or the [Resolution Trust Corporation] National  
742 Credit Union Administration, or their successor agencies, be appointed  
743 receiver or conservator. If the commissioner requests appointment of  
744 either [of those corporations] the Federal Deposit Insurance  
745 Corporation or the National Credit Union Administration, or their  
746 successor agencies, the Superior Court shall make such appointment.  
747 The Superior Court may appoint the receiver or conservator on an ex  
748 parte basis upon a sufficient affidavit of the commissioner or the  
749 commissioner's authorized representative indicating reasonable  
750 likelihood that an unsafe or unsound condition exists which is likely to  
751 have an adverse effect upon depositors, share account holders or  
752 creditors. The commissioner may organize a separate division within  
753 the Department of Banking for liquidating and administering the  
754 affairs of the banks or credit unions for which the commissioner is  
755 acting as receiver or conservator, and the commissioner may appoint  
756 such employees as the commissioner deems necessary for the  
757 liquidation or administration of the affairs of such banks or credit  
758 unions. Any salaries and expenses shall be paid out of the funds of the  
759 bank or credit union in the possession of the commissioner, subject to  
760 the approval of the court having jurisdiction. The commissioner may  
761 appoint an agent, who may be an employee of the Department of  
762 Banking or such other person as the commissioner may deem

763 appropriate and who, in the absence or incapacity of the commissioner  
764 and of the commissioner's deputy, shall have authority to act for or  
765 represent the commissioner in all matters pertaining to the duties of  
766 the commissioner as the receiver or conservator of any Connecticut  
767 bank or Connecticut credit union. Such agent may execute and sign for  
768 the commissioner as the receiver or conservator any documents,  
769 instruments or reports necessary in the administration of the  
770 receivership or conservatorship. The state shall be reimbursed for any  
771 costs or expenses incurred by the Department of Banking in the  
772 administration of the receivership or conservatorship, and the  
773 commissioner may collect from each such estate in receivership or  
774 conservatorship such charges as, in the commissioner's opinion, are  
775 fair and equitable. Any such costs or expenses so collected shall be  
776 deposited with the State Treasurer and shall be credited to the State  
777 Banking Fund. All legal services required by the commissioner or the  
778 commissioner's deputy, agent or employees in connection with such  
779 receivership proceedings or the administration or reorganization of  
780 any such Connecticut bank or Connecticut credit union shall be  
781 performed by the Attorney General, and any salaries and expenses for  
782 such legal assistance shall be paid out of the funds of the estate in  
783 receivership or conservatorship with the approval of the superior court  
784 having jurisdiction. Such salaries and expenses shall be allocated by  
785 the commissioner as nearly as possible to the estate in receivership or  
786 conservatorship for which the services were rendered, and the funds in  
787 payment of the same shall be deposited with the State Treasurer and  
788 shall be credited to the appropriation for the Attorney General. The  
789 commissioner shall keep on file in the commissioner's office an  
790 executed copy of each report required to be filed by the commissioner,  
791 as the receiver or conservator, with the clerk of the Superior Court and  
792 shall include a report of each bank or credit union for which the  
793 commissioner is acting as receiver or conservator in the  
794 commissioner's annual report to the Governor. If the commissioner,  
795 the Federal Deposit Insurance Corporation or the [Resolution Trust  
796 Corporation] National Credit Union Administration, or their successor

797 agencies, accepts the appointment as receiver or conservator, no bond  
798 shall be required to be posted.

799 (b) Upon the appointment of a receiver pursuant to subsection (a) of  
800 this section, possession of and title to all assets, business and property  
801 of the Connecticut bank or Connecticut credit union shall pass to and  
802 vest in the receiver without the execution of any instruments of  
803 conveyance, assignment, transfer or endorsement.

804 (c) A receiver or conservator appointed pursuant to subsection (a) of  
805 this section shall have the following powers: (1) To take possession of  
806 the books, records and assets of every description of the Connecticut  
807 bank or Connecticut credit union and collect all debts due and claims  
808 belonging to it; (2) to sue and defend all rights and claims involving  
809 the bank or credit union; (3) to exercise any and all fiduciary functions  
810 of the bank or credit union as of the date of the commencement of the  
811 receivership or conservatorship; (4) to borrow such sums of money as  
812 may be necessary or desirable in the performance of the duties of the  
813 receiver or conservator, and in connection therewith, to secure such  
814 borrowings by the pledge, hypothecation or mortgage of the assets of  
815 the bank or credit union; (5) to sell, subject to the approval of the  
816 appointing court, any and all real and personal property and, on like  
817 order, to compromise and settle all bad or doubtful debts; (6) to  
818 exercise all of the power and authority of the incorporators,  
819 shareholders, directors, trustees, officers, [and] depositors and share  
820 account holders of such bank or credit union in carrying out the duty  
821 of the receiver or conservator; (7) to exercise such other powers and  
822 duties as may be reasonably necessary or desirable to effectively and  
823 efficiently perform the functions of receiver or conservator in  
824 accordance with federal and state banking and credit union laws and  
825 regulations.

826 Sec. 14. Section 36a-224 of the general statutes is repealed and the  
827 following is substituted in lieu thereof (*Effective October 1, 2002*):

828 Upon recommendation of the receiver and with the approval of the

829 court having jurisdiction, any such Connecticut bank or Connecticut  
830 credit union placed in receivership may be reopened and may resume  
831 business and such receiver, upon the application of any depositor,  
832 shareholder, share account holder or creditor thereof, shall present to  
833 the court having jurisdiction, for the court's approval, any plan of  
834 refinancing or reorganization which has been submitted to the receiver  
835 by such depositor, share account holder, shareholder or creditor. Any  
836 authorized committee of shareholders, share account holders or  
837 depositors may, with the approval of the superior court having  
838 jurisdiction, examine the records of such bank or credit union for  
839 which they appear, in the possession of the commissioner as the  
840 receiver, for the purpose of preparing a plan of refinancing or  
841 reorganization of such bank or credit union. After submitting such  
842 proposed plan to the court having jurisdiction, the commissioner shall  
843 be subject to such orders as are made by the court respecting such  
844 plan.

845 Sec. 15. Section 36a-225 of the general statutes is repealed and the  
846 following is substituted in lieu thereof (*Effective October 1, 2002*):

847 The Superior Court, upon appointing a receiver of any Connecticut  
848 bank or Connecticut credit union, shall limit the time within which all  
849 claims against the bank or credit union may be presented to the  
850 receiver, and the court may, upon cause shown, extend such time and  
851 shall cause such public notice of such limitation or extension of time to  
852 be given as it deems reasonable and just. All claims not presented to  
853 the receiver within the period limited shall be forever barred, except  
854 that any claim for a deposit or share account, as shown by the  
855 depositor's or share account holder's passbook, certificate of deposit,  
856 statement or other evidence of deposit or the records of such bank or  
857 credit union, shall be allowed by the receiver.

858 Sec. 16. Section 36a-226 of the general statutes is repealed and the  
859 following is substituted in lieu thereof (*Effective October 1, 2002*):

860 The receiver shall, as soon after the receiver's appointment as is

861 practicable, make and return to the court an inventory and appraisal of  
862 the assets of the Connecticut bank or Connecticut credit union or estate  
863 in receivership, verified by oath according to the receiver's best  
864 knowledge, information and belief, and shall, from time to time  
865 thereafter, make and return such additional or supplementary  
866 inventories and valuations, and render such reports of the receiver's  
867 actions and statements of accounts, as are necessary for the  
868 information of the court or as are required by the order of the court.  
869 The receiver shall hold all the assets which come into the receiver's  
870 possession as such receiver, subject to the order of the court, and shall  
871 convert such assets into money with all reasonable dispatch, and for  
872 that purpose may sell and dispose of such assets, and make all proper  
873 conveyances thereof, and may compromise all doubtful claims for or  
874 against such bank or credit union; provided no claim in favor of such  
875 bank or credit union against any director, trustee or other officer  
876 thereof, for breach or neglect of official duty, shall be compromised  
877 without the special authority and approval of the court. In cases of  
878 doubt or difficulty the receiver may, upon written application, ask the  
879 advice of the court as to the manner in which the receiver shall execute  
880 the receiver's trust. The court may, from time to time, on its own  
881 motion, or on complaint of any interested party, make all necessary  
882 and proper orders as to the proceedings and actions of the receiver.

883 Sec. 17. Section 36a-227 of the general statutes is repealed and the  
884 following is substituted in lieu thereof (*Effective October 1, 2002*):

885 (a) All attachments of, or against, the estate of any Connecticut bank  
886 or Connecticut credit union, made within sixty days of the date of  
887 filing of any complaint seeking the appointment of a receiver pursuant  
888 to sections 36a-215 to 36a-239, inclusive, as amended, and all levies of  
889 execution upon the estate thereof not completed within such time  
890 period, except such levies made in pursuance of attachments which are  
891 not hereby invalidated, shall be dissolved, upon the appointment of a  
892 receiver.

893 (b) Immediately after the granting of an injunction or appointment  
894 of a receiver pursuant to sections 36a-215 to 36a-239, inclusive, as  
895 amended, the commissioner shall place a notice of such injunction or  
896 appointment at the main entrance of the bank or credit union and  
897 thereafter no judgment lien, attachment lien or any voluntary lien shall  
898 attach to any asset of such bank or credit union. No director, officer,  
899 member of senior management or agent of such bank or credit union  
900 shall thereafter have the authority to act on behalf of such bank or  
901 credit union or to convey, transfer, assign, pledge, mortgage or  
902 encumber any assets of such bank or credit union. Any attempt by any  
903 director, officer, member of senior management or agent of such bank  
904 or credit union to convey, transfer, assign, pledge, mortgage or  
905 encumber any asset of such bank or credit union or to create any lien  
906 on such bank or credit union or to prefer any depositor, share account  
907 holder or creditor of such bank or credit union after the posting of such  
908 notice or in contemplation thereof shall be void.

909 Sec. 18. Section 36a-228 of the general statutes is repealed and the  
910 following is substituted in lieu thereof (*Effective October 1, 2002*):

911 Within six months after the appointment of a receiver pursuant to  
912 section 36a-223, as amended by this act, the commissioner or the  
913 receiver may terminate any executory contract for services or  
914 advertising to which the Connecticut bank or Connecticut credit union  
915 is a party or any obligation of the bank or credit union as a lessee. A  
916 lessor who receives sixty days' notice of the election to terminate a  
917 lease shall have no claim for rent other than rent accrued to the date of  
918 termination or for damages for such termination.

919 Sec. 19. Section 36a-229 of the general statutes is repealed and the  
920 following is substituted in lieu thereof (*Effective October 1, 2002*):

921 Any person who wilfully neglects or refuses to deliver to the  
922 receiver or conservator of any Connecticut bank or Connecticut credit  
923 union, on demand, any books, papers or evidences of title or debt or  
924 property belonging to such receivership or conservatorship, in the

925 possession or under the control of such person, shall be fined not more  
926 than ten thousand dollars or imprisoned not more than three years or  
927 both.

928 Sec. 20. Section 36a-230 of the general statutes is repealed and the  
929 following is substituted in lieu thereof (*Effective October 1, 2002*):

930 No claim in favor of a Connecticut bank or Connecticut credit union  
931 in receivership, not barred by the statute of limitations at the time of  
932 serving the citation on the bank or credit union for the appointment of  
933 a receiver, shall be barred against the receiver in any suit for the  
934 recovery of such claim, brought by the receiver either in the receiver's  
935 name or in the name of such bank or credit union.

936 Sec. 21. Subsection (a) of section 36a-231 of the general statutes is  
937 repealed and the following is substituted in lieu thereof (*Effective*  
938 *October 1, 2002*):

939 (a) The receiver or conservator of any Connecticut bank or  
940 Connecticut credit union shall file with the clerk of the superior court  
941 having jurisdiction, within the first three days of April and October in  
942 each year, a statement subscribed and sworn to by the receiver or  
943 conservator, containing the following particulars, so far as they do not  
944 appear in a preceding report on file with the court, and any changes or  
945 additions that have occurred since the filing of such preceding report:  
946 (1) The names and residences, so far as known, of all creditors of such  
947 receivership or conservatorship, and the amounts respectively due  
948 them; (2) a full list of all the assets on hand, with the estimated value of  
949 such assets at the time of the appointment of the receiver or  
950 conservator; (3) a statement of all disbursements of money made in the  
951 discharge of duties as receiver or conservator; (4) the amount of cash  
952 on hand and the place or places of deposit of the cash and the terms of  
953 such deposit.

954 Sec. 22. Section 36a-233 of the general statutes is repealed and the  
955 following is substituted in lieu thereof (*Effective October 1, 2002*):

956 No part of the funds or property in the possession of a receiver of  
957 any Connecticut bank or Connecticut credit union is subject to process  
958 of foreign attachment.

959 Sec. 23. Section 36a-234 of the general statutes is repealed and the  
960 following is substituted in lieu thereof (*Effective October 1, 2002*):

961 In any action against the receiver of any Connecticut bank or  
962 Connecticut credit union in which an injunction is granted restraining  
963 the receiver from disposing of any of the trust estate, the receiver shall  
964 apply for the dissolution of such injunction within thirty days after the  
965 writ or order of injunction is served. The hearing on any such  
966 application has precedence over all other causes in respect to the order  
967 of trial.

968 Sec. 24. Section 36a-235 of the general statutes is repealed and the  
969 following is substituted in lieu thereof (*Effective October 1, 2002*):

970 (a) All payments or conveyances made by any Connecticut bank or  
971 Connecticut credit union in contemplation of insolvency, to or for the  
972 use of any or all of the creditors of such bank or credit union, with the  
973 fraudulent intent to prevent the distribution and appropriation of the  
974 effects of such bank or credit union in the manner prescribed by  
975 section 36a-237, as amended by this act, are void.

976 (b) No execution shall be issued or levied against any Connecticut  
977 bank or Connecticut credit union, or its property, before final  
978 judgment, including the exhaustion of all appeals, in any proceeding  
979 brought against such bank or credit union in any court in this or any  
980 other state.

981 Sec. 25. Section 36a-237 of the general statutes is repealed and the  
982 following is substituted in lieu thereof (*Effective October 1, 2002*):

983 (a) The avails of the property of any Connecticut bank in the  
984 possession of a receiver shall be distributed in the following order of  
985 priority: (1) All fees and assessments due the commissioner; (2) the

986 charges and expenses of settling such bank's affairs; (3) all deposits; (4)  
987 all other liabilities; (5) any liquidation account; and (6) in the case of a  
988 capital stock Connecticut bank, the claims of shareholders or, in the  
989 case of a mutual savings bank or mutual savings and loan association,  
990 the claims of depositors in proportion to their respective deposits.

991 (b) In the event of liquidation of a Connecticut credit union, the  
992 assets of the Connecticut credit union or the proceeds from any  
993 disposition of the assets shall be applied and distributed in the  
994 following sequence: (1) All fees and assessments due the  
995 commissioner; (2) claims of secured creditors up to the value of their  
996 collateral; (3) the costs and expenses of liquidation; (4) the wages due  
997 the employees of the Connecticut credit union; (5) the costs and  
998 expenses incurred by creditors in successfully opposing the release of  
999 the Connecticut credit union from certain debts as allowed by the  
1000 commissioner; (6) all taxes owed to the United States or any other  
1001 governmental unit; (7) all other debts owed to the United States or any  
1002 other governmental unit; (8) claims of general creditors and secured  
1003 creditors to the extent that their claims exceed the value of their  
1004 collateral; (9) members, to the extent of uninsured share accounts, and  
1005 the organization that insured the share accounts of the Connecticut  
1006 credit union; (10) in the event of liquidation of a Connecticut credit  
1007 union that is a corporate Connecticut credit union, as defined in  
1008 section 35 of this act, membership capital, and then paid-in capital; and  
1009 (11) in the event of liquidation of a Connecticut credit union that has  
1010 received a low-income designation from the National Credit Union  
1011 Administration under 12 CFR 701.34, as from time to time amended,  
1012 any outstanding secondary capital accounts.

1013 ~~[(b)]~~ (c) The holders of claims in any class set forth in this section  
1014 shall not receive any distribution until the holders of claims in all  
1015 classes having a higher priority under this section are paid in full. If  
1016 the avails of the property of any such [capital stock] Connecticut bank  
1017 [, mutual savings bank or mutual savings and loan association] or  
1018 Connecticut credit union are insufficient to pay in full all of the claims

1019 in a particular class, the avails shall be distributed to each claimant  
1020 within such class on a pro rata basis.

1021 Sec. 26. Section 36a-238 of the general statutes is repealed and the  
1022 following is substituted in lieu thereof (*Effective October 1, 2002*):

1023 Whenever the Federal Deposit Insurance Corporation or National  
1024 Credit Union Administration, or [its] their successor [agency, pays or  
1025 makes] agencies, pay or make available for payment the insured  
1026 deposit or account liabilities of a closed Connecticut bank or  
1027 Connecticut credit union, the Federal Deposit Insurance Corporation  
1028 or National Credit Union Administration, whether or not it has  
1029 become such bank's or credit union's receiver, is subrogated to all of  
1030 the rights of the owners of the deposits or share accounts against such  
1031 bank or credit union in the same manner and to the same extent as  
1032 subrogation of the Federal Deposit Insurance Corporation is provided  
1033 for in the Federal Deposit Insurance Act, as from time to time  
1034 amended, in the closing of a federal bank, or the National Credit Union  
1035 Administration is provided for in the Federal Credit Union Act, 12  
1036 USC Section 1741 et seq., as from time to time amended, in the closing  
1037 of a federal credit union.

1038 Sec. 27. Section 36a-239 of the general statutes is repealed and the  
1039 following is substituted in lieu thereof (*Effective October 1, 2002*):

1040 (a) After a final disposition of funds as provided in sections 36a-236  
1041 and 36a-237, as amended by this act, the receiver, upon applying to the  
1042 superior court having jurisdiction and after such public notice as the  
1043 court may require, may be discharged from further liability. If no plan  
1044 of refinancing or reorganization has been approved by the court, the  
1045 charter of the Connecticut bank or certificate of authority of a  
1046 Connecticut credit union in receivership shall be forfeited upon the  
1047 discharge of the receiver from further liability.

1048 (b) Upon a determination by the commissioner that the conditions  
1049 that formed the basis for the appointment of a conservator for any

1050 Connecticut bank or Connecticut credit union no longer exist, the  
1051 commissioner shall apply to the superior court having jurisdiction to  
1052 have the conservator discharged from further liability. Upon  
1053 appointment of a receiver for any bank or credit union that is subject to  
1054 a conservatorship, the conservator shall automatically be discharged  
1055 from further liability without any specific action of the commissioner  
1056 or the court.

1057 Sec. 28. Section 36a-291 of the general statutes is repealed and the  
1058 following is substituted in lieu thereof (*Effective October 1, 2002*):

1059 Unless the applicable deposit contract or share contract provides  
1060 that the account is nontransferable, and except to the extent that such  
1061 deposit contract or share contract otherwise limits such right, the  
1062 interest of any named owner in any savings account or share account  
1063 established or maintained at any Connecticut bank or Connecticut  
1064 credit union, except a savings or share account subject to negotiable  
1065 orders of withdrawal, or in any time account established or maintained  
1066 at such bank or credit union, without regard to whether any such  
1067 account is held in the names of one or more persons, may be pledged  
1068 by such named owner, without the consent of any other named owner  
1069 thereof by delivery to the pledgee of (1) the passbook, if any,  
1070 evidencing such account, and (2) an order to the Connecticut bank or  
1071 Connecticut credit union to transfer such pledged account to the  
1072 pledgee; but no such pledge shall be effective against any person other  
1073 than the named owners, their executors or administrators, or their  
1074 receivers or custodians, unless an actual transfer of such account to the  
1075 pledgee has been made upon the books of such bank or credit union,  
1076 or a copy of the order for such transfer has been filed with the bank or  
1077 credit union. Any pledgee which makes a loan based on the pledge of  
1078 a savings account, [or a] time account or share account as provided in  
1079 this section shall have a lien against such account until all sums due  
1080 under the loan have been repaid. The Connecticut bank or Connecticut  
1081 credit union with which such savings account, [or] time account or  
1082 share account is established or maintained may be a pledgee under this

1083 section. This section does not apply to a negotiable certificate of  
1084 deposit subject to the terms of article 9 of title 42a.

1085 Sec. 29. Section 36a-292 of the general statutes is repealed and the  
1086 following is substituted in lieu thereof (*Effective October 1, 2002*):

1087 (a) Whenever all or any portion of the balance of any deposit  
1088 account or share account which is a joint account under section 36a-290  
1089 has been paid, after the death of one account owner to any surviving  
1090 account owner or owners, and if the deceased account owner has left  
1091 no other estate of sufficient value for the payment of claims against the  
1092 deceased account owner's estate, such survivor or survivors or, if any  
1093 such survivor is incapable, the legal representative of such incapable  
1094 survivor, shall pay to the representative of such estate or, if there is no  
1095 such representative, and subject to the terms of subsection (b) of this  
1096 section, directly to the claimant, from such joint account or from its  
1097 proceeds, any valid claims against the deceased account owner's estate  
1098 for such deceased account owner's funeral expenses, for the expenses  
1099 of settling such estate, for any debts owed for the last sickness of such  
1100 deceased account owner, and for any debt due to this state for aid or  
1101 care to the deceased account owner. The aggregate liability of the  
1102 surviving account owner or owners, under this section, shall not  
1103 exceed an amount equal to the balance of such joint account on the  
1104 date of the deceased account owner's death divided by the number of  
1105 owners of such account immediately before the deceased account  
1106 owner's death.

1107 (b) After pursuing all remedies available for payment from any  
1108 estate left by the deceased account owner, any person to whom any of  
1109 the claims, expenses or debts listed in subsection (a) of this section are  
1110 owed shall have direct recourse to such survivor, survivors or legal  
1111 representative of any such incapable survivor for such claim, expense  
1112 or debt, but only to the extent of their liability under subsection (a) of  
1113 this section, and shall thereafter have no further recourse against the  
1114 deceased account owner's estate for such claim, expense or debt.

1115 Sec. 30. Section 36a-293 of the general statutes is repealed and the  
1116 following is substituted in lieu thereof (*Effective October 1, 2002*):

1117 Notice to any bank or Connecticut credit union of any adverse claim  
1118 to all or any portion of the balance of a deposit account or share  
1119 account held within this state and, according to [the] such bank's or  
1120 credit union's records, for the credit of any person, shall not be  
1121 effectual to cause such bank or credit union to recognize such adverse  
1122 claimant unless such adverse claimant also either (1) procures a  
1123 restraining order, injunction or other appropriate process against such  
1124 bank or credit union from a court of competent jurisdiction in a cause  
1125 instituted by such person wherein each person for whose credit the  
1126 deposit account or share account is held, or such person's executor,  
1127 administrator, receiver, custodian, legal representative or heir, is made  
1128 a party and is served with summons, or (2) executes to such bank or  
1129 credit union, in a form and with sureties acceptable to it, a bond  
1130 indemnifying such bank or credit union from any and all liability, loss,  
1131 damage, costs and expenses for and on account of the payment of such  
1132 adverse claim or the dishonor of the check or other order of the person  
1133 for whose credit the deposit account or share account, according to the  
1134 records of such bank or credit union, is held; provided this section  
1135 shall not apply in any instance where the person for whose credit the  
1136 deposit account or share account is held, according to the records of  
1137 such bank or credit union, is a fiduciary for such adverse claimant, and  
1138 the facts constituting such relationship, and the facts showing  
1139 reasonable cause of belief on the part of such claimant that such  
1140 fiduciary is about to misappropriate all or any portion of the balance of  
1141 such deposit account or share account, are made to appear by affidavit  
1142 of such claimant. An adverse claimant means one who is not a named  
1143 owner, joint owner or co-owner of the deposit account or share  
1144 account according to the bank's or credit union's records. This section  
1145 shall not apply to any writ of foreign attachment or any writ of  
1146 execution applying to a deposit account or share account.

