



House Bill No. 6833

Public Act No. 05-28

***AN ACT CONCERNING CHECK CASHING AND WIRE TRANSFERS
BY CREDIT UNIONS.***

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

Section 1. Section 36a-455a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2005*):

A Connecticut credit union may:

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

(2) (A) Issue shares to its members and receive payments on shares from its members and from those nonmembers specified in subsection (e) of section 36a-456a, subject to the provisions of sections 36a-290 to 36a-297, inclusive, 36a-330 to 36a-338, inclusive, and section 36a-456a, (B) receive deposits of members and nonmembers subject to provisions of sections 36a-456a and 36a-456b, (C) reduce the amount of its member and nonmember shares and deposits, [and] (D) expel

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members and cancel shares in accordance with section 36a-439a, and (E) provide check cashing and wire and electronic transfer services to nonmembers who are within such credit union's field of membership;

(3) Make and use its best efforts to make secured and unsecured extensions of credit to its members in accordance with section 36a-265 and sections 36a-457a, 36a-457b and 36a-458a;

(4) Invest its funds in accordance with section 36a-459a;

(5) Declare and pay dividends in accordance with sections 36a-441a and 36a-456c, and pay interest refunds to borrowers;

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

(7) Borrow money to an amount not exceeding fifty per cent of the total assets of the Connecticut credit union provided the credit union

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shall give prior notice to the commissioner in writing of its intention to borrow amounts in excess of thirty-five per cent of its total assets;

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

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

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

(11) With the prior approval of the commissioner, exercise fiduciary powers;

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

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

(14) Act as agent (A) in the collection of taxes for any qualified treasurer of any taxing district or qualified collector of taxes, or (B) for any electric, electric distribution, gas, water or telephone company operating within this state in receiving moneys due such company for

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utility services furnished by it;

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

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

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

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(18) Subject to the provisions of section 36a-455b, sell, pledge or assign any or all of its outstanding extensions of credit to any other lending institution, credit union service organization or quasi-governmental entity and any government-sponsored enterprise, and act as collecting, remitting and servicing agent in connection with any such extension of credit and charge for its acts as agent. Any such credit union may purchase the minimum amount of capital stock of such entity or enterprise if required by that entity or enterprise to be purchased in connection with the sale, pledge or assignment of extensions of credit to that entity or enterprise and may hold and dispose of such stock, provided that with respect to purchases of stock of a credit union service organization, the Connecticut credit union shall not exceed the limitations of section 36a-459a. A Connecticut credit union may purchase one or more outstanding extensions of credit from any other lending institution and any federally-recognized Native American tribe, provided there exists a formal written agreement with tribal government to permit the credit union to service and collect on such extensions of credit;

(19) Subject to the provisions of section 36a-455b, sell a participating interest in any or all of its outstanding extensions of credit to and purchase a participating interest in any or all of the outstanding extensions of credit of any financial institution or credit union service organization pursuant to an appropriate written participation and servicing agreement to be signed by all parties involved in such transaction;

(20) With the approval of the commissioner, join the Federal Home Loan Bank System and borrow funds as provided under federal law;

(21) Subject to the provisions of section 36a-455b, sell all or part of its assets, other than extensions of credit, to other lending institutions, purchase all or part of the assets, other than extensions of credit, of other lending institutions, and assume all or part of the shares and the

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liabilities of any other credit union or out-of-state credit union;

(22) With the prior written approval of the commissioner, engage in closely related activities, unless the commissioner determines that any such activity shall be conducted by a credit union service organization of the Connecticut credit union, utilizing such organizational, structural or other safeguards as the commissioner may require, in order to protect the Connecticut credit union from exposure to loss. As used in this subdivision, "closely related activities" means those activities that are closely related, convenient and necessary to the business of a Connecticut credit union, are reasonably related to the operation of a Connecticut credit union or are financial in nature including, but not limited to, business and professional services, data processing, courier and messenger services, credit-related activities, consumer services, services related to real estate, financial consulting, tax planning and preparation, community development activities, or any activities reasonably related to such activities;

(23) With the approval of the commissioner, engage in any activity that a federal credit union or out-of-state credit union may be authorized to engage in under state or federal law. The application for such approval shall be in writing and shall include a description of the activity, a description of the financial impact of the activity on the Connecticut credit union, citation of the legal authority to engage in the activity under state or federal law, a description of any limitations or restrictions imposed on such activity under state or federal law, and any other information that the commissioner may require. The commissioner shall approve or disapprove such activity not later than thirty days after the application filed is complete. The commissioner may impose any limitations or conditions to ensure that any such activity is conducted in a safe and sound manner with adequate consumer protections. The provisions of this subdivision do not authorize a Connecticut credit union or a Connecticut credit union

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service organization to sell title insurance.

Approved May 9, 2005