1147 Sec. 31. Section 36a-294 of the general statutes is repealed and the

1148 following is substituted in lieu thereof (*Effective October 1, 2002*):

1149 When any passbook, certificate or instrument, negotiable or  
1150 nonnegotiable, transferable or nontransferable, issued by a  
1151 Connecticut bank or Connecticut credit union in connection with a  
1152 deposit account or share account has been lost, stolen or destroyed, all  
1153 persons in whose names such account is held, or their respective legal  
1154 representatives, may make written application to such bank or credit  
1155 union for either the payment of the balance then due on such account  
1156 or for the issuance of a duplicate passbook, certificate or instrument for  
1157 such account. Such application shall be signed by each person in  
1158 whose name such account is then held according to the records of the  
1159 bank or credit union, and shall be in such form, together with such  
1160 sureties and such reasonable representations, warranties, agreements  
1161 and indemnifications as are acceptable to such bank or credit union.  
1162 Upon receipt of such application and proof satisfactory to it of the  
1163 identity of the person or persons making such application, such bank  
1164 or credit union shall, at its option, either pay the balance then due on  
1165 such account to such applicant or applicants or issue a duplicate  
1166 passbook, certificate or instrument for such account and, upon such  
1167 payment or issuance, all liability of such bank or credit union to any  
1168 person making such application and based on the existence of the  
1169 original passbook, certificate or instrument terminates.

1170 Sec. 32. Section 36a-295 of the general statutes is repealed and the  
1171 following is substituted in lieu thereof (*Effective October 1, 2002*):

1172 Except as otherwise provided by applicable state or federal law,  
1173 including title 42a, if a Connecticut bank or Connecticut credit union  
1174 has rendered a statement or delivered a passbook to its depositor or  
1175 share account holder reflecting transactions in or the balance of a  
1176 deposit account or share account, and unless a court of competent  
1177 jurisdiction determines, in an action filed by the depositor or share  
1178 account holder against such bank or credit union before the expiration  
1179 of seven years from the date of the rendering of the statement or the

1180 delivery of the passbook, that the statement or passbook was  
1181 inaccurate or incomplete, then, upon the expiration of the seven-year  
1182 period, at the option of such bank or credit union, the statement or  
1183 passbook is deemed accurate and complete as of the date of the  
1184 statement or the delivery and as to each transaction and any balance  
1185 reflected in the statement or passbook, and such depositor or share  
1186 account holder is thereafter barred from questioning the correctness of  
1187 any transaction and any balance reflected therein for any cause.  
1188 Nothing in this section shall be construed to relieve the depositor or  
1189 share account holder from the duty imposed by law or contract of  
1190 exercising due diligence in the examination of any such statement or  
1191 passbook when rendered by the bank or credit union, and of  
1192 immediate notification to the bank or credit union upon discovery of  
1193 any error therein, nor from the legal consequences of neglect of such  
1194 duty.

1195 Sec. 33. Section 36a-297 of the general statutes is repealed and the  
1196 following is substituted in lieu thereof (*Effective October 1, 2002*):

1197 A minor may contract to establish a deposit account with any bank  
1198 or share account with any Connecticut credit union, and may be the  
1199 owner, or a joint owner, co-owner or beneficiary of any deposit  
1200 account or share account. A minor who is an owner, co-owner or  
1201 beneficiary of any deposit account or share account shall be bound by  
1202 the terms of the deposit contract or share account contract governing  
1203 such [deposit] account, as amended by the bank or credit union from  
1204 time to time, and any payment made or withdrawal permitted by such  
1205 bank or credit union in accordance with the terms of the deposit  
1206 contract or share account contract governing such account shall  
1207 constitute a sufficient and valid release to such bank or credit union for  
1208 such payment or withdrawal and shall be binding upon such minor  
1209 and any other owner, co-owner or beneficiary of such deposit account  
1210 or share account to the same extent as if such minor were over the age  
1211 of majority. Unless made by such minor or by a person appointed as  
1212 guardian of the estate of such minor, a bank or Connecticut credit

1213 union may treat any claim to a deposit account or share account made  
1214 solely on behalf of a minor owner, co-owner or beneficiary of such  
1215 deposit account or share account as an adverse claim under section  
1216 36a-293, as amended by this act. This section shall not affect any rights  
1217 of or obligations imposed on a parent, guardian or spouse of a minor  
1218 under section 45a-631.

1219 Sec. 34. (NEW) (*Effective October 1, 2002*) Sections 34 to 73, inclusive,  
1220 of this act shall be known as the "Connecticut Credit Union Act".

1221 Sec. 35. (NEW) (*Effective October 1, 2002*) As used in sections 34 to 73,  
1222 inclusive, of this act, unless the context otherwise requires:

1223 (1) "Branch" means any office of a Connecticut credit union at a  
1224 fixed location, other than the main office, at which shares or deposits  
1225 are received, share drafts or checks are paid, or money is lent;

1226 (2) "Capital" means undivided earnings, regular reserves, other  
1227 special purpose reserves, donated equity, and accumulated, unrealized  
1228 gains or losses on securities in accordance with generally accepted  
1229 accounting principles;

1230 (3) "Certificate of incorporation" means the certificate of  
1231 incorporation of a Connecticut credit union and includes in the case of  
1232 Connecticut credit unions in existence on July 1, 1975, articles of  
1233 association, articles of incorporation and certificates of organization;

1234 (4) "Corporate", when used in conjunction with any institution that  
1235 is a Connecticut credit union, federal credit union or out-of-state credit  
1236 union, means a corporate credit union, as defined in 12 CFR 704.2, as  
1237 from time to time amended;

1238 (5) "Credit manager" means a natural person approved by the  
1239 governing board of a Connecticut credit union and employed by such  
1240 credit union to supervise its lending activities;

1241 (6) "Credit union service organization services" means those services

1242 that are authorized for credit union service organizations under state  
1243 or federal law, and that are closely related to credit union business, are  
1244 convenient and useful to credit union business, are reasonably related  
1245 to the operations of a credit union or are financial in nature;

1246 (7) "Director" means a member of the governing board, a director  
1247 emeritus or an advisory director of a Connecticut credit union;

1248 (8) "Federal Credit Union Act" means 12 USC Section 1751 et seq., as  
1249 from time to time amended;

1250 (9) "Financial institution" means any Connecticut credit union, bank,  
1251 federal credit union, out-of-state bank or out-of-state credit union;

1252 (10) "Immediate family member" means any person related by  
1253 blood, adoption or marriage to a person within the field of  
1254 membership of the Connecticut credit union;

1255 (11) "Member" means any person who has been admitted to  
1256 membership in the Connecticut credit union in accordance with this  
1257 act;

1258 (12) "Member in good standing" means a member who (A) owns at  
1259 least one membership share in a credit union, (B) is current on all  
1260 credit obligations to the credit union, and (C) has not caused the credit  
1261 union a credit or share loss that remains outstanding;

1262 (13) "Membership share" means a share equal to the stated par value  
1263 of the Connecticut credit union which may not be withdrawn or  
1264 transferred except upon termination of membership and which confers  
1265 membership and voting rights on the member;

1266 (14) "Multiple common bond membership" means a field of  
1267 membership consisting of more than one group of individuals, each of  
1268 which has, within the group, a common bond of occupation or  
1269 association;

1270 (15) "Officer" means the chairperson, vice chairperson, secretary and  
1271 treasurer of the governing board of a Connecticut credit union;

1272 (16) "Senior management" means the president or chief executive  
1273 officer, vice president or vice chief executive officer, chief financial  
1274 officer, credit manager, and any person occupying a similar status or  
1275 performing a similar function;

1276 (17) "Share" means the basic unit of moneys held by a member of a  
1277 Connecticut credit union in share accounts at a Connecticut credit  
1278 union on which a dividend may be paid;

1279 (18) "Single common bond membership" means a field of  
1280 membership consisting of one group that has a common bond of  
1281 occupation or association.

1282 Sec. 36. (NEW) (*Effective October 1, 2002*) (a) The franchise and filing  
1283 fee payable to the Secretary of the State shall be thirteen dollars for the  
1284 filing of a certificate of incorporation upon the incorporation of a  
1285 Connecticut credit union under the laws of this state.

1286 (b) The filing and certification fee payable to the Secretary of the  
1287 State shall be thirteen dollars for the filing and certification of (1) a  
1288 certificate of amendment to the certificate of incorporation of a  
1289 Connecticut credit union, (2) a merger agreement, plan of merger,  
1290 certificate of amendment to certificate of incorporation and the  
1291 Commissioner of Banking's approval pursuant to subdivision (3) of  
1292 subsection (b) of section 67 of this act, (3) an officer's certificate of  
1293 conversion and the Commissioner of Banking's approval pursuant to  
1294 subsection (g) of section 68 of this act, or (4) a certificate of  
1295 incorporation, certificate of authority and the Commissioner of  
1296 Banking's approval pursuant to subsection (c) of section 69 of this act.

1297 (c) The filing fee payable to the Secretary of the State shall be  
1298 thirteen dollars for the filing of a certificate of authority and certificate  
1299 of incorporation pursuant to subsection (f) of section 70 of this act.

1300 (d) The certification fee payable to the Secretary of the State shall be  
1301 thirteen dollars for certification by the Secretary of the State of a copy  
1302 of (1) the certificate of incorporation, (2) a certificate of amendment to  
1303 the certificate of incorporation, (3) an officer's certificate of conversion  
1304 and the Commissioner of Banking's approval pursuant to subsection  
1305 (f) of section 68 of this act, or (4) the certificate of incorporation and the  
1306 certificate of authority pursuant to subsection (c) of section 69 of this  
1307 act.

1308 Sec. 37. (NEW) (*Effective October 1, 2002*) (a) No person shall, or have  
1309 the power to, engage in the business of a Connecticut credit union in  
1310 this state until such person has obtained a certificate of authority to  
1311 engage in the business of a Connecticut credit union from the  
1312 Commissioner of Banking.

1313 (b) No person shall use, either as a part of its name or as a prefix or  
1314 suffix thereto or as a designation of the business carried on by it, the  
1315 phrase "credit union" or "mutual benefit association", except a  
1316 Connecticut credit union, a federal credit union or a credit union  
1317 otherwise authorized to engage in business in this state under this title.  
1318 The provisions of this subsection shall not apply to an association of  
1319 credit unions or a credit union service organization located in this  
1320 state.

1321 (c) A certificate of authority shall be issued by the Commissioner of  
1322 Banking to an applicant meeting the requirements of section 38 of this  
1323 act.

1324 (d) A certificate of authority issued under this section may be  
1325 revoked by the Commissioner of Banking for cause in accordance with  
1326 section 36a-51 of the general statutes, as amended.

1327 Sec. 38. (NEW) (*Effective October 1, 2002*) (a) A Connecticut credit  
1328 union organized under this title shall be subject to the provisions of the  
1329 laws of this state governing corporations without capital stock,  
1330 provided the provisions of this title shall prevail over any inconsistent

1331 provisions of title 33 of the general statutes.

1332 (b) Seven or more individuals may file with the commissioner an  
1333 application to organize a Connecticut credit union, provided each is at  
1334 least eighteen years of age. The application shall be in writing and  
1335 shall include (1) a proposed certificate of incorporation on a standard  
1336 form provided by the Commissioner of Banking, signed and  
1337 acknowledged by the organizers either individually or collectively  
1338 before an officer competent to administer oaths. The proposed  
1339 certificate of incorporation shall specifically state: (A) The name of the  
1340 Connecticut credit union; (B) the town in which the main office is to be  
1341 located; (C) the name, occupation and residence, post office or business  
1342 address of each organizer, proposed director and proposed member of  
1343 senior management, provided the organizers, proposed directors and  
1344 proposed senior management shall separately file with the  
1345 Commissioner of Banking the notice of the residence of each organizer,  
1346 proposed director and proposed member of senior management whose  
1347 residence address is not included in the proposed certificate of  
1348 incorporation; and (D) a statement that the purpose of the Connecticut  
1349 credit union is to conduct the business of and to engage in any act or  
1350 activity lawful for a Connecticut credit union, or, in the case of a  
1351 Connecticut credit union that is organized to provide basic services, a  
1352 statement that the purpose of such credit union is to offer basic  
1353 services; (2) the proposed bylaws prescribing the manner in which the  
1354 business of the Connecticut credit union shall be conducted on a  
1355 standard form provided without charge by the Commissioner of  
1356 Banking, signed and acknowledged by the organizers either  
1357 individually or collectively before an officer competent to administer  
1358 oaths; (3) a business plan, including a three-year financial forecast; (4) a  
1359 potential member survey; (5) in the case of a proposed Connecticut  
1360 credit union the membership of which is limited to persons within a  
1361 well-defined community, neighborhood or rural district, evidence to  
1362 support a finding of such community, neighborhood or rural district;  
1363 and (6) any other information that the Commissioner of Banking may  
1364 require.

1365 (c) In connection with an application to organize and at any other  
1366 time the Commissioner of Banking requests, each organizer and  
1367 director of a Connecticut credit union shall provide fingerprints to the  
1368 Commissioner of Banking for use in conducting criminal history  
1369 records checks. Such criminal history records checks shall be  
1370 conducted in accordance with section 31 of public act 01-175.

1371 (d) (1) Upon the filing of the required application, the  
1372 Commissioner of Banking shall investigate the facts and shall  
1373 determine whether: (A) The proposed field of membership is favorable  
1374 to the success of the Connecticut credit union; (B) the organizers,  
1375 proposed directors and proposed members of senior management are  
1376 of such character, general fitness and experience as to warrant belief  
1377 that the business of the proposed Connecticut credit union will be  
1378 conducted honestly and efficiently in accordance with the provisions  
1379 of sections 34 to 73, inclusive, of this act; (C) the proposed certificate of  
1380 incorporation meets the requirements of this section; and (D) the  
1381 proposed credit union provides reasonable promise of successful  
1382 operation. In addition to the determinations under this subdivision,  
1383 the Commissioner of Banking shall consider the effect of overlapping  
1384 fields of membership on the proposed credit union and existing  
1385 Connecticut credit unions and federal credit unions. As a condition of  
1386 approval of the application, the Commissioner of Banking may require  
1387 the proposed Connecticut credit union to limit or eliminate overlaps to  
1388 achieve the purposes of sections 34 to 73, inclusive, of this act, and  
1389 promote the welfare and stability of those credit unions doing business  
1390 in this state.

1391 (2) The Commissioner of Banking shall not issue a certificate of  
1392 authority to engage in the business of a Connecticut credit union if, in  
1393 the opinion of the Commissioner of Banking, the name selected would  
1394 tend to confuse the public.

1395 (3) If the Commissioner of Banking determines that the foregoing  
1396 requirements are satisfied, and that the proposed Connecticut credit

1397 union will have its shares and deposits insured by the National Credit  
1398 Union Administration, or its successor agency, the Commissioner of  
1399 Banking shall issue a certificate of authority to engage in the business  
1400 of a Connecticut credit union. One original of the certificate of  
1401 incorporation and one original of the certificate of authority shall be  
1402 filed by the Connecticut credit union with the Secretary of the State.  
1403 When the certificate of incorporation and certificate of authority are  
1404 filed with the Secretary of the State in accordance with the provisions  
1405 of this subsection, the Connecticut credit union shall become a  
1406 corporation and its corporate existence shall continue perpetually  
1407 unless otherwise expressly provided by law.

1408 (e) Within a reasonable time after issuance of the certificate of  
1409 authority by the Commissioner of Banking, the organizers shall hold  
1410 an organization meeting at which they shall elect directors, who  
1411 thereafter shall elect officers, appoint committee members, adopt the  
1412 bylaws, and conduct any other business necessary to complete the  
1413 organization of the Connecticut credit union. The Connecticut credit  
1414 union shall complete such organization and shall commence business  
1415 within six months from the issuance of the certificate of authority by  
1416 the Commissioner of Banking or such certificate of authority shall be  
1417 void. The Commissioner of Banking may, upon the application of the  
1418 organizers and for good cause shown, grant a Connecticut credit union  
1419 a reasonable extension of time to complete such organization and  
1420 commence business. A Connecticut credit union shall not commence  
1421 business until its shares and deposits are insured by the National  
1422 Credit Union Administration or its successor agency, and it has been  
1423 bonded by a surety company authorized to do business in this state to  
1424 the same extent such bonding is required by 12 CFR Part 713, as from  
1425 time to time amended.

1426 (f) Seven or more individuals may organize a Connecticut credit  
1427 union that provides basic services in accordance with this section,  
1428 except a Connecticut credit union the membership of which is limited  
1429 to persons within a well-defined community, neighborhood or rural

1430 district. In order to expedite the issuance of a certificate of authority,  
1431 the Commissioner of Banking shall provide, without charge, to such  
1432 organizers: (1) A model business plan for basic services; (2) policy  
1433 guidelines concerning shares, lending, investments and other credit  
1434 union business activities; and (3) sample letters for sponsor support,  
1435 grants and nonmember deposits, where applicable. If the  
1436 Commissioner of Banking makes the determinations required by  
1437 subsection (d) of this section, the Commissioner of Banking shall issue  
1438 a certificate of authority to engage in the business of a Connecticut  
1439 credit union, with the express restriction that such credit union may  
1440 offer only basic services. Any credit union organized pursuant to this  
1441 subsection may upon the approval of the Commissioner of Banking,  
1442 convert to a Connecticut credit union operating without the  
1443 restrictions provided in its certificate of authority. A credit union that  
1444 proposes to convert shall file with the Commissioner of Banking a  
1445 proposed plan of conversion, including a new business plan, an  
1446 original certificate of amendment to its certificate of incorporation and  
1447 a certificate by the secretary of the converting credit union that the  
1448 proposed plan of conversion and proposed certificate of amendment to  
1449 its certificate of incorporation have been approved by a majority of the  
1450 governing board of the converting credit union. The Commissioner of  
1451 Banking shall approve a conversion under this subsection if the  
1452 Commissioner of Banking determines that: (A) The converting credit  
1453 union has complied with all applicable provisions of law; (B) the  
1454 converting credit union has net worth in the amount required by the  
1455 Commissioner of Banking; (C) the converting credit union has received  
1456 satisfactory ratings in its most recent safety and soundness  
1457 examination; and (D) the proposed conversion will serve the necessity  
1458 and convenience of the members of the converting credit union. After  
1459 receipt of the Commissioner of Banking's approval, the converting  
1460 credit union shall promptly file such approval and the certificate of  
1461 amendment to its certificate of incorporation with the Secretary of the  
1462 State. Upon such filing, the converting credit union shall be a  
1463 Connecticut credit union subject to all the requirements and limitations

1464 and possessed of all rights, privileges and powers granted to it by its  
1465 certificate of incorporation and by the provisions of sections 34 to 73,  
1466 inclusive, of this act, and shall be subject to all of the duties, relations,  
1467 obligations, trusts and liabilities of a Connecticut credit union. As used  
1468 in this section, "basic services" means the issuance of regular shares,  
1469 the making of signature loans not exceeding amounts predetermined  
1470 by the Commissioner of Banking, the making of participation loans as  
1471 a participant in an amount specified by the Commissioner of Banking,  
1472 the sale of money orders and travelers checks, and the issuance and  
1473 redemption of savings bonds.

1474 (g) (1) The certificate of incorporation of a Connecticut credit union  
1475 may, with the approval of the Commissioner of Banking, be amended  
1476 at any time by the adoption at a meeting of an amendment resolution  
1477 by two-thirds of the directors of the credit union. Written notice of  
1478 such meeting, together with the text of the proposed amendment shall  
1479 be given to each director at least seven days prior to the meeting.

1480 (2) An original certificate of amendment shall be filed with the  
1481 Commissioner of Banking. The certificate of amendment shall set forth:  
1482 (A) The name of the Connecticut credit union; (B) the amendment; and  
1483 (C) a statement of the number of directors' votes required to take such  
1484 action and the number of votes cast in favor of the amendment.

1485 (3) The Commissioner of Banking, upon determining that the  
1486 certificate of incorporation, as amended, meets the requirements of  
1487 sections 34 to 73, inclusive, of this act, shall endorse the Commissioner  
1488 of Banking's approval thereon, and return the original certificate of  
1489 incorporation to the Connecticut credit union. Upon receipt of the  
1490 certificate of amendment, the Connecticut credit union shall file the  
1491 original certificate of amendment with the Secretary of the State, and  
1492 such amendment shall become effective upon filing.

1493 (h) (1) The bylaws of a Connecticut credit union shall specify at least  
1494 the following: (A) The name of the credit union; (B) the field of  
1495 membership of the credit union and the qualifications for membership;

1496 (C) the par value of shares; (D) the number and terms of directors  
1497 including directors emeritus and advisory directors, if applicable, and  
1498 procedures for their election; (E) the duties of the members of senior  
1499 management; (F) the manner in which a credit committee, credit  
1500 manager, loan officer or any combination thereof shall be responsible  
1501 for the credit functions of the credit union; (G) the manner of  
1502 conducting the annual meeting and the provisions for voting; (H)  
1503 conditions for payment on, receipt of or withdrawal of shares and  
1504 deposits; and (I) such other matters as the governing board deems  
1505 necessary.

1506 (2) The bylaws of a Connecticut credit union may not be amended  
1507 without the written approval of the Commissioner of Banking for a  
1508 period of three years following issuance by the Commissioner of  
1509 Banking of the certificate of authority to engage in the business of a  
1510 Connecticut credit union. Thereafter, the bylaws of a Connecticut  
1511 credit union may be amended in accordance with subdivision (3) of  
1512 this subsection, provided the bylaws comply with this subdivision,  
1513 and any such amendment changing the name of the credit union or the  
1514 field of membership of the credit union shall require the written  
1515 approval of the Commissioner of Banking in accordance with  
1516 subdivision (3) of this subsection. The Commissioner of Banking's  
1517 approval shall not be required to amend the field of membership of a  
1518 Connecticut credit union with a multiple common bond membership  
1519 to add a group of less than five hundred potential members, excluding  
1520 members of the immediate family or household of a potential member.

1521 (3) The bylaws may be amended by the adoption at a meeting of an  
1522 amendment resolution by two-thirds of the directors of the credit  
1523 union. Written notice of the meeting and text of the proposed  
1524 amendment shall be given to each director at least seven days prior to  
1525 the meeting. The Connecticut credit union shall file with the  
1526 Commissioner of Banking, within ten days after its adoption, one copy  
1527 of any proposed amendment on a form provided by the Commissioner  
1528 of Banking. In the case of a proposed amendment requiring the

1529 Commissioner of Banking's approval, the Commissioner of Banking  
1530 shall, within thirty days after such filing, determine whether such  
1531 proposed amendment is consistent with the provisions and purposes  
1532 of sections 34 to 73, inclusive, of this act. The Commissioner of  
1533 Banking, upon determining that such proposed amendment satisfies  
1534 the requirements of said sections 34 to 73, inclusive, shall endorse the  
1535 Commissioner of Banking's approval on such proposed amendment,  
1536 and return one copy thereof to the Connecticut credit union.

1537 (4) Any amendment to the bylaws of a Connecticut credit union  
1538 shall become effective when adopted except amendments requiring the  
1539 approval of the Commissioner of Banking which shall become effective  
1540 upon such approval.

1541 Sec. 39. (NEW) (*Effective October 1, 2002*) (a) (1) Except as provided  
1542 in subdivision (2) of this subsection, the field of membership of a  
1543 Connecticut credit union is limited to (A) a single common bond  
1544 membership, (B) a multiple common bond membership, or (C) persons  
1545 within a well-defined community, neighborhood or rural district.

1546 (2) The field of membership of a Connecticut credit union may  
1547 include (A) members of the immediate family or household of all  
1548 persons included under subparagraphs (A), (B) and (C) of subdivision  
1549 (1) of this subsection, (B) organizers and employees of such credit  
1550 union, (C) any advisory director of such credit union, (D) the surviving  
1551 spouse of a deceased member of such credit union, and (E)  
1552 notwithstanding any change in employment, occupation, residence or  
1553 other condition initially controlling the eligibility for membership in  
1554 any Connecticut credit union, any person properly admitted to  
1555 membership in a Connecticut credit union may continue such person's  
1556 membership therein during the person's lifetime. The field of  
1557 membership of a Connecticut credit union under subparagraphs (A)  
1558 and (B) of subdivision (1) of this subsection may include associations  
1559 and organizations of individuals who are members of such credit  
1560 union, partnerships in which the majority of the partners are

1561 individuals who are members of such credit union and corporations,  
1562 the majority of whose shareholders are individuals who are members  
1563 of such credit union.

1564 (b) Notwithstanding the provisions of subsection (a) of this section,  
1565 the Commissioner of Banking may authorize a Connecticut credit  
1566 union with a multiple common bond membership to include in its field  
1567 of membership any person within a well-defined community,  
1568 neighborhood or rural district if:

1569 (1) The Commissioner of Banking determines that the well-defined  
1570 community, neighborhood or rural district is (A) an investment area,  
1571 as defined in Section 103(16) of the Community Development Banking  
1572 and Financial Institutions Act of 1994, 12 USC Section 4702(16), and  
1573 meets any additional requirements that the Commissioner of Banking  
1574 may impose; and (B) underserved by other depository institutions, as  
1575 defined in Section 19(b)(1)(A) of the Federal Reserve Act, 12 USC  
1576 Section 461(b), based on data of the Commissioner of Banking and  
1577 federal supervisory agencies;

1578 (2) The Connecticut credit union establishes and maintains a main  
1579 office or branch in the well-defined community, neighborhood or rural  
1580 district at which credit union services are available; and

1581 (3) Any Connecticut credit union that is so authorized to expand its  
1582 field of membership under this subsection continues as a Connecticut  
1583 credit union whose field of membership is limited to a multiple  
1584 common bond membership.

1585 (c) (1) The Commissioner of Banking may not approve an  
1586 amendment to the bylaws of a Connecticut credit union with a  
1587 multiple common bond membership to expand its field of membership  
1588 to add a group of five hundred or more potential members, excluding  
1589 individuals who are potentially eligible as members of the immediate  
1590 family or household of a potential member, or persons within a well-  
1591 defined community, neighborhood or rural district, unless the

1592 Commissioner of Banking determines in writing that (A) the  
1593 Connecticut credit union has not engaged in any material unsafe or  
1594 unsound practice during the one-year period preceding the date on  
1595 which the proposed amendment is filed with the Commissioner of  
1596 Banking, (B) the Connecticut credit union is adequately capitalized, (C)  
1597 the Connecticut credit union has the administrative capability to serve  
1598 the proposed membership group and the financial resources to meet  
1599 the need for additional staff and assets to serve the new membership  
1600 group, (D) any potential harm that the expansion of the field of  
1601 membership of the Connecticut credit union may have on any other  
1602 Connecticut credit union and its members is clearly outweighed in the  
1603 public interest by the probable beneficial effect of the expansion in  
1604 meeting the convenience and needs of the members of the group  
1605 proposed to be included in the field of membership, and (E) formation  
1606 of a separate credit union by the group proposed to be included is not  
1607 practicable and consistent with reasonable safety and soundness  
1608 standards. A Connecticut credit union whose field of membership is  
1609 limited to a single common bond membership or multiple common  
1610 bond membership that acquires persons within a well-defined  
1611 community, neighborhood or rural district, other than the well-defined  
1612 community, neighborhood or rural district specified in subdivision (1)  
1613 of subsection (b) of this section, by merger, expansion or otherwise,  
1614 shall become a Connecticut credit union whose field of membership is  
1615 limited to persons within a well-defined community, neighborhood or  
1616 rural district.

1617 (2) The Commissioner of Banking may withhold or condition an  
1618 approval of an amendment to the bylaws sought by a community  
1619 credit union, as defined in section 2 of public act 01-9, as amended by  
1620 this act, under this subsection pursuant to the provisions of section 6 of  
1621 public act 01-9, as amended by this act.

1622 (3) The Commissioner of Banking may approve an amendment to  
1623 the bylaws of a Connecticut credit union to change the field of  
1624 membership without regard for the common bond whenever the

1625 Commissioner of Banking determines that continued operation of the  
1626 Connecticut credit union without the proposed amendment may result  
1627 in liquidation or merger of such credit union.

1628       Sec. 40. (NEW) (*Effective October 1, 2002*) (a) All applications for  
1629 membership shall be submitted to the Connecticut credit union. The  
1630 governing board at a regular meeting shall consider and act upon the  
1631 membership applications received by the Connecticut credit union  
1632 subsequent to the previous regular meeting or such applications may  
1633 be considered and acted upon by the membership officer, if one is  
1634 appointed by the governing board.

1635       (b) The governing board may expel any member who has not  
1636 carried out such member's obligations to the Connecticut credit union  
1637 or who has failed to comply with such credit union's bylaws. No  
1638 member may be expelled by the governing board until such member  
1639 has been informed in writing of the charges against such member and  
1640 has had a reasonable opportunity to be heard thereon.

1641       (c) A Connecticut credit union may cancel the shares of any member  
1642 who is expelled, applying the value thereof to such member's  
1643 indebtedness to the Connecticut credit union. A member of a  
1644 Connecticut credit union who has been expelled shall not be relieved  
1645 of any liability to the Connecticut credit union. The Connecticut credit  
1646 union shall repay the amounts paid in on shares by expelled members,  
1647 together with any dividends credited to the member's shares, in the  
1648 order of the member's expulsion, as funds become available therefor,  
1649 except that the Connecticut credit union may deduct from such  
1650 payments any sums due it from such member.

1651       Sec. 41. (NEW) (*Effective October 1, 2002*) (a) A Connecticut credit  
1652 union shall hold an annual meeting as provided in its bylaws. Special  
1653 meetings of members shall be held as provided in the bylaws and shall  
1654 be called by the governing board at the request of a majority of the  
1655 governing board, at the written request of the supervisory committee,  
1656 or ten per cent of the members of the credit union or such lesser

1657 percentage of such members as provided in the bylaws.

1658 (b) Notice of each annual or special meeting shall be given to each  
1659 member in writing by the secretary at least ten days prior to the annual  
1660 or special meeting. In the case of a special meeting, the notice shall  
1661 clearly state the purpose of the meeting and the matters that will be  
1662 considered.

1663 (c) (1) Each member in good standing shall have a single vote at all  
1664 meetings notwithstanding the number of shares or number of accounts  
1665 that such member holds.

1666 (2) A member may not vote or hold office if the member is less than  
1667 eighteen years of age.

1668 (3) Unless provided otherwise in the bylaws, a member entitled to  
1669 vote may vote in person, by proxy or by mail ballot.

1670 Sec. 42. (NEW) (*Effective October 1, 2002*) (a) A Connecticut credit  
1671 union shall submit a written report to the Commissioner of Banking  
1672 annually on February first and August first and otherwise as often as  
1673 the Commissioner of Banking deems necessary. The report shall be in  
1674 the form prescribed by the Commissioner of Banking, list the assets  
1675 and liabilities of the Connecticut credit union and contain any other  
1676 information the Commissioner of Banking may require. The  
1677 Connecticut credit union shall also provide the Commissioner of  
1678 Banking with such other reports and information as may be required  
1679 by the Commissioner of Banking. Each Connecticut credit union that  
1680 fails to file any report or information required by this section shall pay  
1681 to the Commissioner of Banking one hundred dollars for each day that  
1682 it fails to file such report or information.

1683 (b) A Connecticut credit union shall file with the Commissioner of  
1684 Banking, within ten business days after the organization meeting and  
1685 after each annual meeting, a list of the names and addresses of all  
1686 members of the governing board, identifying which members are

1687 officers, the members of the credit committee, if applicable, and the  
1688 members of the supervisory committee, identifying the chairperson of  
1689 each such committee. The Connecticut credit union shall notify the  
1690 Commissioner of Banking within ten business days after any changes  
1691 to the list which occur therein.

1692 (c) A Connecticut credit union that is required under federal law to  
1693 submit a net worth restoration plan to the National Credit Union  
1694 Administration or its successor agency shall simultaneously submit a  
1695 final signed copy of such plan to the Commissioner of Banking.

1696 (d) A Connecticut credit union shall establish and maintain records,  
1697 accounting systems and procedures which accurately reflect its  
1698 operations and which enable the Commissioner of Banking to readily  
1699 ascertain the true financial condition of the credit union and whether  
1700 such credit union is complying with sections 34 to 73, inclusive, of this  
1701 act.

1702 (e) A Connecticut credit union shall preserve all of its records in  
1703 accordance with regulations adopted by the Commissioner of Banking  
1704 pursuant to chapter 54 of the general statutes.

1705 Sec. 43. (NEW) (*Effective October 1, 2002*) (a) A Connecticut credit  
1706 union shall establish and maintain an allowance for loan and lease  
1707 losses account in an amount that represents the estimated losses on  
1708 loans and leases. The allowance for loan and lease losses account  
1709 requirement shall be computed and adjusted, through the provision  
1710 for loan and lease losses account, prior to the declaration or payment  
1711 of dividends.

1712 (b) A Connecticut credit union shall contribute from its earnings, as  
1713 net worth, the greater of (1) such amounts as may be required by 12  
1714 CFR Part 702, as from time to time amended, or (2) amounts in  
1715 accordance with the following schedule: (A) In the case of a  
1716 Connecticut credit union in existence for more than four years and  
1717 having assets of two million dollars or more, ten per cent of its gross

1718 income until its net worth equals four per cent of total assets, then five  
1719 per cent of gross income until its net worth equals six per cent of total  
1720 assets; and (B) in the case of a Connecticut credit union in existence for  
1721 four years or less or a Connecticut credit union having assets of less  
1722 than two million dollars, ten per cent of its gross income until its net  
1723 worth equals seven and one-half per cent of total assets, then five per  
1724 cent of its gross income until its net worth equals ten per cent of total  
1725 assets.

1726 (c) The Commissioner of Banking may increase the net worth  
1727 requirement of any Connecticut credit union set forth in subsection (b)  
1728 of this section when the Commissioner of Banking deems it necessary  
1729 to protect the safety and soundness of such Connecticut credit union.

1730 (d) Whenever the net worth falls below the applicable percentages  
1731 of total assets specified in subsection (b) of this section, the Connecticut  
1732 credit union shall make regular contributions in such amounts as  
1733 specified in subsection (b) of this section as may be needed to maintain  
1734 such net worth. Such contributions shall be made prior to the  
1735 declaration or payment of dividends.

1736 (e) As used in this section, the term "net worth" means the retained  
1737 earnings balance of the Connecticut credit union at the end of each  
1738 dividend period, excluding the allowance for loan and lease losses  
1739 account and, in the case of a Connecticut credit union designated by  
1740 the National Credit Union Administration as a low-income credit  
1741 union under 12 CFR 701.34, as from time to time amended, net worth  
1742 includes any secondary capital account that is uninsured and  
1743 subordinate to all other claims, including claims of creditors,  
1744 shareholders and the National Credit Union Share Insurance Fund.  
1745 Retained earnings shall consist of undivided earnings, as determined  
1746 under generally accepted accounting principles, regular reserves and  
1747 other appropriations designated by the Commissioner of Banking or  
1748 the National Credit Union Administration, or its successor agency, or  
1749 by the governing board of the Connecticut credit union with the

1750 approval of the Commissioner of Banking.

1751       Sec. 44. (NEW) (*Effective October 1, 2002*) (a) The funds of a  
1752 Connecticut credit union shall be deposited in the name of the credit  
1753 union only in such depository or depositories as designated by the  
1754 governing board, in accordance with section 60 of this act, and no  
1755 withdrawal of such funds shall be made unless the check or order  
1756 withdrawing such funds is signed by a director or member of senior  
1757 management designated by the governing board.

1758       (b) Every director, supervisory committee member, credit  
1759 committee member if applicable, and every employee of a Connecticut  
1760 credit union who has charge or possession of the funds, securities or  
1761 other assets of the Connecticut credit union, shall be bonded by a  
1762 surety company authorized to do business in this state to the same  
1763 extent as such bonding is required by 12 CFR Part 713, as from time to  
1764 time amended. Such bond shall be in favor of the Connecticut credit  
1765 union. A copy of each such bond and any renewal thereof shall be  
1766 promptly filed by the Connecticut credit union with the Commissioner  
1767 of Banking.

1768       Sec. 45. (NEW) (*Effective October 1, 2002*) (a) The governing board of  
1769 a Connecticut credit union shall be charged with and have control over  
1770 the general management of the operations, funds, committee actions  
1771 and records of the credit union. Except to the extent the governing  
1772 board is otherwise authorized to delegate such authority or unless  
1773 such action would be detrimental to the financial integrity of the  
1774 Connecticut credit union, the governing board shall: (1) Establish and  
1775 adopt written policies necessary to implement the powers of the credit  
1776 union, which policies shall be approved and reviewed on at least an  
1777 annual basis, including policies governing: (A) Lending in accordance  
1778 with sections 57, 58 and 59 of this act, (B) investments in accordance  
1779 with subsection (a) of section 60 of this act, (C) employment and  
1780 personnel, (D) funds management, (E) collections, (F) charge-offs, (G)  
1781 conditions of membership, and expulsion of members in accordance

1782 with subsection (b) of section 40 of this act, (H) charitable  
1783 contributions, and (I) conflicts of interest in accordance with sections  
1784 51 and 59 of this act; (2) make adequate provision for an allowance for  
1785 investment losses account in accordance with generally accepted  
1786 accounting principles and for an allowance for a loan and lease losses  
1787 account in accordance with generally accepted accounting principles  
1788 and section 43 of this act; (3) declare dividends in accordance with  
1789 sections 43 and 56 of this act; (4) authorize interest refunds to  
1790 members; (5) determine the maximum amount of shares that a  
1791 member may own; (6) establish different classes of share accounts,  
1792 including special purpose accounts, classified according to different  
1793 rights and restrictions; (7) appoint and authorize members of senior  
1794 management to conduct and supervise the business of the Connecticut  
1795 credit union and to approve all usual expenditures incident to the  
1796 conduct of the business of the Connecticut credit union; (8) cause to be  
1797 obtained and maintained in full force and effect at all times the bond  
1798 required by subsection (e) of section 38 of this act, and subsection (b) of  
1799 section 44 of this act; (9) approve loans in accordance with the bylaws  
1800 of the Connecticut credit union and cause to be prepared each month  
1801 and maintained on file in the main office of the Connecticut credit  
1802 union a list of all delinquent loans; (10) authorize any extraordinary  
1803 expenditures necessary or appropriate for the conduct of the business  
1804 of the Connecticut credit union; (11) establish a supervisory committee  
1805 and appoint its members and may establish and appoint members to  
1806 other committees consistent with its bylaws to carry out the business of  
1807 the credit union, which committees shall keep complete minutes of all  
1808 actions taken; (12) fill any vacancies that may arise among the  
1809 directors, senior management or members of board-appointed  
1810 committees, in accordance with this section and in the manner  
1811 provided in the bylaws; and (13) exercise such other authority and  
1812 perform such other duties as prescribed by sections 34 to 73, inclusive,  
1813 of this act and the bylaws.

1814 (b) The governing board of a Connecticut credit union shall consist  
1815 of an odd number of directors, at least five in number. The initial

1816 governing board shall be elected at the organization meeting of the  
1817 Connecticut credit union as provided in subsection (e) of section 38 of  
1818 this act, and thereafter by the members of the Connecticut credit union  
1819 at the annual meeting as provided in section 41 of this act. Any  
1820 director elected or appointed to serve on the governing board of a  
1821 troubled Connecticut credit union shall be approved by the  
1822 Commissioner of Banking prior to any such service. For the purposes  
1823 of this subsection, "troubled Connecticut credit union" means any  
1824 Connecticut credit union that, in the written opinion of the  
1825 Commissioner of Banking is (1) in danger of becoming insolvent, (2)  
1826 not likely to be able to meet the demands of its members, or pay its  
1827 obligations in the normal course of business or is likely to incur losses  
1828 that may deplete all or substantially all of its capital, or (3) being  
1829 operated in an unsafe and unsound manner.

1830 (c) Each director shall hold office for the term provided in the  
1831 bylaws except that the term may not exceed three years as long as the  
1832 director is qualified to serve under subsection (e) of this section and  
1833 until the director's successor has qualified. A director may serve more  
1834 than one term. If directors are elected for terms in excess of one year,  
1835 their terms of office shall be staggered so that, insofar as possible, an  
1836 equal number of such terms shall expire each year.

1837 (d) Each director shall take and subscribe to an oath or affirmation  
1838 that the director (1) will diligently and honestly perform the duties of  
1839 director in administering the affairs of the Connecticut credit union; (2)  
1840 will remain responsible for the performance of the duties of director  
1841 even if the director delegates the performance of such duties; and (3)  
1842 will not knowingly or wilfully permit the violation of any law or  
1843 regulation applicable to credit unions.

1844 (e) No person shall be qualified to serve as a director of a  
1845 Connecticut credit union if such person (1) is not a member in good  
1846 standing; (2) has been found liable on any claim or convicted of any  
1847 offense involving dishonesty or breach of trust; (3) has been removed

1848 by any state or federal regulatory agency from office as a director,  
1849 officer or employee of a financial institution; (4) is not eligible for  
1850 coverage under the surety bond required by subsection (a) of this  
1851 section and section 44 of this act; or (5) has habitually neglected to pay  
1852 debts or has become insolvent or bankrupt, unless the governing board  
1853 of such credit union determines in writing that it would be in the best  
1854 interests of the credit union for such person to be so qualified to serve  
1855 as director.

1856 (f) No director of a Connecticut credit union may receive  
1857 compensation for services as a member of the governing board and no  
1858 member of a board-appointed committee of such Connecticut credit  
1859 union shall receive compensation for services as a member of such  
1860 committee, except a member of the supervisory committee may be  
1861 compensated for the time actually spent performing audits and  
1862 verifications.

1863 (g) In accordance with the bylaws of a Connecticut credit union, the  
1864 officers of such credit union shall be members of the governing board  
1865 who are elected by members of the governing board. The chairperson  
1866 and vice chairperson shall not hold more than one office at a time. The  
1867 duties of the officers shall be set forth in the bylaws.

1868 (h) (1) The governing board of a Connecticut credit union may fix  
1869 the compensation of the employees of such credit union.

1870 (2) The directors, board-appointed committee members and  
1871 members of senior management of a Connecticut credit union may be  
1872 reimbursed for reasonable and necessary out-of-pocket expenses  
1873 actually incurred and paid in the performance of their official duties.

1874 (i) (1) The governing board of a Connecticut credit union shall  
1875 remove, by a two-thirds vote of its members at a regular or special  
1876 meeting, a director or a board-appointed committee member who fails,  
1877 without good cause, to attend three consecutive meetings of the  
1878 governing board or committee or one-half of such meetings held

1879 during a calendar year who is no longer qualified under subsection (e)  
1880 of this section, or for any of the causes enumerated and in accordance  
1881 with subdivision (2) of this subsection.

1882 (2) The governing board of a Connecticut credit union shall have the  
1883 power to suspend at any time, by a two-thirds vote of its members, at a  
1884 regular or special meeting, any director or member of a board-  
1885 appointed committee for good cause, including, but not limited to, (A)  
1886 a violation of any statute, regulation or order applicable to such credit  
1887 union; (B) participation in any unsafe or unsound practice in  
1888 connection with such credit union; (C) commission of or participation  
1889 in a crime which is punishable by imprisonment for a term exceeding  
1890 one year under state or federal law, as charged in any information,  
1891 indictment or complaint, and if continued service or participation by  
1892 such director or member may pose a threat to the interests of members  
1893 of such credit union; (D) failure to perform such director's or member's  
1894 duties or breach of such director's or member's fiduciary duty; (E) use  
1895 of such director's or member's official position in a manner contrary to  
1896 the interests of such credit union or its members; and (F) breach of a  
1897 written agreement with the Commissioner of Banking. The suspension  
1898 shall take effect immediately and the Commissioner of Banking shall  
1899 be notified promptly of such suspension. Within seven business days  
1900 after the effective date of the suspension, the governing board shall  
1901 cause notice to be given to all members of the Connecticut credit union  
1902 of a special meeting of members to be held for the purpose of hearing  
1903 the report of the governing board regarding the suspension and voting  
1904 on removal, provided such notice shall not be given if the director or  
1905 member of a board-appointed committee who is subject to suspension  
1906 resigns. The special meeting shall be held no more than twenty-one  
1907 business days after the effective date of the suspension. The  
1908 membership of the Connecticut credit union shall have, by majority  
1909 vote, the authority to accept or reject the report of the governing board.  
1910 The governing board shall take any action with respect thereto as the  
1911 members deem necessary. If such action involves removal, the credit  
1912 union shall promptly notify the Commissioner of Banking of such

1913 removal.

1914 (j) (1) A vacancy on the governing board that exists due to the death,  
1915 resignation or removal of a director shall be filled by majority vote of  
1916 the remaining directors, regardless of whether the remaining directors  
1917 constitute a quorum. A director elected by the governing board to fill a  
1918 vacancy shall hold office until the next annual meeting, at which time  
1919 the members of the credit union shall vote to fill the remainder of the  
1920 unexpired term.

1921 (2) A vacancy on the governing board that exists due to the  
1922 expiration of the term of a director shall be filled by the appointment  
1923 of a successor director by the secretary unless there are a greater  
1924 number of candidates than vacancies to be filled, in which case the  
1925 vacancies shall be filled by a vote of the members of the Connecticut  
1926 credit union.

1927 (k) (1) If the bylaws so provide, the governing board may appoint  
1928 advisory directors to serve at the pleasure of such governing board to  
1929 advise and consult with the board in carrying out the board's duties  
1930 and responsibilities. An advisory director need not be eligible for  
1931 membership in the credit union, shall not be a member of the  
1932 governing board, and shall not be entitled to vote on any matter before  
1933 the board. An advisory director may participate in any governing  
1934 board or committee deliberation, but shall not make any motions.

1935 (2) If the bylaws so provide, the governing board may appoint  
1936 directors emeritus to serve at the pleasure of the governing board to  
1937 advise and consult with the governing board in carrying out the  
1938 board's duties and responsibilities. A director emeritus shall be a  
1939 member of the credit union and shall not be an officer of the credit  
1940 union, participate in any governing board or committee deliberations,  
1941 make motions or vote on any matter before the governing board.

1942 (3) The number of advisory directors and directors emeritus and  
1943 their qualifications shall be specified for in the bylaws.

1944       Sec. 46. (NEW) (*Effective October 1, 2002*) (a) The governing board of  
1945 a Connecticut credit union shall meet as often as necessary and at least  
1946 monthly, provided if the governing board delegates its authority to an  
1947 executive committee, one body shall meet at least monthly and the  
1948 other at least quarterly, as provided in the bylaws. The governing  
1949 board shall keep complete minutes of all of its meetings which shall  
1950 include the names of all directors present at each meeting.

1951       (b) Unless the bylaws provide otherwise, the governing board may  
1952 permit any and all directors to participate in all except one meeting per  
1953 year of the governing board through the use of any means of  
1954 communication by which all directors participating in the meeting  
1955 may simultaneously hear each other and communicate during the  
1956 meeting. A director participating in a meeting by this means is deemed  
1957 to be present at the meeting.

1958       (c) At the meeting of the governing board following the annual  
1959 meeting of members, the governing board shall elect officers of the  
1960 governing board and appoint committee members.

1961       (d) Unless a greater number is required by the bylaws, a majority of  
1962 the governing board shall constitute a quorum. The act of a majority of  
1963 the directors present at a meeting at which a quorum is present shall  
1964 be the act of the governing board unless the act of a greater number is  
1965 required by sections 34 to 73, inclusive, of this act, or the bylaws of the  
1966 credit union.

1967       Sec. 47. (NEW) (*Effective October 1, 2002*) (a) The executive  
1968 committee, if one is appointed by the governing board, shall consist of  
1969 an odd number of not less than three directors of the Connecticut  
1970 credit union.

1971       (b) The executive committee shall meet in accordance with section  
1972 46 of this act, and as often as necessary and shall act for the governing  
1973 board between meetings of the governing board, in all other matters  
1974 except for approval of policies, subject to such conditions and

1975 limitations as prescribed by the governing board.

1976 (c) The executive committee shall keep complete minutes of all of its  
1977 actions, copies of which shall be submitted to the governing board at  
1978 its next meeting.

1979 Sec. 48. (NEW) (*Effective October 1, 2002*) (a) The supervisory  
1980 committee shall consist of not less than three members of the  
1981 Connecticut credit union, none of whom shall simultaneously serve on  
1982 the credit committee or as an officer of the Connecticut credit union or  
1983 be otherwise regularly employed by such credit union, and only one of  
1984 whom shall simultaneously serve as a director of the Connecticut  
1985 credit union, and all of whom shall be annually appointed by the  
1986 governing board and be members in good standing. The supervisory  
1987 committee shall be responsible for ensuring that members of senior  
1988 management and directors meet required financial reporting objectives  
1989 and establish practices and procedures sufficient to safeguard  
1990 members' assets. To meet its responsibilities, the supervisory  
1991 committee shall determine whether internal controls are established  
1992 and effectively maintained, accounting records and financial reports  
1993 are promptly prepared and accurate, relevant plans, policies and  
1994 procedures established by the governing board are properly  
1995 administered, and the governing board's plans, policies, and control  
1996 procedures are sufficient to safeguard against error, carelessness,  
1997 conflict of interest, self-dealing and fraud.

1998 (b) The supervisory committee shall have the sole authority to  
1999 engage or terminate outside and internal auditors. Upon authorization  
2000 of the expenses by the governing board, the supervisory committee  
2001 may engage any assistance necessary for the performance of its duties,  
2002 including having any audit, examination or verification required by  
2003 law, regulation or bylaw. Any agreement between the supervisory  
2004 committee and an outside auditor shall be documented by an  
2005 engagement letter that specifies the terms, conditions and objectives of  
2006 the engagement or statement of agreed upon procedures in accordance

2007 with this subsection. The supervisory committee shall make or cause to  
2008 be made a comprehensive annual audit of the books and affairs of the  
2009 Connecticut credit union, including its assets, liabilities, capital,  
2010 income and expense accounts and the minutes of all governing board  
2011 and board-appointed committee meetings. Such audit shall cover the  
2012 period elapsed since the last audit. Any compensated outside auditors  
2013 performing audits for the supervisory committee must be independent  
2014 of the credit union's employees, members of the governing board,  
2015 member of any board-appointed committee, the credit manager and  
2016 loan officers and members of the immediate families of any of the  
2017 above. The annual audit shall meet the following minimum guidelines:

2018 (1) A Connecticut credit union with total assets of three hundred  
2019 million dollars or more shall have an opinion audit of the credit  
2020 union's financial statement performed by an independent licensed  
2021 public or certified public accountant; and

2022 (2) A Connecticut credit union with total assets of less than three  
2023 hundred million dollars shall have:

2024 (A) An opinion audit of its financial statements performed by an  
2025 independent licensed public or certified public accountant;

2026 (B) An agreed upon procedures engagement performed by a person  
2027 having adequate technical training and proficiency as an auditor  
2028 commensurate with the level of sophistication and complexity of the  
2029 credit union under audit, provided if such engagement is not  
2030 comprehensive, the supervisory committee shall satisfy any remaining  
2031 requirements of a comprehensive audit in accordance with this  
2032 subsection; or

2033 (C) A comprehensive audit performed by the supervisory  
2034 committee or the credit union's internal auditors or the internal auditor  
2035 of another financial institution.

2036 (c) The supervisory committee shall perform or cause to be

2037 performed a verification of members' accounts at least once every two  
2038 years through:

2039 (1) Verification of share and loan accounts of all members;

2040 (2) Statistical sampling of member share and loan accounts done in  
2041 connection with an opinion audit of the financial statements  
2042 performed by an independent licensed public or certified public  
2043 accountant; or

2044 (3) A statistical sampling method that results in a random selection  
2045 that is representative of the membership.

2046 (d) The supervisory committee shall make any additional audits and  
2047 supplemental verifications and examinations of the affairs of the  
2048 Connecticut credit union that it deems appropriate, or that the  
2049 governing board or Commissioner of Banking requires.

2050 (e) Promptly following the completion of an audit or other  
2051 verification or examination, the supervisory committee shall (1) file a  
2052 written report at the main office of the Connecticut credit union; (2)  
2053 present the report to the governing board at its next meeting, and a  
2054 summary thereof to the members at the next annual meeting or if the  
2055 audit was not performed by the supervisory committee, the outside  
2056 auditor shall present the report or summary thereof; and (3) file a copy  
2057 of the written report with the Commissioner of Banking.

2058 (f) The supervisory committee shall provide related working papers,  
2059 policies and procedures concerning the annual audit, internal audit,  
2060 examination and verification to the Commissioner of Banking, upon  
2061 the Commissioner of Banking's request, and shall require any  
2062 independent licensed or certified public accountant, internal auditor or  
2063 any other auditor to provide such related working papers, policies and  
2064 procedures concerning the annual audit, internal audit, examination  
2065 and verification to the Commissioner of Banking, upon the  
2066 Commissioner of Banking's request. The governing board shall require

2067 that the auditor submit to such board a signed report of the audit or  
2068 examination showing the condition of the Connecticut credit union  
2069 within a reasonable period of time from the effective date of the audit  
2070 or examination.

2071 (g) At any time that the supervisory committee discovers any  
2072 operating practices of the Connecticut credit union that it deems  
2073 unsafe which have not been corrected by the governing board, the  
2074 supervisory committee shall give notice to all credit union members of  
2075 a special meeting of members to be held for the purpose of receiving  
2076 the report of the supervisory committee of such operating practices.  
2077 The membership of the Connecticut credit union shall have, by  
2078 majority vote, the authority to accept or reject the report of the  
2079 supervisory committee. The supervisory committee shall take any  
2080 action the members deem necessary.

2081 (h) The supervisory committee shall meet as often as necessary and  
2082 at least annually and shall keep complete minutes of all of its meetings,  
2083 including the names of those members present.

2084 (i) The supervisory committee shall have the power to suspend at  
2085 any time, by a two-thirds vote of its members at a meeting called for  
2086 that purpose, any director or employee of the Connecticut credit union  
2087 or any member of a board-appointed committee for cause. The  
2088 suspension shall take effect immediately and the Commissioner of  
2089 Banking shall be notified promptly of such suspension. Within seven  
2090 business days after the effective date of the suspension, the  
2091 supervisory committee shall cause notice to be given to all members of  
2092 the Connecticut credit union of a special meeting of members to be  
2093 held for the purpose of hearing the report of the supervisory  
2094 committee regarding the suspension and voting on removal, provided  
2095 such notice shall not be given if the director, employee or member of a  
2096 board-appointed committee who is subject to suspension resigns. The  
2097 special meeting shall be held no more than twenty-one business days  
2098 after the date of suspension. The membership of the Connecticut credit

2099 union shall have, by majority vote, the authority to accept or reject the  
2100 report of the supervisory committee. The supervisory committee shall  
2101 take any action with respect thereto as the members deem necessary. If  
2102 such action involves removal, the credit union shall promptly notify  
2103 the Commissioner of Banking of such removal.

2104       Sec. 49. (NEW) (*Effective October 1, 2002*) (a) Except as provided in  
2105 section 51 of this act, the governing board may delegate, in accordance  
2106 with its bylaws, all or part of its lending authority to a credit  
2107 committee, a credit manager who may be but is not required to be a  
2108 member, loan officers or any combination thereof, who shall review  
2109 and act on all applications for extensions of credit or for release or  
2110 substitution of collateral in accordance with the loan policy prescribed  
2111 by the governing board.

2112       (b) If the bylaws of a Connecticut credit union provide for a credit  
2113 committee, such committee shall consist of an odd number of three or  
2114 more members of the credit union, none of whom shall simultaneously  
2115 serve on the supervisory committee and all of whom shall be members  
2116 in good standing.

2117       (c) The credit committee shall meet as often as necessary but at least  
2118 monthly at a duly noticed meeting. All actions by the committee shall  
2119 be by majority vote of those members present at any duly noticed  
2120 meeting at which a quorum is present. A majority of the credit  
2121 committee shall constitute a quorum. The credit committee shall keep  
2122 complete minutes of all of its meetings, including the names of those  
2123 present. The credit manager or loan officer shall provide to the  
2124 governing board or the credit committee, if any, on at least a monthly  
2125 basis, a complete listing of all applications for extensions of credit or  
2126 for release or substitution of collateral that were reviewed and acted  
2127 upon.

2128       (d) A credit manager or loan officer shall not disburse the funds of  
2129 the Connecticut credit union for any extension of credit approved by  
2130 such credit manager or loan officer, except for extensions of credit that

2131 are secured in full by pledge of the borrowing member's own shares.

2132 (e) An applicant for an extension of credit or release or substitution  
2133 of collateral that has been disapproved by a credit manager or loan  
2134 officer may appeal to the credit committee or, in the absence of a credit  
2135 committee, to the governing board. Any such appeal to the credit  
2136 committee or the governing board shall be acted upon at the next  
2137 regular meeting of the credit committee or governing board. An  
2138 applicant for an extension of credit or release or substitution of  
2139 collateral that has been disapproved by the credit committee, other  
2140 than an applicant appealing a denial by a credit manager or loan  
2141 officer, may appeal to the governing board. Any such appeal to the  
2142 governing board shall be acted upon by the governing board at its next  
2143 regular meeting.

2144 Sec. 50. (NEW) (*Effective October 1, 2002*) (a) In addition to  
2145 compensating its employees, a Connecticut credit union may, either  
2146 independently or in conjunction with one or more other Connecticut  
2147 credit unions, with the approval of the governing board, provide death  
2148 benefits, disability benefits, accident benefits, hospital, medical,  
2149 surgical and dental benefits, incentive savings benefits, severance  
2150 benefits, retirement benefits and other employee benefits for its active  
2151 and retired employees and their families. The provisions of this section  
2152 shall be subject to the conditions and requirements imposed by the  
2153 Employee Retirement Income Security Act of 1974, Public Law 93-406,  
2154 as from time to time amended.

2155 (b) A Connecticut credit union may, with the approval of a majority  
2156 of the governing board, provide personal liability or indemnity  
2157 insurance coverage for its directors, credit committee members and  
2158 supervisory committee members. With the approval of the  
2159 Commissioner of Banking, a Connecticut credit union may also  
2160 provide reasonable health, accident and related types of personal  
2161 insurance for its directors, other than its emeritus directors and  
2162 advisory directors, which insurance shall not be considered

2163 compensation.

2164       Sec. 51. (NEW) (*Effective October 1, 2002*) (a) The governing board of  
2165 a Connecticut credit union shall adopt a written conflict of interest  
2166 policy that includes provisions addressing transactions with insiders  
2167 and their immediate family members, as defined in section 35 of this  
2168 act, and other persons having a common ownership, investment or  
2169 other pecuniary interest in a business enterprise with such insiders and  
2170 immediate family members of such persons. As used in this section,  
2171 "insider" means a director, member of a board-appointed committee,  
2172 member of senior management and loan officer of a Connecticut credit  
2173 union.

2174       (b) An extension of credit made by a Connecticut credit union to an  
2175 insider shall require the approval of the governing board if (1) such  
2176 insider is the debtor, guarantor, endorser or cosigner of the extension  
2177 of credit; and (2) the extension of credit by itself or when added to the  
2178 aggregate of all outstanding extensions of credit for which such insider  
2179 is the debtor, guarantor, endorser or cosigner exceeds twenty-five  
2180 thousand dollars plus pledged shares.

2181       (c) No insider of a Connecticut credit union or professional retained  
2182 by the Connecticut credit union shall in any manner, directly or  
2183 indirectly, participate in any determination affecting such person's  
2184 pecuniary interest or the pecuniary interest of any immediate family  
2185 member of such person or any corporation, partnership or association,  
2186 other than the Connecticut credit union, in which such person is  
2187 directly or indirectly interested.

2188       (d) An insider, immediate family member of such insider or other  
2189 person having a common ownership, investment or other pecuniary  
2190 interest in a business enterprise with an insider or immediate family  
2191 member of such insider shall not obtain an extension of credit from the  
2192 Connecticut credit union with preferential rates, terms or conditions,  
2193 or act as guarantor or endorser thereon, and shall not be involved in  
2194 the appraisal or valuation of assets which are to be used as collateral

2195 for an extension of credit.

2196 (e) An insider and the immediate family member of such insider  
2197 shall not receive, directly or indirectly, any commission, fee or other  
2198 compensation, except those of a nominal value, in connection with any  
2199 extension of credit by the Connecticut credit union, provided this  
2200 subsection shall not prohibit: (1) Payment by a Connecticut credit  
2201 union of: (A) Salaries to employees, (B) incentives or bonuses to  
2202 employees based on the Connecticut credit union's overall financial  
2203 performance, (C) incentives or bonuses to employees, other than a  
2204 member of senior management, in connection with an extension of  
2205 credit, provided the governing board establishes written policies and  
2206 internal controls in connection with such incentives or bonuses and  
2207 monitors compliance with such policies and controls at least annually,  
2208 (D) fees to an insider or immediate family member of such insider for  
2209 the performance of title searches, loan closings and collections,  
2210 provided the Connecticut credit union has complied with subsection  
2211 (k) of this section prior to engaging such insider or immediate family  
2212 member of such insider; and (2) receipt of compensation from a person  
2213 outside a Connecticut credit union by a director, member of a board-  
2214 appointed committee or employee who is not a member of senior  
2215 management or an immediate family member of such director,  
2216 committee member or employee for a service or activity performed by  
2217 the director, committee member or employee outside the Connecticut  
2218 credit union, provided no referral has been made by the credit union  
2219 or the director, committee member, employee or immediate family  
2220 member of such director, committee member or employee.

2221 (f) An insider and the immediate family members of such insider or  
2222 an employee of a Connecticut credit union shall not receive anything  
2223 of value in connection with the making of an investment or deposit by  
2224 the Connecticut credit union of funds of the credit union, unless the  
2225 governing board determines that the involvement of the insider, the  
2226 immediate family member of such insider or the employee does not  
2227 present a conflict of interest, and includes such determination in its

2228 minutes. The prohibition contained in this subsection shall not prohibit  
2229 the credit union from paying salaries, incentives and bonuses to  
2230 employees in connection with the making of such investments or  
2231 deposits. An insider must conduct all transactions that are not  
2232 prohibited under this subsection at arm's length and in the best  
2233 interests of the Connecticut credit union.

2234 (g) An insider and the immediate family members of such insider  
2235 shall not receive any direct or indirect compensation or benefit in  
2236 connection with the credit union's insurance or group purchasing  
2237 activities for members and employees. The prohibition contained in  
2238 this subsection shall also apply to any employee not otherwise covered  
2239 if the employee is directly involved in insurance or group purchasing  
2240 activities unless the governing board determines that the employee's  
2241 involvement does not present a conflict of interest and includes such  
2242 determinations in its minutes. An insider and the immediate family  
2243 member of such insider must conduct all transactions that are not  
2244 prohibited under this subsection at arm's length and in the best  
2245 interests of the credit union.

2246 (h) A Connecticut credit union shall not buy, lease or otherwise  
2247 acquire premises from any of the following without the prior approval  
2248 of the governing board, such approval to be included in the governing  
2249 board's minutes: (1) An insider or immediate family member of such  
2250 insider; (2) a corporation in which an insider or immediate family  
2251 member of such insider is an officer or director or has an ownership  
2252 interest of ten per cent or more; (3) a partnership in which any insider  
2253 or immediate family member of such insider is a general partner or a  
2254 limited partner with an interest of ten per cent or more. The  
2255 prohibition contained in this subsection shall also apply to any  
2256 employee not otherwise covered if the employee is directly involved in  
2257 investments in fixed assets unless the governing board determines that  
2258 the employee's involvement does not present a conflict of interest and  
2259 includes such determinations in its minutes.

2260 (i) No insider or employee of a Connecticut credit union or the  
2261 immediate family member of any such person shall purchase, directly  
2262 or indirectly, any of the assets of the credit union for an amount less  
2263 than the current market value thereof, without the prior approval of  
2264 the governing board which approval shall include a determination that  
2265 the transaction is in the best interests of the credit union. Such  
2266 approval and determination shall be included in the governing board's  
2267 minutes.

2268 (j) With the approval of the Commissioner of Banking, a  
2269 Connecticut credit union may have as an employee or director a  
2270 person who serves as an officer, employee or director of any other  
2271 financial institution.

2272 (k) When a Connecticut credit union retains an insider or an  
2273 immediate family member of such insider to render services to the  
2274 credit union, the governing board shall document in its minutes that  
2275 such hiring was at arm's length and in the best interests of the credit  
2276 union and was in accordance with the competitive bidding and  
2277 appropriate due diligence process as provided in the credit union's  
2278 conflict of interest policy.

2279 (l) The directors, members of board-appointed committees,  
2280 members of senior management and the immediate family members of  
2281 such persons that have outstanding loans or investments in a credit  
2282 union service organization shall not receive any salary, commission,  
2283 investment income or other income or compensation from such credit  
2284 union service organization, either directly or indirectly, or from any  
2285 person being served through the credit union service organization.  
2286 This provision shall not prohibit (1) such Connecticut credit union  
2287 insiders or the immediate family members of such persons from  
2288 assisting in the operation of such credit union service organization,  
2289 provided such persons are not compensated by the credit union  
2290 service organization, and (2) reimbursement to the Connecticut credit  
2291 union for the services provided by such directors, committee members

2292 or senior management members if the accounts receivable of the  
2293 Connecticut credit union due from the credit union service  
2294 organization is paid in full at least quarterly.

2295 (m) A Connecticut credit union shall not grant a member business  
2296 loan if any additional income received by the credit union or senior  
2297 management of the credit union is tied to the profit or sale of the  
2298 business or commercial endeavor for which the loan is made.

2299 Sec. 52. (NEW) (*Effective October 1, 2002*) A Connecticut credit union  
2300 may:

2301 (1) Transact a general credit union business and exercise by its  
2302 governing board or duly authorized members of senior management,  
2303 subject to applicable law, all such incidental powers as are consistent  
2304 with its purposes. The express powers authorized for a Connecticut  
2305 credit union under this section do not preclude the existence of  
2306 additional powers deemed to be incidental to the transaction of a  
2307 general credit union business pursuant to this subdivision;

2308 (2) (A) Issue shares to its members and receive payments on shares  
2309 from its members and from those nonmembers specified in subsection  
2310 (e) of section 54 of this act, subject to the provisions of sections 36a-290  
2311 to 36a-297, inclusive, 36a-330 to 36a-338, inclusive, of the general  
2312 statutes and section 54 of this act, (B) receive deposits of members and  
2313 nonmembers subject to provisions of sections 54 and 55 of this act, (C)  
2314 reduce the amount of its member and nonmember shares and deposits,  
2315 and (D) expel members and cancel shares in accordance with section  
2316 40 of this act;

2317 (3) Make and use its best efforts to make secured and unsecured  
2318 extensions of credit to its members in accordance with section 36a-265  
2319 of the general statutes and sections 57, 58 and 59 of this act;

2320 (4) Invest its funds in accordance with section 60 of this act;

2321 (5) Declare and pay dividends in accordance with sections 43 and 56

2322 of this act, and pay interest refunds to borrowers;

2323 (6) Act as a finder or agent for the sale of insurance and fixed and  
2324 variable rate annuities directly, sell insurance and such annuities  
2325 indirectly through a Connecticut credit union service organization, or  
2326 enter into arrangements with third-party marketing organizations for  
2327 the sale by such third-party marketing organizations of insurance or  
2328 such annuities on the premises of the Connecticut credit union or to  
2329 members of the Connecticut credit union, provided: (A) Such  
2330 insurance and annuities are issued or purchased by or from an  
2331 insurance company licensed in accordance with section 38a-41 of the  
2332 general statutes; and (B) the Connecticut credit union, Connecticut  
2333 credit union service organization or third-party marketing  
2334 organization, and any officer and employee thereof, shall be licensed  
2335 as required by section 38a-769 of the general statutes before engaging  
2336 in any of the activities authorized by this subdivision. As used in this  
2337 subdivision, "annuities" and "insurance" have the same meanings as set  
2338 forth in section 38a-41 of the general statutes, except that "insurance"  
2339 does not include title insurance. The provisions of this subdivision do  
2340 not authorize a Connecticut credit union or Connecticut credit union  
2341 service organization to underwrite insurance or annuities;

2342 (7) Borrow money to an amount not exceeding fifty per cent of the  
2343 total assets of the Connecticut credit union provided the credit union  
2344 shall give prior notice to the Commissioner of Banking in writing of its  
2345 intention to borrow amounts in excess of thirty-five per cent of its total  
2346 assets;

2347 (8) Act as fiscal agent for the federal government, this state or any  
2348 agency or political subdivision thereof;

2349 (9) Provide loan processing, loan servicing, member check and  
2350 money order cashing services, disbursement of share withdrawals and  
2351 loan proceeds, money orders, internal audits, automated teller  
2352 machine services and other similar services to other Connecticut credit  
2353 unions, federal credit unions and out-of-state credit unions;

2354 (10) Provide finder services to its members, including the offering of  
2355 third party products and services through the sale of advertising space  
2356 on its web site, account statements and receipts, and the sale of  
2357 statistical or consumer financial information to outside vendors in  
2358 accordance with sections 36a-40 to 36a-45, inclusive, of the general  
2359 statutes in order to facilitate the sale of such products to the members  
2360 of such Connecticut credit union;

2361 (11) With the prior approval of the Commissioner of Banking,  
2362 exercise fiduciary powers;

2363 (12) Maintain and rent safe deposit boxes within suitably  
2364 constructed vaults, provided the Connecticut credit union has  
2365 adequate insurance coverage for losses related to such rental;

2366 (13) Provide certification services, including notary services,  
2367 signature guaranties, certification of electronic signatures and share  
2368 draft certifications;

2369 (14) Act as agent (A) in the collection of taxes for any qualified  
2370 treasurer of any taxing district or qualified collector of taxes, or (B) for  
2371 any electric, electric distribution, gas, water or telephone company  
2372 operating within this state in receiving moneys due such company for  
2373 utility services furnished by it;

2374 (15) Issue and sell securities which (A) are guaranteed by the  
2375 Federal National Mortgage Association or any other agency or  
2376 instrumentality authorized by state or federal law to create a  
2377 secondary market with respect to extensions of credit of the type  
2378 originated by the Connecticut credit union, or (B) subject to the  
2379 approval of the Commissioner of Banking, relate to extensions of credit  
2380 originated by the Connecticut credit union and are guaranteed or  
2381 insured by a financial guaranty insurance company or comparable  
2382 private entity;

2383 (16) Establish a charitable fund, either in the form of a charitable

2384 trust or a nonprofit corporation to assist in making charitable  
2385 contributions, provided (A) the trust or nonprofit corporation is  
2386 exempt from federal income taxation and may accept charitable  
2387 contributions under Section 501 of the Internal Revenue Code of 1986,  
2388 or any subsequent corresponding internal revenue code of the United  
2389 States, as from time to time amended, (B) the trust or nonprofit  
2390 corporation's operations are disclosed fully to the Commissioner of  
2391 Banking upon request, and (C) the trust department of the credit union  
2392 or one or more directors or members of senior management of the  
2393 credit union act as trustees or directors of the fund;

2394 (17) In the discretion of a majority of its governing board, make  
2395 contributions or gifts to or for the use of any corporation, trust or  
2396 community chest, fund or foundation created or organized under the  
2397 laws of the United States or of this state and organized and operated  
2398 exclusively for charitable, educational or public welfare purposes, or of  
2399 any hospital which is located in this state and which is exempt from  
2400 federal income taxes and to which contributions are deductible under  
2401 Section 501(c) of the Internal Revenue Code of 1986, or any subsequent  
2402 corresponding internal revenue code of the United States, as from time  
2403 to time amended;

2404 (18) Sell, pledge or assign any or all of its outstanding extensions of  
2405 credit to any other lending institution, credit union service  
2406 organization or quasi-governmental entity and any government-  
2407 sponsored enterprise, and act as collecting, remitting and servicing  
2408 agent in connection with any such extension of credit and charge for its  
2409 acts as agent. Any such credit union may purchase the minimum  
2410 amount of capital stock of such entity or enterprise if required by that  
2411 entity or enterprise to be purchased in connection with the sale, pledge  
2412 or assignment of extensions of credit to that entity or enterprise and  
2413 may hold and dispose of such stock, provided that with respect to  
2414 purchases of stock of a credit union service organization, the  
2415 Connecticut credit union shall not exceed the limitations of section 60  
2416 of this act. A Connecticut credit union may purchase one or more

2417 outstanding extensions of credit from any other lending institution and  
2418 any federally-recognized Native American tribe, provided there exists  
2419 a formal written agreement with tribal government to permit the credit  
2420 union to service and collect on such extensions of credit;

2421 (19) Sell a participating interest in any or all of its outstanding  
2422 extensions of credit to and purchase a participating interest in any or  
2423 all of the outstanding extensions of credit of any financial institution or  
2424 credit union service organization pursuant to an appropriate written  
2425 participation and servicing agreement to be signed by all parties  
2426 involved in such transaction;

2427 (20) With the approval of the Commissioner of Banking, join the  
2428 Federal Home Loan Bank System and borrow funds as provided under  
2429 federal law;

2430 (21) Sell all or part of its assets, other than extensions of credit, to  
2431 other lending institutions, purchase all or part of the assets, other than  
2432 extensions of credit, of other lending institutions, and assume all or  
2433 part of the shares and the liabilities of any other credit union or out-of-  
2434 state credit union;

2435 (22) With the prior written approval of the Commissioner of  
2436 Banking, engage in closely related activities, unless the Commissioner  
2437 of Banking determines that any such activity shall be conducted by a  
2438 credit union service organization of the Connecticut credit union,  
2439 utilizing such organizational, structural or other safeguards as the  
2440 Commissioner of Banking may require, in order to protect the  
2441 Connecticut credit union from exposure to loss. As used in this  
2442 subdivision, "closely related activities" means those activities that are  
2443 closely related, convenient and necessary to the business of a  
2444 Connecticut credit union, are reasonably related to the operation of a  
2445 Connecticut credit union or are financial in nature including, but not  
2446 limited to, business and professional services, data processing, courier  
2447 and messenger services, credit-related activities, consumer services,  
2448 services related to real estate, financial consulting, tax planning and

2449 preparation, community development activities, or any activities  
2450 reasonably related to such activities;

2451 (23) With the approval of the Commissioner of Banking, engage in  
2452 any activity that a federal credit union or out-of-state credit union may  
2453 be authorized to engage in under state or federal law. The application  
2454 for such approval shall be in writing and shall include a description of  
2455 the activity, a description of the financial impact of the activity on the  
2456 Connecticut credit union, citation of the legal authority to engage in  
2457 the activity under state or federal law, a description of any limitations  
2458 or restrictions imposed on such activity under state or federal law, and  
2459 any other information that the Commissioner of Banking may require.  
2460 The Commissioner of Banking shall approve or disapprove such  
2461 activity not later than thirty days after the application filed is complete.  
2462 The Commissioner of Banking may impose any limitations or  
2463 conditions to ensure that any such activity is conducted in a safe and  
2464 sound manner with adequate consumer protections. The provisions of  
2465 this subdivision do not authorize a Connecticut credit union or a  
2466 Connecticut credit union service organization to sell title insurance.

2467 Sec. 53. (NEW) (*Effective October 1, 2002*) (a) A Connecticut credit  
2468 union may, with the approval of the commissioner, sell all or a  
2469 significant part of its assets in accordance with the provisions of  
2470 section 36a-210 of the general statutes.

2471 (b) A Connecticut credit union may, with the approval of the  
2472 commissioner, sell a branch.

2473 Sec. 54. (NEW) (*Effective October 1, 2002*) (a) The par value of shares  
2474 of a Connecticut credit union shall be five dollars or any multiple  
2475 thereof, provided such par value shall not exceed one hundred dollars.

2476 (b) A Connecticut credit union may receive payments on shares and  
2477 permit withdrawals of payments on shares with the exception of  
2478 membership shares in accordance with such credit union's bylaws and  
2479 the Deposit Account Contract Act, sections 36a-315 to 36a-323,

2480 inclusive, of the general statutes except that the governing board may  
2481 require members to give sixty days' notice of intention to withdraw the  
2482 whole or any part of their shares or payments on shares, including  
2483 membership shares.

2484 (c) A Connecticut credit union may, with the written approval of the  
2485 Commissioner of Banking and subject to applicable restrictions of state  
2486 and federal law, receive from members payments on shares that  
2487 qualify as part of a retirement plan for self-employed individuals or an  
2488 individual retirement account in accordance with the applicable  
2489 provisions of the Internal Revenue Code of 1986, or any subsequent  
2490 corresponding internal revenue code of the United States, as from time  
2491 to time amended. Such payments on shares shall be established in a  
2492 separate account from the shares of the member, and shall not be  
2493 subject to pledge to secure extensions of credit by the Connecticut  
2494 credit union to the member or be available for set-off by the  
2495 Connecticut credit union if the member defaults on an extension of  
2496 credit. Such shares shall be treated as under separate ownership for  
2497 purposes of applying any limit imposed by the governing board  
2498 pursuant to its authority under subdivision (5) of subsection (a) of  
2499 section 45 of this act, on the maximum amount of shares owned by a  
2500 member. Otherwise, such shares are subject to all of the provisions of  
2501 this act relating to shares.

2502 (d) A Connecticut credit union may receive payments on shares  
2503 which the member agrees in writing not to withdraw within the time  
2504 period specified in the agreement.

2505 (e) A Connecticut credit union may receive payments from a  
2506 nonmember who is (1) an individual, into a share account held jointly  
2507 with a member of the Connecticut credit union, which share account is  
2508 subject to the provisions of section 36a-290 of the general statutes; (2)  
2509 the United States, this state or any municipality or other political  
2510 subdivision thereof; (3) a federally-recognized Native American tribal  
2511 government located in this state; or (4) another Connecticut credit

2512 union, federal credit union or out-of-state credit union.

2513 (f) A Connecticut credit union that has received a low-income  
2514 designation from the National Credit Union Administration, or its  
2515 successor agency, under 12 CFR 701.34, as from time to time amended,  
2516 may offer secondary capital accounts to any person other than an  
2517 individual, subject to the requirements and conditions imposed on  
2518 federally-chartered, low-income designated credit unions under 12  
2519 CFR 701.34, as from time to time amended.

2520 (g) A Connecticut credit union shall maintain in full force and effect  
2521 share insurance as required under the Federal Credit Union Act. Any  
2522 Connecticut credit union that fails to maintain in full force and effect  
2523 such share insurance shall terminate its corporate existence under such  
2524 terms and conditions as the Commissioner of Banking deems  
2525 appropriate.

2526 (h) A Connecticut credit union may obtain from an insurance  
2527 company licensed and qualified to do business in this state share  
2528 insurance coverage that exceeds the maximum allowable under the  
2529 Federal Credit Union Act.

2530 (i) Without being required to take any action to attach or perfect a  
2531 lien, a Connecticut credit union shall have and may impress and  
2532 enforce a lien on the shares of each member to secure the payment of  
2533 all absolute and contingent liabilities of such member to the  
2534 Connecticut credit union.

2535 Sec. 55. (NEW) (*Effective October 1, 2002*) (a) As used in this section:

2536 (1) "Tax and loan account" means an account, the balance of which  
2537 is subject to the right of immediate withdrawal, established for receipt  
2538 of payments of federal taxes and certain United States obligations.  
2539 Such accounts are not shares, as defined in subdivision (17) of section  
2540 35 of this act; and

2541 (2) "Note account" means a note, subject to the right of immediate

2542 call, evidencing funds held by depositories electing the note option  
2543 under applicable United States Treasury Department regulations. Note  
2544 accounts are not shares, as defined in subdivision (17) of section 35 of  
2545 this act.

2546 (b) Subject to the regulations of the United States Treasury  
2547 Department, Connecticut credit unions may serve as depositories for  
2548 federal taxes or as United States Treasury tax and loan depositories,  
2549 and satisfy any requirement in connection therewith, including  
2550 maintaining tax and loan accounts and note accounts and pledging  
2551 collateral.

2552 (c) Connecticut credit unions shall pay a return on note accounts at  
2553 the rates required by the United States Treasury Department.

2554 (d) In addition to the requirements contained in the regulations of  
2555 the United States Treasury Department, Connecticut credit unions  
2556 shall meet all requirements in order to obtain any available insurance  
2557 of deposits contained in tax and loan accounts and note accounts by  
2558 the National Credit Union Administration's Share Insurance Fund.

2559 Sec. 56. (NEW) (*Effective October 1, 2002*) The governing board of a  
2560 Connecticut credit union, or the executive committee or senior  
2561 management if so delegated by the governing board, may declare and  
2562 pay dividends on partial or full shares from current or accumulated  
2563 net earnings, provided such credit union shall meet its net worth  
2564 requirements, provide for accrued and unpaid expenses and  
2565 adequately fund the allowance for loan and lease losses account. A  
2566 Connecticut credit union may not declare or pay dividends if it is  
2567 insolvent or if its net assets are less than stated capital or if the  
2568 payment of dividends would render such credit union insolvent or  
2569 reduce its net assets below stated capital. The Commissioner of  
2570 Banking may restrict the payment of dividends whenever it appears  
2571 that such payment would adversely affect the financial condition of a  
2572 Connecticut credit union.

2573       Sec. 57. (NEW) (*Effective October 1, 2002*) (a) A Connecticut credit  
2574 union shall adopt and implement a written loan policy that requires  
2575 written applications for all extensions of credit and addresses the  
2576 categories and types of secured and unsecured extensions of credit  
2577 offered by the credit union, the manner in which mortgage loans,  
2578 member business loans and insider loans will be made and approved,  
2579 underwriting guidelines and collateral requirements, and which  
2580 addresses, in accordance with safety and soundness, acceptable  
2581 standards for title review, title insurance and appraiser qualifications,  
2582 procedures for the approval and selection of appraisers, appraisal and  
2583 evaluation standards, and the credit union's administration of the  
2584 appraisal and evaluation process. The Commissioner of Banking may  
2585 review a Connecticut credit union's loan policy and may order changes  
2586 to be made to ensure safe and sound lending practices.

2587       (b) A Connecticut credit union shall use its best efforts to make such  
2588 secured and unsecured extensions of credit to its members, including  
2589 lease financing for personal property if the leases are the functional  
2590 equivalent of secured loans for personal property, with such maturities  
2591 as may be determined by the governing board, repayable in  
2592 consecutive weekly, biweekly, semimonthly, monthly, quarterly or  
2593 semiannual installments, but which may be repaid in whole or in part  
2594 prior to maturity, and on such terms as the bylaws and loan policy of  
2595 such credit union may permit.

2596       (c) Except as otherwise provided in this section, the total direct or  
2597 indirect liabilities of any one obligor, however incurred, to any  
2598 Connecticut credit union, exclusive of such credit union's investment  
2599 in the investment securities of such obligor, shall not exceed at the time  
2600 incurred the greater of two hundred dollars or ten per cent of such  
2601 credit union's total assets. For purposes of determining the limitations  
2602 of this subsection, in computing the liabilities of an obligor, a liability  
2603 is incurred at the time of the closing of the transaction, unless such  
2604 closing is preceded by a legally binding written commitment to enter  
2605 into the transaction, in which case such liability is incurred at the time

2606 of commitment and is net of any liabilities of the obligor to such  
2607 Connecticut credit union that will be paid with the proceeds of the  
2608 commitment at the time of closing. The limitations provided for in this  
2609 subsection may be exceeded for a period of time not to exceed six  
2610 hours if at the closing of any transaction at which such obligor incurs  
2611 such liabilities to a Connecticut credit union in excess of such  
2612 limitations, such credit union immediately assigns or participates out  
2613 to one or more other persons an amount that constitutes not less than  
2614 the excess over the applicable limitation. For purposes of this  
2615 subsection, in computing the liabilities of a partnership the individual  
2616 liabilities of the general partners shall be included; and in computing  
2617 the individual liabilities of a general partner, the liabilities of the  
2618 partnership shall be included.

2619       Sec. 58. (NEW) (*Effective October 1, 2002*) (a) Subject to the  
2620 requirements of this section, a Connecticut credit union may make one  
2621 or more mortgage loans to its members. As used in this section, the  
2622 term "mortgage loan" means a closed-end loan or line of credit secured  
2623 wholly or substantially by a lien on or interest in real estate, including  
2624 a leasehold interest, and which is secured by a one-to-four family  
2625 residence that is the primary residence of a member or by any other  
2626 real estate provided the aggregate of the loans made by the credit  
2627 union to such mortgagor that are secured by such other real estate do  
2628 not exceed fifty thousand dollars. As used in this section and section 59  
2629 of this act, the term "real estate" includes land and any structure and  
2630 other improvement or equipment that is permanently attached to such  
2631 land or structure. The term "mortgage loan" shall not include a  
2632 member business loan, as defined in section 59 of this act.

2633       (b) A satisfactory certificate of title issued by a qualified person  
2634 approved by the Connecticut credit union, or a satisfactory policy of  
2635 title insurance, shall be filed with the lending Connecticut credit union  
2636 until the mortgage loan is paid or sold.

2637       (c) The real estate shall be appraised or otherwise suitably evaluated

2638 before any mortgage loan is made on its security, by one or more  
2639 suitable persons who are familiar with real estate values in the  
2640 community where the real estate is located. Such persons shall be  
2641 approved by the governing board of the Connecticut credit union  
2642 making the loan, or any board-appointed committee or person  
2643 appropriately designated by such governing board in accordance with  
2644 the loan and insider policies of the Connecticut credit union, provided  
2645 if the loan under consideration is a loan to be insured or guaranteed by  
2646 a governmental agency, the appraiser may be one who appraised the  
2647 real estate for the governmental agency. Such appraisal or evaluation  
2648 shall be in writing, state the amount at which the real estate has been  
2649 appraised or evaluated and be filed with the lending Connecticut  
2650 credit union until the loan is paid or sold.

2651 (d) For the purposes of this subsection, the net equity value of real  
2652 estate is the appraised value determined pursuant to this subsection,  
2653 reduced by the value of any prior liens or encumbrances with the  
2654 exception of leases, easements and reservations to the United States of  
2655 fissionable materials. A mortgage loan made by a Connecticut credit  
2656 union may not exceed in amount ninety per cent of the net equity  
2657 value of the real estate except:

2658 (1) Loans guaranteed or insured by the United States government or  
2659 its agencies, provided the amount of the guaranty or insurance is at  
2660 least equal to the portion of the loan that exceeds the loan-to-value  
2661 limit;

2662 (2) Loans backed by the full faith and credit of a state government,  
2663 provided the amount of the assurance is at least equal to the portion of  
2664 the loan that exceeds the loan-to-value limit;

2665 (3) Loans guaranteed or insured by a state, municipal or local  
2666 government, or its agency, provided (A) the amount of the guaranty or  
2667 insurance is at least equal to the portion of the loan that exceeds the  
2668 loan-to-value limit, and (B) the Connecticut credit union has  
2669 determined that the guarantor or insurer has the financial capacity and

2670 willingness to perform under the terms of the guaranty or insurance  
2671 agreement;

2672 (4) Loans that are renewed, refinanced or restructured without the  
2673 advancement of new funds or an increase in a line of credit, except for  
2674 reasonable closing costs;

2675 (5) Loans that are renewed, refinanced or restructured in connection  
2676 with workout situations involving existing loans from the Connecticut  
2677 credit union to its members, either with or without the advancement of  
2678 new funds, where such action is consistent with safe and sound  
2679 lending practices and is a part of a clearly defined and well  
2680 documented program to achieve orderly liquidation of the debt,  
2681 reduce risk of loss or maximize recovery of the loan;

2682 (6) Loans that facilitate the sale of real estate acquired by the  
2683 Connecticut credit union in the ordinary course of collecting a debt  
2684 previously contracted in good faith; and

2685 (7) Loans where all or part of such loan is made in primary reliance  
2686 upon the mortgage insurance policy of a private mortgage guaranty  
2687 company, licensed by the Insurance Commissioner to do business in  
2688 this state and approved by the Commissioner of Banking.

2689 (e) A mortgage loan made by a Connecticut credit union secured by  
2690 a first lien or interest shall have a maturity not exceeding forty-two  
2691 years from the date of its making and a mortgage loan to finance a  
2692 manufactured home or secured by a subordinate lien shall have a  
2693 maturity not exceeding twenty years from the date of its making. For  
2694 purposes of this subsection, the term "manufactured home" means a  
2695 movable dwelling containing living facilities suitable for year-round  
2696 occupancy by one family, including permanent provision for eating,  
2697 sleeping, cooling and sanitation, provided such dwelling is to be  
2698 maintained as a residence of the purchaser and will, within ninety  
2699 days after purchase, be located at a manufactured housing community  
2700 or other semipermanent site within this state.

2701 (f) A mortgage loan made by a Connecticut credit union shall  
2702 require repayment of principal and payment of interest in at least  
2703 consecutive semiannual installments of principal and interest, such  
2704 payments to be sufficient to pay the loan in full not later than forty-two  
2705 years from the date of the first payment and the first payment to be  
2706 made within twenty-four months from the date of the note. The  
2707 requirements for semiannual principal payments pursuant to this  
2708 subsection are not applicable to: (1) Consumer revolving loan  
2709 agreements made pursuant to subsection (c) of section 49-2 of the  
2710 general statutes, (2) alternative mortgage loans made pursuant to  
2711 section 36a-265 of the general statutes, (3) loans that may be demanded  
2712 at any time and that are secured by residential real estate, and (4) any  
2713 other loan or class of loans determined by the Commissioner of  
2714 Banking not to be subject to such requirements.

2715 (g) A Connecticut credit union may make a mortgage loan secured  
2716 by a first lien or interest for the construction or repair of buildings or  
2717 other improvements on the property of the borrower, which loan may  
2718 be made in installments advanced at the discretion of the credit union  
2719 as the work progresses, provided at no time shall the ratio of the  
2720 amount loaned to the then total value exceed fifty per cent or the ratio  
2721 the final loan is to bear to the value of the completed real estate,  
2722 whichever is the greater. Loans made to finance the construction of  
2723 buildings and having a maturity of not more than twenty-four months  
2724 or having a maturity of not more than thirty-six months, if approved  
2725 by the Commissioner of Banking, are not subject to the limitations  
2726 imposed by subsection (f) of this section.

2727 (h) Attorneys' fees in connection with any mortgage loan made by a  
2728 Connecticut credit union, including preparation of the mortgage deed  
2729 and note, title search, waivers and closing fees or recording fees, shall  
2730 be paid by the borrower unless otherwise determined by the credit  
2731 union.

2732 (i) A Connecticut credit union may make and invest in any

2733 mortgage loan, including construction and improvement loans,  
2734 insured by the Federal Housing Administration without regard to the  
2735 limitations and restrictions of this section, except that such loans are  
2736 subject to the following limitations: (1) In the case of loans secured by a  
2737 first mortgage on real estate, the contract of insurance shall contain a  
2738 provision that the debentures to be issued by the Federal Housing  
2739 Administration in settlement of such insurance, in the event of the  
2740 foreclosure or default of any such loan or mortgage, shall be fully  
2741 guaranteed as to payment of principal and interest by the government  
2742 of the United States, (2) if the credit union has a commitment for such  
2743 insurance, issued by the Federal Housing Administration, it may grant  
2744 a loan to a borrower for the purpose of building upon or improving  
2745 the real estate of the borrower, the money so borrowed to be advanced  
2746 at the discretion of the credit union in installments as the work  
2747 progresses, provided the total of all advances made does not exceed  
2748 eighty per cent of the value of the real estate on the date of each  
2749 advance or the proportion that the final loan is to bear to the final  
2750 estimated value of the real estate, whichever is the greater, except that  
2751 the final advance may be in such an amount that the total of all  
2752 advances made may equal but not exceed the amount of such  
2753 commitment. The final advance shall not be made until the buildings  
2754 or improvements have been inspected and approved by the Federal  
2755 Housing Administration for an insured loan.

2756 (j) Without regard to the limitations and restrictions of this section, a  
2757 Connecticut credit union may make and invest in any mortgage loan  
2758 which the Administrator of Veterans' Affairs guarantees, makes a  
2759 commitment to guarantee or insures.

2760 (k) A Connecticut credit union may make a mortgage loan secured  
2761 by a leasehold interest, provided the leasehold estate has a term which  
2762 does not expire prior to the maturity of the mortgage loan. The term of  
2763 the leasehold estate shall not include any period for which the lease  
2764 may grant an option of renewal.

2765 (l) A Connecticut credit union may invest its funds in mortgage  
2766 loans which do not conform to the requirements of this section,  
2767 provided the governing board or a board-appointed committee has  
2768 reviewed the nonconforming aspects of the particular mortgage loan  
2769 or mortgage loan program and has determined such loan or program  
2770 to be prudent under the circumstances and all such mortgage loans  
2771 outstanding at the time of origination do not exceed eight per cent of  
2772 the total assets of the Connecticut credit union. The Connecticut credit  
2773 union shall make a notation of the prudent determination and the  
2774 reasons for such determination in the applicable loan file. A loan  
2775 which was included within the percentage of total assets limitation of  
2776 this subsection subsequently may be excluded if the loan is repaid or if  
2777 the nonconforming aspects are eliminated or otherwise cease to exist.

2778 Sec. 59. (NEW) (*Effective October 1, 2002*) (a) As used in this section:

2779 (1) "Associated member" means any member with a shared  
2780 ownership, investment or other pecuniary interest in a business or  
2781 commercial endeavor with the borrower.

2782 (2) "Construction loan" means a loan for developing or acquiring  
2783 and developing real estate, as defined in subsection (a) of section 58 of  
2784 this act, where the borrower intends to convert such real estate to  
2785 income-producing property or use such real estate for income-  
2786 producing purposes, including residential housing for rental or sale, or  
2787 commercial, industrial or similar purposes.

2788 (3) "Member business loan" means any loan, line of credit or  
2789 unfunded commitment thereof, letter of credit or any other extension  
2790 of credit, where the borrower intends to use or uses the proceeds for  
2791 any of the following purposes: (A) Commercial; (B) corporate; (C)  
2792 investment property; (D) business venture; or (E) agricultural, but does  
2793 not include the following loans:

2794 (i) A loan fully secured by a lien on a one-to-four family residence  
2795 that is the primary residence of the member;

2796 (ii) A loan fully secured by shares in the credit union making the  
2797 loan or by shares or deposits in other financial institutions;

2798 (iii) One or more loans to a member or an associated member where  
2799 the proceeds are to be used or are used for the purposes specified in  
2800 this subdivision to benefit a common endeavor and which, in the  
2801 aggregate, are equal to less than fifty thousand dollars;

2802 (iv) A loan where any agency of the federal government, a state or  
2803 any political subdivision of such state, fully insures or guarantees  
2804 repayment, or provides an advance commitment to purchase the loan  
2805 in full; or

2806 (v) A loan granted by the corporate Connecticut credit union to a  
2807 Connecticut credit union, federal credit union or out-of-state credit  
2808 union.

2809 (4) "Net worth" means retained earnings under generally accepted  
2810 accounting principles.

2811 (5) "Net outstanding member business loan balance" means the  
2812 outstanding loan balance, including any unfunded commitment,  
2813 exclusive of the portion of the member business loan secured by shares  
2814 in the credit union, or by shares or deposits in other financial  
2815 institutions, or fully or partially insured or guaranteed by any agency  
2816 of the federal government, a state or any political subdivision of such  
2817 state, or subject to an advance commitment to purchase by any agency  
2818 of the federal government, a state or any political subdivision of such  
2819 state.

2820 (b) No Connecticut credit union shall make a member business loan  
2821 unless it has adequate net worth as determined by the Commissioner  
2822 of Banking, develops a member business loan program and obtains the  
2823 prior written approval of the Commissioner of Banking for such  
2824 program. The request for approval of such program shall include a  
2825 member business loan policy that meets the requirements of

2826 subsection (c) of this section and shall demonstrate that sufficient  
2827 resources, knowledge, systems and procedures are in place to monitor  
2828 and control the risks involved. A Connecticut credit union that makes  
2829 member business loans shall use the services of or employ an  
2830 individual for the purpose of processing, making or servicing member  
2831 business loans with at least two years direct experience with the types  
2832 or categories of member business loans the credit union intends to  
2833 make.

2834 (c) The governing board of a Connecticut credit union shall adopt a  
2835 specific member business loan policy that shall be a part of the credit  
2836 union's loan policy. Such policy shall be reviewed at least annually or  
2837 more often if deemed necessary by the governing board and shall  
2838 address:

2839 (1) The categories or types of member business loans that will be  
2840 made;

2841 (2) The trade area;

2842 (3) The maximum amount of assets, in relation to net worth, that  
2843 will be invested in member business lending subject to the limitations  
2844 provided in subsection (h) of this section;

2845 (4) The maximum amount of assets, in relation to net worth, that  
2846 will be invested in a given category or type of member business loan  
2847 subject to the limitations provided in subdivision (2) of subsection (f)  
2848 of this section and subsection (i) of this section;

2849 (5) The maximum amount of assets, in relation to net worth, that  
2850 will be loaned to one member or associated members, subject to the  
2851 limitations provided in subdivision (2) of subsection (f) of this section  
2852 and subsection (g) of this section;

2853 (6) The qualifications and experience of the individuals responsible  
2854 for processing, approving or administering member business loans;

2855 (7) The required analysis and documentation of the ability of the  
2856 borrower to repay the member business loan by the individuals  
2857 responsible for processing, approving or administering;

2858 (8) The receipt and periodic updating of financial statements and  
2859 other documentation, including tax returns;

2860 (9) The documentation required in support of each loan application,  
2861 which shall include the following: (A) Balance sheet, (B) cash flow  
2862 analysis, (C) income statement, (D) tax data, (E) analysis of leveraging,  
2863 and (F) comparison with industry average or similar analysis. If the  
2864 member business loan is secured by a mortgage on income-producing  
2865 real estate and if the Connecticut credit union relies upon such real  
2866 estate or income production as primary security for the loan, the credit  
2867 union shall also obtain and retain in its files such income projection  
2868 statements, tenants' financial statements and other credit information  
2869 as the credit union deems necessary. The governing board may amend  
2870 the member business loan policy to eliminate the requirement for any  
2871 documentation that the governing board determines is not generally  
2872 available for a particular type of member business loan provided the  
2873 reasons for such determination are stated in such amendment;

2874 (10) The collateral requirements which shall include: (A) Loan-to-  
2875 value ratios, (B) determination of value, (C) determination of  
2876 ownership, (D) steps to secure various types of collateral, and (E)  
2877 frequency of re-evaluation of value and marketability of collateral;

2878 (11) The interest rates and maturities of member business loans;

2879 (12) General member business loan procedures which shall include:  
2880 (A) Loan monitoring, (B) servicing and administering, and (C)  
2881 collection; and

2882 (13) Guidelines for purchase and sale of member business loans and  
2883 loan participation if the credit union intends to engage in such activity.

2884 (d) A Connecticut credit union shall not grant a member business

2885 loan if any additional income received by such credit union or a  
2886 member of the senior management is tied to the profit or sale of the  
2887 business or commercial endeavor for which the loan is made.

2888 (e) Member business loans made to an insider are subject to the  
2889 provisions of section 51 of this act.

2890 (f) A Connecticut credit union may make unsecured member  
2891 business loans provided:

2892 (1) The aggregate of unsecured net outstanding member business  
2893 loan balances to any one member or associated members shall not  
2894 exceed the lesser of one hundred thousand dollars or two and one-half  
2895 per cent of the credit union's net worth;

2896 (2) The aggregate of all unsecured net outstanding member business  
2897 loan balances shall not exceed ten per cent of the credit union's net  
2898 worth,

2899 (3) The credit union has a net worth of at least seven per cent; and

2900 (4) The credit union submits quarterly reports to the Commissioner  
2901 of Banking providing numbers and such other detail as may be  
2902 required by the Commissioner of Banking to demonstrate compliance  
2903 with this section.

2904 (g) The aggregate amount of secured and unsecured net outstanding  
2905 member business loan balances to any one member or associated  
2906 members shall not exceed the greater of one hundred thousand dollars  
2907 or fifteen per cent of the credit union's net worth. The Commissioner of  
2908 Banking may waive this limit subject to the provisions of subsection (l)  
2909 of this section.

2910 (h) (1) The aggregate amount of secured and unsecured net  
2911 outstanding member business loan balances shall be limited to the  
2912 lesser of twelve and one-quarter per cent of the Connecticut credit  
2913 union's total assets or one and three-quarters times the Connecticut

2914 credit union's net worth. The Commissioner of Banking may grant an  
2915 exception to the aggregate limit upon written request from a  
2916 Connecticut credit union and submission of documentation evidencing  
2917 that one of the following three criteria have been met:

2918 (A) The credit union serves predominantly low-income members, as  
2919 defined in subsection (f) of section 54 of this act;

2920 (B) The credit union participates in the Community Development  
2921 Financial Institutions Program, 12 CFR Part 1805, as from time to time  
2922 amended; or

2923 (C) The credit union is established for the purpose of making  
2924 member business loans, as supported by its bylaws, business plan,  
2925 field of membership, minutes of the governing board and loan  
2926 portfolio.

2927 (2) The Commissioner of Banking shall notify the Connecticut credit  
2928 union and the National Credit Union Administration of the  
2929 Commissioner of Banking's decision on the request for an exception  
2930 not later than forty-five days from such request. An exception, if  
2931 granted, shall be revoked by the Commissioner of Banking if the  
2932 Connecticut credit union ceases to qualify under subparagraph (A), (B)  
2933 or (C) of subdivision (1) of this subsection, or for reasons of safety and  
2934 soundness.

2935 (i) Unless waived by the Commissioner of Banking under  
2936 subsection (l) of this section, a member business loan that is a  
2937 construction loan is subject to the following additional requirements:

2938 (1) The aggregate of all construction loans shall not exceed fifteen  
2939 per cent of the net worth of the Connecticut credit union;

2940 (2) The borrower shall have at least a thirty-five per cent equity  
2941 interest in the real estate being developed or acquired and developed;  
2942 and

2943 (3) The loan proceeds shall be released only after on-site, written  
2944 inspections by qualified personnel and in accordance with a pre-  
2945 approved draw schedule and any other conditions as set forth in the  
2946 loan documentation.

2947 (j) Unless waived by the Commissioner of Banking under subsection  
2948 (l) of this section, the loan-to-value ratio for a member business loan  
2949 secured by a first lien shall not exceed eighty per cent unless the value  
2950 in excess of eighty per cent is covered through private mortgage or  
2951 equivalent insurance, or is insured or guaranteed or subject to advance  
2952 commitment to purchase by an agency of the federal government, or of  
2953 a state or any of the political subdivisions of such state, but in no case  
2954 shall the loan-to-value ratio exceed ninety-five per cent.

2955 (k) The loan-to-value ratio for any member business loan secured by  
2956 a second or lesser priority lien shall not exceed eighty per cent unless  
2957 the credit union holds the first lien and the value in excess of eighty  
2958 per cent is covered through private mortgage or equivalent insurance,  
2959 or is insured or guaranteed or subject to advance commitment to  
2960 purchase by an agency of the federal government, or of a state or any  
2961 of the political subdivisions of such state, in which case the loan-to-  
2962 value ratio of such member business loan shall not exceed ninety-five  
2963 per cent.

2964 (l) A Connecticut credit union may request a waiver of the  
2965 limitations set forth in subsections (g), (i) and (j) of this section by  
2966 submitting the following documentation to the Commissioner of  
2967 Banking: (1) A copy of the member business loan policy; (2) a  
2968 statement of the higher limit sought, if applicable; (3) an explanation of  
2969 the need to raise the limit or change the appraisal requirement, as  
2970 applicable; (4) documentation to support the credit union's ability to  
2971 manage the activity; (5) an analysis of the credit union's prior  
2972 experience in making member business loans, including: (A) The  
2973 history of loan losses and loan delinquency, (B) volume and cyclical or  
2974 seasonal patterns, (C) diversification, (D) concentrations of credit to

2975 one member or associated members in excess of fifteen per cent of the  
2976 credit union's net worth, (E) underwriting standards and practices, (F)  
2977 types or categories of loans grouped by purpose and collateral, and (G)  
2978 the qualifications of individuals responsible for processing, approving  
2979 and administering member business loans. The Commissioner of  
2980 Banking will provide a copy of the waiver request to Region 1 of the  
2981 National Credit Union Administration and will consult and seek to  
2982 work cooperatively with Region 1 in making a decision on the request.  
2983 The Commissioner of Banking may grant or deny the waiver within  
2984 sixty days of receipt of the request.

2985 (m) Member business loans shall be subject to the appraisal  
2986 requirements of 12 CFR Part 722.3, as from time to time amended,  
2987 provided the credit union may request a waiver of such appraisal  
2988 requirements in accordance with the applicable provisions of  
2989 subsection (l) of this section. Such waiver request shall not become  
2990 effective until written approval has been granted by both the  
2991 Commissioner of Banking and the National Credit Union  
2992 Administration.

2993 (n) The Commissioner of Banking may lower any limit provided in  
2994 this section, revoke any waiver granted under this section or revoke  
2995 the credit union's approval to make member business loans if the  
2996 credit union's policies or practices violate safe and sound lending  
2997 principles.

2998 (o) Member business loans shall be identified in the aggregate on a  
2999 Connecticut credit union's financial statements provided each type or  
3000 category of member business loan shall be separately identified in the  
3001 credit union's records.

3002 Sec. 60. (NEW) (*Effective October 1, 2002*) (a) The governing board of  
3003 a Connecticut credit union shall adopt and implement a written  
3004 investment policy governing investments made pursuant to this  
3005 section and securities trading, if any. No Connecticut credit union shall  
3006 make any investment pursuant to this section unless the purchase and

3007 holding of such investment is consistent with such policy. The policy  
3008 shall establish standards for the making of prudent investments which  
3009 shall include (1) the rating of individual investments by nationally  
3010 recognized rating services, if any, and (2) standards for diversification  
3011 of the credit union's investment portfolio among industry categories.  
3012 The policy shall provide for the frequent and periodic review by the  
3013 credit union of investments made pursuant to the policy and shall  
3014 provide for the reasonable and expeditious divestiture of investments  
3015 which the governing board, upon its review, no longer deems prudent  
3016 or consistent with the credit union's investment policy. The investment  
3017 policy and any investment made pursuant to the policy shall be subject  
3018 to the supervision of the Commissioner of Banking concerning safe  
3019 and sound credit union practices.

3020 (b) The investment officer or investment committee, if any, shall act  
3021 for the governing board between meetings of the governing board in  
3022 all matters involving investment of funds pursuant to this section.  
3023 Such investment officer or committee shall report to the governing  
3024 board at each of its regular meetings, during which the governing  
3025 board shall review all investments made pursuant to this section, as  
3026 well as details of any securities trading engaged in by such credit  
3027 union. The minutes of the governing board meetings shall recite the  
3028 results of each such review. The governing board shall cause the credit  
3029 union to use reasonable efforts to divest as expeditiously as possible  
3030 any investment which the governing board, upon its review, no longer  
3031 deems prudent or consistent with the Connecticut credit union's  
3032 investment policy.

3033 (c) A Connecticut credit union may invest its funds, which are not  
3034 committed to loans to members in: (1) Securities, obligations, or other  
3035 instruments of, or issued by, or fully guaranteed as to principal and  
3036 interest by the United States or any of its agencies or instrumentalities,  
3037 or in any trusts established for investing directly or collectively in such  
3038 instruments; (2) general obligations and revenue obligations of any  
3039 state or territory of the United States, or any political subdivision

3040 thereof, provided such obligations are rated in the three highest rating  
3041 categories by a rating service of such obligations recognized by the  
3042 Commissioner of Banking and no more than ten per cent of total assets  
3043 may be invested in any one issuer; (3) obligations or other instruments  
3044 or securities of the Student Loan Marketing Association; (4) federal  
3045 funds, shares, share certificates or other share deposits of any other  
3046 Connecticut credit union, federal credit union or out-of-state credit  
3047 union whose share accounts or deposits are insured by the National  
3048 Credit Union Administration, or its successor agency; (5) loans not  
3049 exceeding twenty per cent of the lending credit union's total assets to  
3050 any other Connecticut credit union, federal credit union or out-of-state  
3051 credit union; (6) federal funds of or deposit accounts with a  
3052 Connecticut bank, federal bank or out-of-state bank the accounts of  
3053 which are insured by the Federal Deposit Insurance Corporation or its  
3054 successor agency; (7) shares of, deposits with or loans to any federal  
3055 reserve bank or any central liquidity facility established under state or  
3056 federal law; (8) shares of, deposits with or loans to any corporate  
3057 Connecticut credit union, corporate federal credit union and corporate  
3058 out-of-state credit union; (9) shares of stock or obligations of or loans  
3059 to a national or state credit union association or credit union  
3060 corporation of which the credit union is a member, provided such  
3061 investment does not constitute a controlling interest in such association  
3062 or corporation or does not in the aggregate exceed one per cent of the  
3063 total assets of the credit union; (10) real estate and improvements  
3064 thereon, furniture, fixtures and equipment for the present or future use  
3065 of the credit union, provided such investment may not in the  
3066 aggregate exceed five per cent of the total assets of the credit union  
3067 without the written approval of the Commissioner of Banking; (11)  
3068 debt mutual funds and equity mutual funds, provided the portfolios of  
3069 such mutual funds consist solely of investments described in  
3070 subdivisions (1) to (3), inclusive, of this subsection; (12) fixed or  
3071 variable rate asset-backed securities, collateralized mortgage  
3072 obligations and real estate mortgage investment conduits, except  
3073 stripped mortgage-backed securities, residual interests, mortgage

3074 servicing rights, commercial mortgage related securities or small  
3075 business-related securities; (13) money market funds rated in the three  
3076 highest rating categories by a rating service of such funds recognized  
3077 by the Commissioner of Banking; (14) repurchase agreements and  
3078 reverse repurchase agreements provided (A) the underlying securities  
3079 are legal investments for Connecticut credit unions, (B) the  
3080 Connecticut credit union receives a daily assessment of the market  
3081 value of the underlying securities, including accrued interest, and  
3082 maintains an adequate margin that reflects a risk assessment of the  
3083 underlying securities and the term of the agreement, and (C) the  
3084 Connecticut credit union has entered into signed contracts with all  
3085 approved counterparties; and (15) Yankee dollar deposits, Eurodollar  
3086 deposits, banker's acceptances, deposit notes and bank notes with  
3087 original weighted average maturities of less than five years and issued  
3088 by a Connecticut bank, federal bank or out-of-state bank.

3089 (d) A Connecticut credit union may, subject to the provisions of  
3090 subsections (e) and (f) of section 62 of this act, invest its funds in or  
3091 make loans to credit union service organizations provided (1) the total  
3092 of any such investment in or loan to any one credit union service  
3093 organization does not exceed two per cent of the total assets of the  
3094 credit union without regard to the amount derived from the  
3095 profitability of such credit union service organization, and (2) the  
3096 credit union shall file with the Commissioner of Banking prior written  
3097 notice of its intention to make such investment or loan. The  
3098 Connecticut credit union may make such investment or loan unless the  
3099 Commissioner of Banking disapproves such investment or loan not  
3100 later than thirty business days after the notice is filed.

3101 (e) In addition to other investments authorized by this section, a  
3102 Connecticut credit union may, with the prior written approval of the  
3103 Commissioner of Banking, invest its funds in: (1) Debt securities,  
3104 equity securities, debt mutual funds and equity mutual funds without  
3105 regard to any other liability to the Connecticut credit union of the  
3106 maker, obligor, guarantor or issuer of such securities and mutual funds

3107 provided: (A) The securities and mutual funds are rated in the three  
3108 highest rating categories by a rating service of such securities and  
3109 mutual funds recognized by the Commissioner of Banking or, if not so  
3110 rated, are determined by the credit union's governing board to be a  
3111 prudent investment, (B) the total amount of such securities and mutual  
3112 funds of any one maker, obligor or issuer invested in by a Connecticut  
3113 credit union may not exceed at any time twenty-five per cent of its  
3114 capital, (C) the total amount of such debt securities and debt mutual  
3115 funds may not exceed at any time twenty-five per cent of its total  
3116 assets, (D) the total amount of such equity securities and equity mutual  
3117 funds may not exceed at any time twenty-five per cent of its total  
3118 assets, and (E) a Connecticut credit union may not engage in securities  
3119 trading, including when-issued trading and pair-off transactions  
3120 without additional prior written approval of the Commissioner of  
3121 Banking; and (2) subject to any limitations imposed by the  
3122 Commissioner of Banking, in any other investment the Commissioner  
3123 of Banking deems appropriate in light of such factors as the financial  
3124 condition and strategic goals of the Connecticut credit union and the  
3125 degree of risk inherent in the investment, provided the credit union  
3126 demonstrates that sufficient resources, knowledge, systems and  
3127 procedures are in place to monitor and control the risks involved.

3128 (f) All securities in which a Connecticut credit union invests shall be  
3129 registered in the name of the credit union. Records of securities owned  
3130 by such credit union shall be maintained at the main office of such  
3131 credit union. The records held by such credit union concerning its  
3132 account with any of the depositories or financial institutions holding  
3133 its securities, and the securities registered in its name and held by it,  
3134 shall be subject to inspection at any time during business hours by any  
3135 director, member of senior management or member of the supervisory  
3136 committee of the Connecticut credit union.

3137 (g) As used in this section: (1) "Debt mutual funds" means  
3138 partnership interests in, shares of stock of, units of beneficial interest in  
3139 or other ownership interest in any one investment company registered

3140 under the Investment Company Act of 1940, as from time to time  
3141 amended, commonly described as mutual funds, money market funds,  
3142 investment trusts or business trusts, provided the portfolios of such  
3143 investment companies consist solely of investments described in  
3144 subdivision (3) of this subsection.

3145 (2) "Equity mutual funds" means partnership interests in, shares of  
3146 stock of, units of beneficial interest in or other ownership interest in  
3147 any one investment company which is registered under the Investment  
3148 Company Act of 1940, as from time to time amended, commonly  
3149 described as mutual funds, money market funds, investment trusts or  
3150 business trusts, but excludes debt mutual funds, as defined in  
3151 subdivision (1) of this subsection.

3152 (3) "Debt securities" means (A) any marketable obligation  
3153 evidencing indebtedness of any person in the form of direct, assumed  
3154 or guaranteed bonds, notes or debentures or any security that has  
3155 attributes similar to such marketable obligations; (B) any obligation  
3156 identified by certificates of participation in investments described in  
3157 subparagraph (A) of this subdivision in which a Connecticut credit  
3158 union could invest directly; or (C) repurchase agreements.

3159 (4) "Equity securities" means any stock or similar security, certificate  
3160 of interest or participation in any profit-sharing agreement,  
3161 preorganization certificate or subscription, transferable share, voting  
3162 trust certificate or certificate of deposit for an equity security, limited  
3163 partnership interest, interest in a joint venture or certificate of interest  
3164 in a business trust; or any security convertible, with or without  
3165 consideration, into such a security, or carrying any warrant or right to  
3166 subscribe to or purchase such a security; or any such warrant or right;  
3167 or any put, call, straddle or other option or privilege of buying such a  
3168 security from or selling such a security to another without being bound  
3169 to do so, but excludes debt mutual funds, as defined in subdivision (1)  
3170 of this subsection, and equity mutual funds, as defined in subdivision  
3171 (2) of this subsection.

3172       Sec. 61. (NEW) (*Effective October 1, 2002*) (a) A single corporate  
3173 Connecticut credit union may be organized and operated as a  
3174 Connecticut credit union under the provisions of sections 34 to 73,  
3175 inclusive, of this act, and shall be subject to the provisions of said  
3176 sections 34 to 73, inclusive, which are not inconsistent with this section.  
3177 The corporate Connecticut credit union shall use the word "corporate"  
3178 in its official name.

3179       (b) The field of membership of the corporate Connecticut credit  
3180 union shall be limited to Connecticut credit unions, federal credit  
3181 unions, out-of-state credit unions, credit union service organizations,  
3182 organizations and associations of any such member credit unions or  
3183 credit union service organizations, organizations and associations of  
3184 directors or members of senior management of any such member  
3185 credit unions, and subsidiaries of such organizations and associations  
3186 and the natural person organizers of such corporate Connecticut credit  
3187 union. The bylaws of the corporate Connecticut credit union shall  
3188 contain such provisions as are necessary to define classes of  
3189 membership and services that may be provided to members.

3190       (c) Each member of the corporate Connecticut credit union shall be  
3191 represented at any meeting of members by one individual who has  
3192 been duly authorized by such member. Only such individual so  
3193 authorized may cast the vote of the member it represents at such  
3194 meetings.

3195       (d) Any director, general partner, manager, employee or board-  
3196 appointed committee member of any member, and any employee of  
3197 the corporate Connecticut credit union may serve as a director, or  
3198 committee member of the corporate Connecticut credit union subject to  
3199 any additional criteria imposed by the bylaws of the corporate  
3200 Connecticut credit union.

3201       (e) (1) The corporate Connecticut credit union may invest its funds,  
3202 which are not committed to loans to members, in accordance with  
3203 section 60 of this act, provided investments in debt securities, as

3204 defined in section 60 of this act, and credit union service organizations  
3205 shall be made in accordance with the investment limits of 12 CFR Part  
3206 704, as from time to time amended, and whenever the National Credit  
3207 Union Administration approval is required under 12 CFR Part 704, as  
3208 from time to time amended, the corporate Connecticut credit union  
3209 shall obtain similar approval from the Commissioner of Banking.

3210 (2) With the approval of the Commissioner of Banking, the  
3211 corporate Connecticut credit union may accept investments from  
3212 member and nonmember financial institutions and such investments  
3213 shall be a part of the paid-in capital of the corporate Connecticut credit  
3214 union, but shall not be deemed to be shares of the corporate  
3215 Connecticut credit union.

3216 (f) Loans to members shall be in accordance with sections 57 to 59,  
3217 inclusive, of this act, provided such loans shall not exceed the lending  
3218 limits of 12 CFR Part 704.7(c), as from time to time amended. Loans  
3219 sold by the corporate Connecticut credit union to the central liquidity  
3220 facility or securities sold subject to repurchase shall not be treated as  
3221 funds borrowed by the corporate Connecticut credit union,  
3222 notwithstanding the recourse rights or repurchase liability inherent in  
3223 such transactions.

3224 (g) (1) The corporate Connecticut credit union may: (A) Borrow  
3225 funds, provided such borrowing shall not exceed the borrowing limits  
3226 of 12 CFR Part 704.9(b), as from time to time amended, (B) become the  
3227 agent member for this state in any central liquidity facility for credit  
3228 unions authorized by federal law, (C) invest in such central liquidity  
3229 facility for such amount as may be required in order to secure for the  
3230 corporate Connecticut credit union and its members full participation  
3231 in the functions of that facility, (D) receive and hold deposits or  
3232 investments of such facility, (E) enter into correspondent relationships  
3233 with other financial institutions and establish and maintain with or  
3234 establish and maintain on such credit union's books for such other  
3235 institutions any accounts which are normally required as part of the

3236 correspondent relationship, (F) establish and maintain one or more  
3237 credit union service organizations as provided in section 62 of this act,  
3238 and (G) provide custodial or safekeeping services to its members for  
3239 securities owned by such members.

3240 (2) The corporate Connecticut credit union shall contribute to  
3241 reserves an amount equal to that required by 12 CFR 704.3(c), as from  
3242 time to time amended.

3243 Sec. 62. (NEW) (*Effective October 1, 2002*) (a) With the approval of the  
3244 Commissioner of Banking and in accordance with subsection (d) of  
3245 section 60 of this act, a Connecticut credit union may establish a  
3246 Connecticut credit union service organization by itself or jointly with  
3247 one or more other Connecticut credit unions, federal credit unions,  
3248 out-of-state credit unions or other federally-insured depository  
3249 institutions within or outside of this state. The establishing  
3250 Connecticut credit union shall file with the Commissioner of Banking  
3251 an application, which shall include a description of the credit union  
3252 service organization services to be engaged in by the Connecticut  
3253 credit union service organization, an explanation of how the proposed  
3254 services are related to credit union services, and any other information  
3255 that the Commissioner of Banking may require. Such credit union  
3256 service organization shall be organized as a corporation, limited  
3257 liability company or limited partnership, provided the establishing  
3258 Connecticut credit union obtains and files together with its application  
3259 a written legal opinion that any such limited liability company or  
3260 limited partnership is established in a manner that will limit potential  
3261 exposure of such Connecticut credit union to no more than the amount  
3262 of funds invested in or lent to the Connecticut credit union service  
3263 organization by such Connecticut credit union.

3264 (b) A Connecticut credit union service organization shall (1) account  
3265 for all transactions in accordance with generally accepted accounting  
3266 principles, (2) prepare quarterly financial statements and obtain an  
3267 annual opinion audit by a licensed certified public accountant on its

3268 financial statements in accordance with generally accepted auditing  
3269 standards, (3) preserve all of its books and records in accordance with  
3270 regulations applicable to Connecticut credit unions adopted by the  
3271 Commissioner of Banking pursuant to chapter 54 of the general  
3272 statutes, (4) provide the Commissioner of Banking with complete  
3273 access to its books, records and internal controls for review, evaluation  
3274 and examination, and (5) pay the actual cost of any such review,  
3275 evaluation or examination conducted by the Commissioner of  
3276 Banking.

3277 (c) A Connecticut credit union service organization may expand its  
3278 credit union service organization services by filing with the  
3279 Commissioner of Banking prior written notice of its intention to  
3280 engage in such expanded services, including a description of the  
3281 proposed expanded services, an explanation of how the proposed  
3282 expansion is related to credit union services, and any other  
3283 information that the Commissioner of Banking may require. The  
3284 Connecticut credit union service organization may expand its services  
3285 unless the Commissioner of Banking disapproves such expansion  
3286 within thirty business days after the notice is filed.

3287 (d) A Connecticut credit union service organization shall not acquire  
3288 control, either directly or indirectly, of another depository financial  
3289 institution, nor invest in shares, stocks or obligations of an insurance  
3290 company, trade association, liquidity facility, or similar organization,  
3291 corporation or association.

3292 (e) A Connecticut credit union service organization shall be subject  
3293 to the conservatorship and receivership provisions of sections 36a-215  
3294 to 36a-239, inclusive, of the general statutes.

3295 (f) A Connecticut credit union may invest its funds in or lend to an  
3296 existing credit union service organization in accordance with  
3297 subsection (d) of section 60 of this act.

3298 (g) (1) Prior to investing in or lending to a credit union service

3299 organization, a Connecticut credit union must obtain (A) a written  
3300 agreement that the credit union service organization will: (i) Account  
3301 for all transactions in accordance with generally accepted accounting  
3302 principles, (ii) prepare quarterly financial statements and obtain an  
3303 annual opinion audit by a licensed certified public accountant on its  
3304 financial statements in accordance with generally accepted auditing  
3305 standards, (iii) provide the Commissioner of Banking with complete  
3306 access to all books and records of the credit union service organization  
3307 and with the ability to review credit union service organization  
3308 internal controls, as the Commissioner of Banking deems necessary,  
3309 and (iv) pay the actual cost of any examination conducted by the  
3310 Commissioner of Banking; and (B) a written legal opinion that the  
3311 credit union service organization is established as a corporation,  
3312 limited partnership or limited liability company and the potential  
3313 exposure of the Connecticut credit union is limited to no more than the  
3314 loss of funds invested in or lent to the credit union service  
3315 organization. In order for a Connecticut credit union to maintain its  
3316 investment in or loan to a credit union service organization that plans  
3317 to change its form of organization, the Connecticut credit union shall  
3318 obtain a written legal opinion that the credit union service  
3319 organization will continue in such form that will limit potential  
3320 exposure to the Connecticut credit union to no more than the loss of  
3321 funds invested in or lent to the credit union service organization.

3322 (2) If the Commissioner of Banking determines that a Connecticut  
3323 credit union's investments in or loans to any credit union service  
3324 organization exceed the limitations of this section or subsection (d) of  
3325 section 60 of this act, or is otherwise not prudent for the Connecticut  
3326 credit union to maintain, the Commissioner of Banking may require  
3327 the Connecticut credit union to divest such loans or investments.

3328 (h) In connection with providing credit union service organization  
3329 services, a Connecticut credit union service organization may invest in  
3330 service providers. Any such investment shall be limited to the amount  
3331 required by the service provider to obtain its services.

3332 (i) A Connecticut credit union may, in order to obtain credit union  
3333 service organization services or to provide credit union service  
3334 organization services to its members, or to enable its members to  
3335 conduct transactions through a credit union service organization,  
3336 whether or not it establishes, invests its funds in or lends to a credit  
3337 union service organization pursuant to subsection (a) or (f) of this  
3338 section, enter into agreements with and pay appropriate fees and  
3339 service charges to a credit union service organization.

3340 (j) As frequently as the Commissioner of Banking deems  
3341 appropriate or necessary, the Commissioner of Banking may conduct  
3342 an examination of the records and books of a Connecticut credit union  
3343 service organization or a credit union service organization in which a  
3344 Connecticut credit union has invested or to which it has lent funds.

3345 (k) Each Connecticut credit union service organization and each of  
3346 its directors, officers, managers, general partners, employees and  
3347 authorized agent of a Connecticut credit union service organization  
3348 who has charge or possession of the funds, securities or other assets of  
3349 such credit union service organization shall be bonded by a surety  
3350 company authorized to do business in this state. Such bond shall be in  
3351 favor of the Connecticut credit union service organization and in such  
3352 amount as is approved by the board of directors, managers or general  
3353 partners of the credit union service organization, which amount the  
3354 Commissioner of Banking may require to be increased for reasons of  
3355 safety and soundness. A copy of each such bond and any renewal  
3356 thereof or premium receipt therefor shall be promptly filed with the  
3357 Commissioner of Banking by the Connecticut credit union service  
3358 organization.

3359 Sec. 63. (NEW) (*Effective October 1, 2002*) (a) No Connecticut credit  
3360 union shall establish a branch in this state or outside of this state unless  
3361 prior to such establishment the credit union has filed with the  
3362 Commissioner of Banking an application to establish a branch and  
3363 such application has not been disapproved by the Commissioner of

3364 Banking within thirty days after the application has been filed with the  
3365 Commissioner of Banking.

3366 (b) The Commissioner of Banking may disapprove an application to  
3367 establish a branch if the Commissioner of Banking finds that: (1)  
3368 Establishment of the proposed branch is inconsistent with safety and  
3369 soundness; (2) establishment of the proposed branch is inconsistent  
3370 with the Connecticut credit union's field of membership; (3) in the case  
3371 of a Connecticut credit union whose membership is limited to persons  
3372 with a single common bond or multiple common bond, establishment  
3373 of the proposed branch will result in an impermissible overlap with  
3374 the field of membership of other credit unions in the town in which the  
3375 branch is to be located; (4) in the case of a Connecticut credit union  
3376 whose membership is limited to a well-defined community,  
3377 neighborhood or rural district, (A) the proposed branch is not  
3378 generally accessible to the public, (B) the establishment of the  
3379 proposed branch will result in an oversaturation of financial  
3380 institutions in the town in which the branch is to be located, or (C)  
3381 such credit union does not have a record of compliance with the  
3382 requirements of public act 01-9, as amended by this act; or (5) in the  
3383 case of an out-of-state branch, the laws of such other state do not  
3384 authorize the establishment of such branch.

3385 (c) Nothing in this section shall prohibit a Connecticut credit union  
3386 from establishing or operating a branch in the same or approximately  
3387 the same location as another financial institution, provided any such  
3388 institution's insurable accounts or deposits are federally insured.

3389 (d) (1) A Connecticut credit union that proposes to close a branch  
3390 within or outside of this state shall submit to the Commissioner of  
3391 Banking a notice of the proposed closing as soon as possible but not  
3392 less than thirty days prior to the closing date. The notice shall include a  
3393 detailed statement of the reasons for the decision to close the branch.

3394 (2) The Connecticut credit union shall provide notice of the  
3395 proposed closing to its members by:

3396 (A) Posting such notice in a conspicuous manner on the premises of  
3397 the branch proposed to be closed at least thirty days prior to the  
3398 closing, and

3399 (B) Including such notice in at least one regular account statement  
3400 mailed to its members who utilize the branch proposed to be closed, or  
3401 in a separate mailing to such members at least thirty days prior to the  
3402 closing date.

3403 (e) With the approval of the Commissioner of Banking, any  
3404 Connecticut credit union may relocate any branch within this state in  
3405 accordance with such notice and other requirements as the  
3406 Commissioner of Banking may prescribe. As used in this subsection,  
3407 "relocate" means to move within the same immediate neighborhood  
3408 without substantially affecting the nature of the business or members  
3409 served.

3410 (f) The Commissioner of Banking may examine and supervise the  
3411 out-of-state branches of any Connecticut credit union and may enter  
3412 into agreements with other state or federal credit union regulators  
3413 concerning such examination or supervision.

3414 Sec. 64. (NEW) (*Effective October 1, 2002*) (a) (1) An out-of-state, state-  
3415 chartered credit union may, with the prior written approval of the  
3416 Commissioner of Banking, establish a branch in this state, provided the  
3417 laws of such state authorize under conditions no more restrictive than  
3418 those imposed by the laws of this state as determined by the  
3419 Commissioner of Banking, a Connecticut credit union to establish a  
3420 branch in that state. The Commissioner of Banking shall not grant  
3421 approval unless the Commissioner of Banking determines that such  
3422 out-of-state credit union: (A) Is financially solvent; (B) maintains share  
3423 insurance as required under the Federal Credit Union Act; and (C) is  
3424 effectively examined and supervised by an official of the state in which  
3425 it is chartered. The Commissioner of Banking may disapprove the  
3426 establishment of any such branch if any of the reasons specified in  
3427 subsection (b) of section 63 of this act, if applied to an out-of-state

3428 state-chartered credit union, exists. An out-of-state, state-chartered  
3429 credit union that has established a branch in this state may, with the  
3430 approval of the Commissioner of Banking, establish additional  
3431 branches in this state in accordance with this section.

3432 (2) An out-of-state, federally-chartered credit union may, with prior  
3433 written notice to the Commissioner of Banking, establish a branch or  
3434 additional branches in this state. A federal credit union may, with  
3435 prior written notice to the Commissioner of Banking, establish  
3436 additional branches in this state.

3437 (b) The Commissioner of Banking may examine and supervise the  
3438 Connecticut branches of any out-of-state, state-chartered credit union  
3439 and may enter into agreements with other state credit union regulators  
3440 concerning such examinations or supervision.

3441 (c) The Commissioner of Banking may, after giving notice and an  
3442 opportunity to be heard to any out-of-state, state-chartered credit  
3443 union, revoke or suspend the approval given to such out-of-state credit  
3444 union to establish a branch in this state for any reason that would be  
3445 sufficient grounds to deny an application to establish a branch in this  
3446 state.

3447 Sec. 65. (NEW) (*Effective October 1, 2002*) (a) The Commissioner of  
3448 Banking may require any out-of-state, state-chartered or federally-  
3449 chartered credit union that maintains a branch in this state pursuant to  
3450 section 64 of this act, to submit an annual audit report to the  
3451 Commissioner of Banking.

3452 (b) An out-of-state, state-chartered or federally-chartered credit  
3453 union that maintains a branch in this state that is required under  
3454 federal law to submit a net worth restoration plan to the board of the  
3455 National Credit Union Administration shall simultaneously submit an  
3456 executed copy of such plan to the Commissioner of Banking.

3457 Sec. 66. (NEW) (*Effective October 1, 2002*) (a) With the approval of the

3458 Commissioner of Banking, a Connecticut credit union may relocate its  
3459 main office anywhere within the state.

3460 (b) The Commissioner of Banking, before granting an approval  
3461 under subsection (a) of this section, shall consider: (1) The field of  
3462 membership of the Connecticut credit union to be served by the  
3463 proposed relocation of the main office of the Connecticut credit union;  
3464 (2) the adequacy of the current main office of the Connecticut credit  
3465 union; (3) the economic need for and cost of such proposed relocation;  
3466 and (4) the convenience and necessity to the field of membership of the  
3467 proposed relocation.

3468 Sec. 67. (NEW) (*Effective October 1, 2002*) (a) With the approval of the  
3469 Commissioner of Banking, a Connecticut credit union may merge with  
3470 a Connecticut credit union, a federal credit union or an out-of-state  
3471 credit union in accordance with the requirements of this section. In the  
3472 case of a merger with an out-of-state state-chartered credit union  
3473 where the resulting institution is the out-of-state state-chartered credit  
3474 union, the Commissioner of Banking may not approve such merger  
3475 unless such out-of-state credit union maintains share insurance as  
3476 required by the Federal Credit Union Act and the laws of the  
3477 chartering state of such credit union authorize, under conditions no  
3478 more restrictive than those imposed by the laws of this state as  
3479 determined by the Commissioner of Banking, a Connecticut credit  
3480 union or merge with a credit union chartered in that state. Any federal  
3481 credit union or out-of-state federally-chartered credit union proposing  
3482 to merge with a Connecticut credit union shall comply with all federal  
3483 laws to effect the merger and shall file proof of such compliance with  
3484 the Commissioner of Banking and any additional information that the  
3485 Commissioner of Banking may require. Any out-of-state state-  
3486 chartered credit union proposing to merge with a Connecticut credit  
3487 union shall comply with all laws of its chartering state to effect the  
3488 merger and shall file proof of such compliance with the Commissioner  
3489 of Banking and any additional information that the Commissioner of  
3490 Banking may require.

3491 (1) The governing boards of the credit unions proposing to merge  
3492 shall (A) adopt by majority vote a plan of merger, which shall set forth  
3493 the name of each credit union proposing to merge and that of the  
3494 resulting credit union, and the terms and conditions of the proposed  
3495 merger, including the proposed field of membership of the resulting  
3496 credit union; (B) enter into a merger agreement; (C) file with the  
3497 Commissioner of Banking an application in accordance with  
3498 subdivision (2) of this subsection; and (D) in the case of a terminating  
3499 Connecticut credit union, submit the plan of merger to its members in  
3500 accordance with subdivision (3) of this subsection.

3501 (2) The credit unions proposing to merge shall file an application  
3502 with the Commissioner of Banking. Such application shall include (A)  
3503 the plan of merger and a copy of the minutes of each of the governing  
3504 boards adopting the plan of merger; (B) the merger agreement; (C) an  
3505 original proposed certificate of amendment to the resulting credit  
3506 union's certificate of incorporation and proposed amended bylaws, if  
3507 applicable; (D) financial statements of the merging credit unions and a  
3508 pro forma financial statement of the resulting institution; (E) in the  
3509 case of a terminating Connecticut credit union, a proposed written  
3510 notice to its members of the date, time and place of the meeting at  
3511 which its members shall vote on the plan of merger and a proposed  
3512 form of any ballot and proxy; (F) information addressing the  
3513 considerations required under subsection (b) of this section; and (G)  
3514 such additional information as the Commissioner of Banking may  
3515 require.

3516 (3) A terminating Connecticut credit union shall give written notice  
3517 of the date, time and place of the meeting at which its members shall  
3518 vote on the plan of merger. Such notice shall state that the purpose of  
3519 the meeting is to consider the plan of merger and contain or be  
3520 accompanied by a copy or summary of the plan. The notice shall be  
3521 hand-delivered or mailed to each member at such member's last-  
3522 known address as shown on the records of the credit union not less  
3523 than thirty nor more than fifty days prior to the date of the meeting.

3524 Unless waived by the Commissioner of Banking in accordance with  
3525 subdivision (2) of subsection (b) of this subsection, the affirmative vote  
3526 of two-thirds of the members of the terminating Connecticut credit  
3527 union voting on the plan of merger shall be required for approval of  
3528 the merger. The terminating Connecticut credit union shall file with  
3529 the Commissioner of Banking a verified statement that the merger has  
3530 been duly noticed and approved by its members in accordance with  
3531 this subdivision.

3532 (b) (1) The Commissioner of Banking shall not approve a merger  
3533 pursuant to this section unless the Commissioner of Banking considers  
3534 whether (A) the merging credit unions have engaged in any unsafe or  
3535 unsound practice during the one-year period preceding the date on  
3536 which the merger application is filed with the Commissioner of  
3537 Banking; (B) the resulting credit union will be adequately capitalized;  
3538 (C) the resulting credit union will have the managerial capability and  
3539 the financial resources to serve the proposed membership; (D) the  
3540 proposed merger will substantially lessen competition in the  
3541 Connecticut credit union industry; and (E) the proposed merger will  
3542 have a beneficial effect in meeting the convenience and needs of the  
3543 proposed membership.

3544 (2) The Commissioner of Banking may approve a merger pursuant  
3545 to this section without regard to field of membership or may waive the  
3546 membership vote if the Commissioner of Banking certifies in writing  
3547 that based on the information available to the Commissioner of  
3548 Banking, one or more of the Connecticut credit unions proposing to  
3549 merge are or will be in a doubtful or failing financial condition, other  
3550 alternatives to the merger are not reasonably available to protect the  
3551 credit unions' members and creditors, or an emergency requiring  
3552 expeditious action exists, which certification shall be attached to the  
3553 Commissioner of Banking's approval.

3554 (3) If the Commissioner of Banking is satisfied that the requirements  
3555 of this act have been complied with, the Commissioner of Banking

3556 shall issue an approval of the merger, which approval may contain  
3557 such terms and conditions as the Commissioner of Banking deems  
3558 necessary or appropriate. After approval of the merger by the  
3559 Commissioner of Banking, the resulting credit union shall file a copy  
3560 of the merger agreement, the plan of merger, the certificate of  
3561 amendment to its certificate of incorporation, if any, and the  
3562 Commissioner of Banking's approval in the office of the Secretary of  
3563 the State. Within ten days after such documents are filed with the  
3564 Secretary of the State, the resulting credit union shall file with the  
3565 Commissioner of Banking copies of such filed documents, and in the  
3566 case of a Connecticut credit union that is the resulting credit union, a  
3567 copy of its amended bylaws, if any. The merger shall become effective  
3568 on the first business day following the filing in the office of the  
3569 Secretary of the State.

3570 (c) Upon the effective date of the merger, (1) the corporate existence  
3571 of the parties to the merger shall be continued by and in the resulting  
3572 credit union; (2) the entire assets, business, good will and franchises of  
3573 each of the parties to the merger shall be vested in the resulting credit  
3574 union without any deed, endorsement or other instrument of transfer;  
3575 and (3) all of the debts, obligations and liabilities of the parties to the  
3576 merger shall be assumed by the resulting credit union.

3577 Sec. 68. (NEW) (*Effective October 1, 2002*) (a) A Connecticut credit  
3578 union that has been in existence and continuously operating for at least  
3579 five years may convert into a federal credit union upon the approval of  
3580 the conversion by the Commissioner of Banking as provided in this  
3581 section.

3582 (b) The Connecticut credit union proposing to convert shall file an  
3583 application with the Commissioner of Banking. Such application shall  
3584 include (A) a plan of conversion adopted by a majority vote of the  
3585 governing board and a copy of the governing board's resolution  
3586 adopting the plan of conversion, (B) a proposed written notice of the  
3587 date, time and place of a regular or special meeting of the members of

3588 the converting Connecticut credit union for the vote on the proposed  
3589 conversion, including a proposed form of any proxy and mail ballot,  
3590 (C) proof of compliance with all applicable federal laws to effect the  
3591 conversion, and (D) any additional information as the Commissioner  
3592 of Banking may require.

3593 (c) The converting Connecticut credit union shall give written notice  
3594 of the date, time and place of the meeting at which the plan of  
3595 conversion is to be considered, which notice shall be hand-delivered or  
3596 mailed to each member of the converting Connecticut credit union at  
3597 such member's last-known address as shown on the records of such  
3598 Connecticut credit union not less than thirty nor more than fifty days  
3599 prior to the date of the meeting.

3600 (d) Each member of the converting Connecticut credit union may  
3601 cast one vote on the proposed plan of conversion. The affirmative vote  
3602 of two-thirds of all the members voting, including those votes cast in  
3603 person and those ballots properly completed and received by the  
3604 credit union prior to the time of the meeting, shall be required for  
3605 approval of the proposed conversion. A statement of the results of the  
3606 vote, verified by the secretary of the meeting, shall be filed with the  
3607 Commissioner of Banking within ten days after the meeting.

3608 (e) The Commissioner of Banking shall approve a conversion under  
3609 this section if the Commissioner of Banking determines that the  
3610 converting credit union has complied with the requirements of this act.

3611 (f) Promptly after receipt of the Commissioner of Banking's  
3612 approval and in no event later than ninety days thereafter, the  
3613 converting Connecticut credit union shall take such action as may be  
3614 necessary under the applicable federal law to make it a federal credit  
3615 union. Within ten days after the converting Connecticut credit union  
3616 receives a federal credit union charter and a certificate of insurance,  
3617 such credit union shall file with the Commissioner of Banking a copy  
3618 of the federal charter and certificate of insurance.

3619 (g) The converting credit union shall, within ninety days after the  
3620 receipt of a charter as a federal credit union: (A) File with the Secretary  
3621 of the State a certificate, signed by any two officers under oath stating  
3622 that the credit union has converted to a federal credit union pursuant  
3623 to this section; (B) obtain from the Secretary of the State one or more  
3624 certified copies of the certificate and the Commissioner of Banking's  
3625 approval; and (C) record the certified copies in the office of the town  
3626 clerk of each town in this state where such credit union owns real  
3627 property.

3628 (h) The converted federal credit union possesses all of the rights,  
3629 privileges and powers granted to it by its federal charter, and all of the  
3630 assets, business and good will of the converting institution are  
3631 transferred to and vested in it without any deed or instrument of  
3632 conveyance provided the converting credit union may execute any  
3633 deed or instrument of conveyance as is convenient to confirm such  
3634 transfer. The converted credit union is subject to all of the duties,  
3635 relations, obligations, trusts and liabilities of the converting credit  
3636 union, whether as debtor, depository, registrar, transfer agent,  
3637 executor, administrator, trustee or otherwise, and is liable to pay and  
3638 discharge all such debts and liabilities, to perform all such duties and  
3639 to administer all such trusts in the same manner and to the same extent  
3640 as if the converted credit union had itself incurred the obligation or  
3641 liability or assumed the duty, relation or trust. All rights of creditors of  
3642 the converting credit union and all liens upon the property of such  
3643 institution are preserved unimpaired and the converted credit union is  
3644 entitled to receive, accept, collect, hold and enjoy any and all gifts,  
3645 bequests, devises, conveyances, trusts and appointments in favor of or  
3646 in the name of the converting credit union and whether made or  
3647 created to take effect prior to or after the conversion.

3648 Sec. 69. (NEW) (*Effective October 1, 2002*) (a) A federal credit union or  
3649 an out-of-state credit union may convert into a Connecticut credit  
3650 union by (1) complying with all federal requirements or requirements  
3651 of the chartering state for conversion; (2) filing with the Commissioner

3652 of Banking proof of such compliance; and (3) filing with the  
3653 Commissioner of Banking an application which shall include: (A) A  
3654 plan of conversion and a copy of the governing board's resolution  
3655 adopting the plan of conversion, (B) a three-year business plan,  
3656 including pro forma financial statements, (C) a copy of the proposed  
3657 certificate of incorporation signed by the proposed directors and a  
3658 copy of the proposed bylaws, (D) information addressing the  
3659 determinations contained in subsection (b) of this section, and (E) any  
3660 additional information as the Commissioner of Banking may require.

3661 (b) When the Commissioner of Banking has been satisfied that all of  
3662 the requirements of subsection (a) of this section, and all other  
3663 requirements of sections 34 to 73, inclusive, of this act, have been  
3664 complied with, and the Commissioner of Banking determines that (1)  
3665 the conversion would serve the economic needs of the proposed field  
3666 of membership and is in accordance with sound credit union practices,  
3667 (2) the converting credit union will have the managerial capacity and  
3668 the financial resources to serve the proposed membership group, and  
3669 (3) the converting credit union has adequate net worth to meet all  
3670 applicable regulatory requirements, the Commissioner of Banking  
3671 shall (A) issue an approval of the conversion, which may contain such  
3672 conditions as the Commissioner of Banking may require, and (B) issue  
3673 a certificate of authority to engage in the business of a Connecticut  
3674 credit union.

3675 (c) The converting credit union shall promptly file and record the  
3676 approval, its certificate of incorporation and the certificate of authority  
3677 with the Secretary of the State. Upon such filing and recording, the  
3678 federal credit union or out-of-state credit union shall become a  
3679 Connecticut credit union as of the date it ceases to be a federal credit  
3680 union or out-of-state credit union. A copy of the converting credit  
3681 union's certificate of incorporation and the certificate of authority,  
3682 certified by the Secretary of the State, shall be filed with the  
3683 Commissioner of Banking within ten days of the filing of such  
3684 documents.

3685 (d) The converted Connecticut credit union possesses all of the  
3686 rights, privileges and powers granted to it by its certificate of  
3687 incorporation, and all of the assets, business and good will of the  
3688 converting credit union are transferred to and vested in it without any  
3689 deed or instrument of conveyance provided the converting credit  
3690 union may execute any deed or instrument of conveyance as is  
3691 convenient to confirm such transfer. The converted credit union is  
3692 subject to all of the duties, relations, obligations, trusts and liabilities of  
3693 the converting credit union, whether as debtor, depository, registrar,  
3694 transfer agent, executor, administrator, trustee or otherwise, and is  
3695 liable to pay and discharge all such debts and liabilities, to perform all  
3696 such duties and to administer all such trusts in the same manner and  
3697 to the same extent as if the converted credit union had itself incurred  
3698 the obligation or liability or assumed the duty, relation or trust. All  
3699 rights of creditors of the converting credit union and all liens upon the  
3700 property of such credit union are preserved unimpaired and the  
3701 converted institution is entitled to receive, accept, collect, hold and  
3702 enjoy any and all gifts, bequests, devises, conveyances, trusts and  
3703 appointments in favor of or in the name of the converting credit union  
3704 and whether made or created to take effect prior to or after the  
3705 conversion.

3706 (e) Within ninety days of conversion, the Connecticut credit union  
3707 shall record a certificate, signed by any two officers stating that the  
3708 conversion is effective, in the office of the town clerk in each town in  
3709 this state where the Connecticut credit union owns real property.

3710 Sec. 70. (NEW) (*Effective October 1, 2002*) (a) (1) Any Connecticut  
3711 credit union or federal credit union may convert into a mutual savings  
3712 bank, a mutual savings and loan association, or a mutual community  
3713 bank, as defined in subsection (r) of section 36a-70 of the general  
3714 statutes, as amended, in accordance with the provisions of this section.

3715 (2) Any conversion of a federal credit union pursuant to this section  
3716 shall be authorized only if permitted by federal law and shall be

3717 subject to all requirements prescribed by federal law.

3718 (3) The converting credit union shall file with the commissioner: (A)  
3719 A proposed plan of conversion which shall include current financial  
3720 reports, current delinquent loan schedules, a combined financial report  
3721 if applicable, a proposed business plan, a three-year financial forecast  
3722 prepared by a certified public accounting firm or other professional  
3723 firm approved by the commissioner, analyses of the regulatory effect  
3724 of the conversion brought about by a change in the regulator, a method  
3725 and schedule for terminating any nonconforming activities that would  
3726 result from such conversion; (B) a copy of the proposed certificate of  
3727 incorporation and proposed bylaws; and (C) a certificate by the  
3728 secretary of the converting credit union that the proposed conversion  
3729 has been approved by the governing board and the members, in  
3730 accordance with subdivision (4) of this subsection in the case of a  
3731 converting Connecticut credit union, and in accordance with federal  
3732 law in the case of a converting federal credit union.

3733 (4) In the case of a converting Connecticut credit union, the plan of  
3734 conversion shall require the approval of a majority of the governing  
3735 board. After approving the plan of conversion, the governing board of  
3736 the converting Connecticut credit union shall establish the date and  
3737 time of a regular or special meeting of members for vote on the  
3738 proposal. Written notice of the meeting at which the proposal is to be  
3739 considered together with a mail ballot and a disclosure statement shall  
3740 be hand-delivered or mailed to each member, at such member's last-  
3741 known address as shown on the records of the converting Connecticut  
3742 credit union, not more than thirty days nor less than fourteen days  
3743 prior to the date of the meeting. The notice, disclosure statement and  
3744 mail ballot shall comply with the requirements of Appendix A to 12  
3745 CFR Part 708a, as from time to time amended, and shall be submitted  
3746 to the commissioner for approval prior to distribution to members.  
3747 Each member of the converting Connecticut credit union may cast one  
3748 vote on the proposal. The affirmative vote of two-thirds of all the  
3749 members voting, including those votes cast in person and those ballots

3750 properly completed and received by the converting Connecticut credit  
3751 union prior to the time of the meeting, shall be required for approval  
3752 of the conversion.

3753 (b) The commissioner shall not approve the conversion unless the  
3754 commissioner makes the considerations, determinations and findings  
3755 required by subsections (c), (d) and (e) of this section.

3756 (c) The commissioner shall not approve the conversion unless the  
3757 commissioner considers the following factors: (1) The population of  
3758 the area to be served by the proposed mutual Connecticut bank; (2) the  
3759 adequacy of existing banking facilities in the area to be served by the  
3760 proposed mutual Connecticut bank; and (3) the character and  
3761 experience of the proposed directors and officers.

3762 (d) The commissioner shall not approve the conversion unless the  
3763 commissioner determines that: (1) The converting credit union has  
3764 complied with all applicable provisions of law; (2) the converting  
3765 credit union has equity capital at least equal to the minimum equity  
3766 capital required for the organization of the type of mutual Connecticut  
3767 bank to which it is converting; (3) the proposed conversion will serve  
3768 the public necessity and convenience; (4) conditions in the locality in  
3769 which the proposed mutual Connecticut bank will transact business  
3770 afford reasonable promise of successful operation; and (5) the  
3771 proposed directors and executive officers possess capacity and fitness  
3772 for the duties and responsibilities with which they will be charged. If  
3773 the commissioner cannot make such determination with respect to any  
3774 such proposed director or proposed executive officer, the  
3775 commissioner may refuse to allow such proposed director or proposed  
3776 executive officer to serve in such capacity in the proposed mutual  
3777 Connecticut bank. As used in this subsection, "executive officer" means  
3778 every officer of the proposed mutual Connecticut bank who  
3779 participates or has authority to participate, other than in the capacity of  
3780 a director, in major policy-making functions of the proposed mutual  
3781 Connecticut bank, regardless of whether such officer has an official

3782 title or whether such officer's title contains a designation of assistant or  
3783 whether such officer serves without salary or other compensation. The  
3784 vice president, the chief financial officer, secretary and treasurer of the  
3785 proposed mutual Connecticut bank are presumed to be executive  
3786 officers, unless, by resolution of the governing board or by the  
3787 proposed mutual Connecticut bank's bylaws, any such officer is  
3788 excluded from participation in major policy-making functions, other  
3789 than in the capacity of a director of the proposed mutual Connecticut  
3790 bank, and such officer does not actually participate in major policy-  
3791 making functions.

3792 (e) The commissioner shall not approve the conversion unless the  
3793 commissioner finds that the proposed mutual Connecticut bank will  
3794 provide adequate services to meet the banking needs of all community  
3795 residents, including low-income residents and moderate-income  
3796 residents in accordance with a plan submitted by the converting credit  
3797 union to the commissioner, in such form and containing such  
3798 information as the commissioner may require. Upon receiving any  
3799 such plan, the commissioner shall make the plan available for public  
3800 inspection and comment at the Department of Banking and cause  
3801 notice of its submission and availability for inspection and comment to  
3802 be published in the department's weekly bulletin. With the  
3803 concurrence of the commissioner, the converting credit union shall  
3804 publish, in the form of a legal advertisement in a newspaper having a  
3805 substantial circulation in the area, notice of such plan's submission and  
3806 availability for public inspection and comment. The notice shall state  
3807 that the inspection and comment period will last for a period of thirty  
3808 days from the date of publication. The commissioner shall not make  
3809 such finding until the expiration of such thirty-day period. In making  
3810 such finding, the commissioner shall consider, among other factors,  
3811 whether the plan identifies specific unmet credit and consumer  
3812 banking needs in the local community and specifies how such needs  
3813 will be satisfied, provides for sufficient distribution of banking services  
3814 among branches or satellite devices, or both, located in low-income  
3815 neighborhoods, contains adequate assurances that banking services

3816 will be offered on a nondiscriminatory basis and demonstrates a  
3817 commitment to extend credit for housing, small business and  
3818 consumer purposes in low-income neighborhoods.

3819 (f) If the conversion is approved by the commissioner and the  
3820 commissioner receives notification from the converting credit union  
3821 that all approvals required under federal law, including approvals  
3822 needed for deposit insurance by the Federal Deposit Insurance  
3823 Corporation or its successor agency have been obtained and that any  
3824 waiting period prescribed by federal law has expired, a certificate of  
3825 authority to commence business shall be issued by the commissioner.  
3826 After receipt of the certificate of authority, the converting credit union  
3827 shall promptly file such certificate of authority and its certificate of  
3828 incorporation with the Secretary of the State and with the town clerk of  
3829 the town in which its principal office is located. Upon such filing, the  
3830 license of the converting credit union shall automatically lapse and the  
3831 converting credit union shall cease to be a credit union and shall  
3832 become a mutual savings bank, mutual savings and loan association or  
3833 mutual community bank, as the case may be. Upon such conversion,  
3834 the converted mutual Connecticut bank shall possess all of the rights,  
3835 privileges and powers granted to it by its certificate of incorporation  
3836 and by the provisions of the general statutes applicable to the type of  
3837 institution into which it converted, and all of the assets and business of  
3838 the converting credit union shall be transferred to and vested in it  
3839 without any deed or instrument of conveyance, provided the  
3840 converting credit union may execute any deed or instrument of  
3841 conveyance as is convenient to confirm such transfer. The converted  
3842 mutual Connecticut bank shall be subject to all of the duties, relations,  
3843 obligations and liabilities of the converting credit union, whether as  
3844 debtor, depository or otherwise, and shall be liable to pay and  
3845 discharge all such debts and liabilities, to perform all such duties in the  
3846 same manner and to the same extent as if the converted mutual  
3847 Connecticut bank had itself incurred the obligation or liability or  
3848 assumed the duty or relation. All rights of creditors of the converting  
3849 credit union and all liens upon the property of such credit union shall

3850 be preserved unimpaired and the converted mutual Connecticut bank  
3851 shall be entitled to receive, accept, collect, hold and enjoy any and all  
3852 gifts, bequests, devises, conveyances and appointments in favor of or  
3853 in the name of the converting credit union and whether made or  
3854 created to take effect prior to or after the conversion.

3855 (g) Within ninety days after the conversion, the converted mutual  
3856 Connecticut bank shall record a certificate, signed by the secretary and  
3857 stating that the conversion is effective, in the office of the town clerk in  
3858 each town in this state where the converted mutual Connecticut bank  
3859 owns real property.

3860 (h) The converted mutual Connecticut bank may not exercise any of  
3861 the fiduciary powers granted to Connecticut banks by law until  
3862 express authority therefor has been given by the commissioner.

3863 (i) The converted mutual Connecticut bank may not convert to a  
3864 capital stock bank for a period of three years following the date of the  
3865 conversion from a Connecticut credit union or federal credit union to a  
3866 mutual savings bank, mutual savings and loan association or mutual  
3867 community bank, as the case may be.

3868 Sec. 71. (NEW) (*Effective October 1, 2002*) (a) A Connecticut credit  
3869 union may terminate its corporate existence and be dissolved in  
3870 accordance with a plan of dissolution as provided in this section.

3871 (b) Within three days after a majority of the governing board has  
3872 adopted a plan of dissolution of the Connecticut credit union, the  
3873 governing board shall file with the Commissioner of Banking a copy of  
3874 such plan of dissolution, attested by the chairman or vice chairman  
3875 and the secretary or treasurer, and inform the Commissioner of  
3876 Banking of the date on which the plan will be voted on by the  
3877 members of the Connecticut credit union. The plan of dissolution shall  
3878 be approved at an annual or special meeting of the members. Written  
3879 notice of the date, time and place of the meeting at which the plan of  
3880 dissolution is to be considered shall be hand-delivered or mailed to

3881 each member at such member's last-known address as shown on the  
3882 records of the Connecticut credit union, not more than thirty nor less  
3883 than seven days prior to the date of the vote. The written notice shall  
3884 clearly describe the plan and the reasons for the plan and shall notify  
3885 the member of such member's right to vote on the plan in person, by  
3886 proxy or by mail ballot, and shall have an official form of proxy or mail  
3887 ballot attached. The affirmative vote of two-thirds of those members  
3888 voting shall be required to approve the proposal. Upon receipt of the  
3889 filing, the Commissioner of Banking may by order appoint the  
3890 National Credit Union Administration or its successor agency to act as  
3891 liquidating agent.

3892 (c) Within three days after the members of such Connecticut credit  
3893 union have voted on the plan of dissolution, the Connecticut credit  
3894 union shall file with the Commissioner of Banking a statement of the  
3895 results of the vote, certified by the secretary of the credit union. The  
3896 statement shall state the number of members who voted on the plan  
3897 and the number of members who voted in favor of adopting such plan.

3898 (d) On receipt of the statement, the Commissioner of Banking shall:

3899 (1) Take possession of the property and business of the Connecticut  
3900 credit union; or

3901 (2) Notify the liquidating agent, if one is appointed as provided in  
3902 subsection (b) of this section, to take possession of the property and  
3903 business of the Connecticut credit union; or

3904 (3) Apply to the superior court for the judicial district of Hartford  
3905 for the appointment of a receiver for the Connecticut credit union. The  
3906 court may appoint the receiver after reasonable notice to the  
3907 Connecticut credit union.

3908 (e) The Commissioner of Banking may seek the appointment of a  
3909 conservator or receiver for any Connecticut credit union, in accordance  
3910 with section 36a-220 of the general statutes, as amended by this act, if

3911 the Commissioner of Banking certifies, in writing, that no other  
3912 reasonable alternatives are available to protect the members and  
3913 creditors of such Connecticut credit union and, it appears that:

3914 (1) The Connecticut credit union, through insolvency, repeated  
3915 gross mismanagement or repeated neglect in the conduct of its  
3916 operations, is no longer able to carry out the purposes for which it was  
3917 formed;

3918 (2) The Connecticut credit union has abandoned its activities and is  
3919 no longer functioning as a Connecticut credit union and termination  
3920 cannot be accomplished by any other means; or

3921 (3) Any reason specified in subsection (a) of section 36a-220 of the  
3922 general statutes, as amended by this act, exists.

3923 Sec. 72. (NEW) (*Effective October 1, 2002*) The Commissioner of  
3924 Banking may adopt such regulations in accordance with the provisions  
3925 of chapter 54 of the general statutes and make such findings, consistent  
3926 with sections 34 to 73, inclusive, of this act, as may be necessary for the  
3927 conduct of Connecticut credit unions and the enforcement of the  
3928 provisions of said sections. The commissioner may adopt regulations  
3929 in accordance with the provisions of chapter 54 of the general statutes  
3930 to establish rates to be paid as dividends on shares having an agreed  
3931 maturity subject to the conditions in section 56 of this act.

3932 Sec. 73. (NEW) (*Effective October 1, 2002*) Nothing in sections 34 to  
3933 73, inclusive, of this act, shall be construed to exempt Connecticut  
3934 credit unions organized under said sections 34 to 73, inclusive, from  
3935 taxation under the provisions of chapter 208 of the general statutes.

3936 Sec. 74. Subsection (b) of section 36a-24a of the general statutes is  
3937 repealed and the following is substituted in lieu thereof (*Effective*  
3938 *October 1, 2002*):

3939 (b) From May 12, 1999, to July 1, 2000, if the Commissioner of  
3940 Banking finds that it is not reasonably possible for a depository

3941 institution to avoid, or to effectively protect itself against, a failure of  
3942 one or more of the critical functions of an information system because  
3943 (1) the depository institution has failed to develop adequate testing  
3944 plans to resolve any date change problems related to the years 1999  
3945 and 2000, (2) the depository institution has failed to develop adequate  
3946 contingency plans to ensure the ability of such depository institution to  
3947 conduct business in the event of a failure of one or more of such critical  
3948 functions, or (3) the implementation of adequate testing plans with  
3949 respect to such information system has resulted in a failure of one or  
3950 more of such critical functions and the depository institution has failed  
3951 to develop adequate contingency plans to address such failure, the  
3952 commissioner may seek any applicable remedy provided under  
3953 sections 36a-50, as amended, 36a-52, as amended, 36a-53 as amended  
3954 by this act, and 36a-220, as amended by this act, and subsection (e) of  
3955 section [36a-464] 71 of this act, provided the limitations set forth in  
3956 subdivisions (2) and (3) of subsection (c) of section 36a-53, as amended  
3957 by this act, do not apply to any action taken by the commissioner  
3958 pursuant to this section. Any finding made by the commissioner  
3959 pursuant to this section shall be considered a violation of this section  
3960 for the purposes of sections 36a-50, as amended, 36a-52, as amended,  
3961 and 36a-53, as amended by this act.

3962 Sec. 75. Subparagraph (J) of subdivision (1) of subsection (d) of  
3963 section 36a-65 of the general statutes, as amended by section 1 of  
3964 public act 01-183, is repealed and the following is substituted in lieu  
3965 thereof (*Effective October 1, 2002*):

3966 (J) Conversions under (i) sections 36a-135 to 36a-138, inclusive, five  
3967 thousand dollars; (ii) sections [36a-469a] 70 of this act, 36a-252, as  
3968 amended, and 36a-252a, as amended, two thousand five hundred  
3969 dollars; and (iii) section 10 of [this act] public act 01-183, fifteen  
3970 thousand dollars.

3971 Sec. 76. Subdivision (18) of section 36a-316 of the general statutes, as  
3972 amended by section 3 of public act 01-6, is repealed and the following

3973 is substituted in lieu thereof (*Effective October 1, 2002*):

3974 (18) "Time account" means (A) a deposit account with a maturity of  
3975 at least seven days in which the depositor generally does not have a  
3976 right to make withdrawals for six days after the account is opened,  
3977 unless the deposit is subject to an early withdrawal penalty of at least  
3978 seven days' interest on amounts withdrawn, and (B) a Connecticut  
3979 credit union member's payment on shares which such member agrees  
3980 in writing not to withdraw within the time period stated therein as  
3981 described in subsection (f) of section [36a-446] 54 of this act.

3982 Sec. 77. Subsection (a) of section 36a-265 of the general statutes is  
3983 repealed and the following is substituted in lieu thereof (*Effective*  
3984 *October 1, 2002*):

3985 (a) (1) "Mortgage loan" means a loan secured by a first mortgage on  
3986 one, two, three or four family, owner-occupied residential real  
3987 property;

3988 (2) "Standard mortgage loan" means a mortgage loan authorized by  
3989 section 36a-261 or section [36a-442] 58 of this act for the Connecticut  
3990 bank or Connecticut credit union making such loan;

3991 (3) "Alternative mortgage loan" means a mortgage loan which is a  
3992 reverse annuity mortgage loan or graduated payment mortgage loan,  
3993 other than a standard mortgage loan;

3994 (4) "Reverse annuity mortgage loan" means a mortgage loan in  
3995 which loan proceeds are advanced to the mortgagors, in installments,  
3996 either directly or indirectly, and which together with unpaid interest, if  
3997 any, is to be repaid in accordance with subdivision (2) of subsection (e)  
3998 of this section; and

3999 (5) "Graduated payment mortgage loan" means a mortgage loan,  
4000 other than a standard mortgage loan, in which principal and interest  
4001 payments, if any, and the making of additional advances, if any, are  
4002 designed to reflect the prospective increasing or decreasing income of

4003 the mortgagor.

4004 Sec. 78. Subsection (a) of section 51-344a of the general statutes is  
4005 repealed and the following is substituted in lieu thereof (*Effective*  
4006 *October 1, 2002*):

4007 (a) Whenever the term "judicial district of Hartford-New Britain" or  
4008 "judicial district of Hartford-New Britain at Hartford" is used or  
4009 referred to in the following sections of the general statutes, it shall be  
4010 deemed to mean or refer to the judicial district of Hartford on and after  
4011 September 1, 1998: Sections 1-205, 1-206, 2-48, 3-21a, 3-62d, 3-70a, 3-  
4012 71a, 4-61, 4-160, 4-164, 4-177b, 4-180, 4-183, 4-197, 5-202, 5-276a, as  
4013 amended, 8-30g, 9-7a, 9-7b, as amended, 9-369b, as amended, 10-153e,  
4014 12-208, 12-237, 12-268l, 12-312, 12-330m, 12-405k, 12-422, 12-448, 12-454,  
4015 12-456, 12-463, 12-489, 12-522, 12-554, 12-565, 12-572, 12-586f, 12-597,  
4016 12-730, 13b-34, 13b-235, 13b-315, 13b-375, 14-57, 14-66, 14-67u, 14-110,  
4017 14-195, 14-311, 14-311c, 14-324, 14-331, 15-125, 15-126, 16-41, 16a-5, 17b-  
4018 60, 17b-64, 17b-100, 17b-238, 17b-531, 19a-85, 19a-86, 19a-123d, 19a-425,  
4019 19a-498, as amended, 19a-517, 19a-526, 19a-633, 20-12f, 20-13e, 20-29,  
4020 20-40, 20-45, 20-59, 20-73a, 20-86f, 20-99, 20-114, 20-133, 20-154, 20-156,  
4021 20-162p, 20-192, 20-195p, 20-202, 20-206c, 20-227, 20-238, 20-247, 20-263,  
4022 as amended, 20-271, as amended, 20-307, 20-341f, 20-363, 20-373, 20-  
4023 404, 20-414, 21a-55, 21a-190i, 21a-196, 22-7, 22-37, 22-64, 22-195, 22-228,  
4024 22-248, 22-254, 22-320d, 22-326a, 22-344b, 22-386, 22a-6b, 22a-7, 22a-16,  
4025 22a-30, 22a-34, 22a-53, 22a-60, 22a-62, 22a-63, as amended, 22a-66h,  
4026 22a-106a, 22a-119, 22a-163m, 22a-167, 22a-180, 22a-182a, 22a-184, 22a-  
4027 220a, 22a-220d, 22a-225, 22a-226, 22a-226c, 22a-227, 22a-250, 22a-255l,  
4028 22a-276, 22a-285a, 22a-285g, 22a-285j, 22a-310, 22a-342a, 22a-344, 22a-  
4029 361a, 22a-374, 22a-376, 22a-408, 22a-430, 22a-432, 22a-438, 22a-449f, 22a-  
4030 449g, 22a-459, 23-5e, 23-65m, 25-32e, as amended, 25-36, as amended,  
4031 28-5, 29-158, 29-161b, 29-317, 29-323, 29-329, 29-334, 29-340, 29-369, 30-  
4032 8, 31-109, 31-249b, 31-266, 31-266a, 31-270, 31-273, 31-284, 31-285, 31-  
4033 339, 31-355a, 31-379, 35-3c, 35-42, 36a-186, 36a-187, [36a-462, 36a-467]  
4034 72 of this act, 36a-494, 36a-517, 36a-587, 36a-647, 36a-684, 36a-718, as  
4035 amended, 36a-807, 36b-26, 36b-27, 36b-30, 36b-50, 36b-71, 36b-72, as

4036 amended, 36b-74, 36b-76, 38a-41, 38a-52, 38a-134, 38a-139, 38a-140, 38a-  
4037 147, 38a-150, 38a-185, 38a-209, 38a-225, 38a-226b, 38a-241, 38a-337, 38a-  
4038 470, 38a-620, 38a-657, 38a-687, as amended, 38a-774, 38a-776, 38a-817,  
4039 38a-843, 38a-868, 38a-906, 38a-994, 42-103c, 42-110d, 42-110k, 42-110p,  
4040 42-182, 46a-5, 46a-56, 46a-100, 47a-21, 49-73, 51-44a, as amended, 51-  
4041 81b, 51-194, 52-146j, 53-392d and 54-211a.

4042 Sec. 79. Subdivision (2) of section 2 of public act 01-9 is repealed and  
4043 the following is substituted in lieu thereof (*Effective October 1, 2002*):

4044 (2) "Community credit union" means a Connecticut credit union that  
4045 has ten million dollars or more in total assets and the membership of  
4046 which is limited to persons within a well-defined [local] community,  
4047 neighborhood or rural district as provided in subsection (a) of section  
4048 [36a-438] 39 of this act.

4049 Sec. 80. Subsection (a) of section 3 of public act 01-9 is repealed and  
4050 the following is substituted in lieu thereof (*Effective October 1, 2002*):

4051 (a) Each community credit union shall satisfy its continuing and  
4052 affirmative obligation to help meet the credit needs of its [local]  
4053 community, including low-income and moderate-income  
4054 neighborhoods, consistent with the safe and sound operation of such  
4055 community credit union.

4056 Sec. 81. Section 6 of public act 01-9 is repealed and the following is  
4057 substituted in lieu thereof (*Effective October 1, 2002*):

4058 The Commissioner of Banking may consider the community  
4059 reinvestment performance of a community credit union in connection  
4060 with (1) an approval of an amendment to the certificate of  
4061 [organization] incorporation pursuant to subsection (g) of section [36a-  
4062 437 in connection with the establishment or change of location of an  
4063 office or change in the field of membership] 38 of this act; (2) an  
4064 approval of an expansion of its field of membership pursuant to  
4065 subsection [(d)] (c) of section [36a-438] 39 of this act; and (3) an

4066 approval of a merger pursuant to section [36a-470] 67 of this act. The  
4067 commissioner may withhold approval of or condition an issuance of  
4068 approval of such amendment, expansion or merger pursuant to this  
4069 section.

4070 Sec. 82. (*Effective October 1, 2002*) Sections 36a-435 to 36a-475,  
4071 inclusive, of the general statutes are repealed.

This act shall take effect as follows:	
Section 1	<i>October 1, 2002</i>
Sec. 2	<i>October 1, 2002</i>
Sec. 3	<i>October 1, 2002</i>
Sec. 4	<i>October 1, 2002</i>
Sec. 5	<i>October 1, 2002</i>
Sec. 6	<i>October 1, 2002</i>
Sec. 7	<i>October 1, 2002</i>
Sec. 8	<i>October 1, 2002</i>
Sec. 9	<i>October 1, 2002</i>
Sec. 10	<i>October 1, 2002</i>
Sec. 11	<i>October 1, 2002</i>
Sec. 12	<i>October 1, 2002</i>
Sec. 13	<i>October 1, 2002</i>
Sec. 14	<i>October 1, 2002</i>
Sec. 15	<i>October 1, 2002</i>
Sec. 16	<i>October 1, 2002</i>
Sec. 17	<i>October 1, 2002</i>
Sec. 18	<i>October 1, 2002</i>
Sec. 19	<i>October 1, 2002</i>
Sec. 20	<i>October 1, 2002</i>
Sec. 21	<i>October 1, 2002</i>
Sec. 22	<i>October 1, 2002</i>
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Sec. 24	<i>October 1, 2002</i>
Sec. 25	<i>October 1, 2002</i>
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Sec. 70	<i>October 1, 2002</i>
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Sec. 78	<i>October 1, 2002</i>
Sec. 79	<i>October 1, 2002</i>
Sec. 80	<i>October 1, 2002</i>
Sec. 81	<i>October 1, 2002</i>
Sec. 82	<i>October 1, 2002</i>

**Statement of Purpose:**

To update the statutory scheme governing the organization and supervision of Connecticut credit unions and transactions involving federal and out-of-state credit unions.

*[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.]*