



Substitute House Bill No. 5003

Public Act No. 07-2

AN ACT REQUIRING NOTICE OF IMPOSITION OF DORMANCY FEES ON INACTIVE DEPOSIT ACCOUNTS.

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

Section 1. Section 36a-318 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2007*):

(a) Except as provided in subsection (c) of this section, prior to opening a new deposit account for any depositor or prospective depositor: (1) Each financial institution shall deliver to such depositor or prospective depositor in written form which the depositor can keep a copy of (A) the deposit contract, (B) a listing of deposit account charges and the conditions under which such charges will be imposed including, but not limited to, failure to maintain a minimum balance, and (C) if such account is a time account, deposit account disclosures that govern such account; and (2) each financial institution, other than a Connecticut credit union or federal credit union, shall deliver to each depositor or prospective depositor deposit account disclosures that govern such account if such account is a savings account.

(b) The deposit account disclosures and listing of deposit account charges may be contained in more than one document and may be combined with disclosures, fees and contract terms for other accounts

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as long as the deposit account disclosures and deposit account charges are disclosed clearly and conspicuously and it is clear which deposit account disclosures and deposit account charges are applicable to the types of deposit accounts maintained by the depositor.

(c) If all or any part of a maturing or otherwise expiring time account is automatically deposited by renewal, roll-over or otherwise in a new deposit account within thirty days after expiration, the provisions of subsection (a) of this section shall not apply to such new account, except that if the annual percentage yield on such new account is lower than the annual percentage yield on the expiring account, and the maturing time account has a term to maturity of longer than thirty-one days, the financial institution shall deliver to the depositor the notice as required by this subsection. Such notice shall be delivered at least thirty calendar days before the maturity of the existing time account. Alternatively, such notice may be delivered at least twenty calendar days before the end of the grace period on the existing account, provided a grace period of at least five calendar days is allowed. For purposes of this subsection, a grace period means a period following the maturity of an automatically renewing time account during which the depositor may withdraw funds without being assessed a penalty. The notice shall recite the deposit account disclosures and deposit account charges, including the conditions under which such charges will be imposed, applicable to the new account, along with the date the existing account matures and the new maturity date if the account is renewed; provided if the interest rate and annual percentage yield that will be paid for the new account are unknown when the notice is provided, the notice shall state that those rates have not yet been determined, the date when they will be determined and a telephone number the depositor may call to obtain the interest rate and the annual percentage yield that will be paid for the new account. Notwithstanding any provisions of the general statutes to the contrary, if the term to maturity of the maturing time

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account is one year or less but longer than thirty-one days, the notice is not required to contain the information recited in this subsection other than (1) the date the existing account matures and the new maturity date if the account is renewed; (2) the interest rate and the annual percentage yield if they are known, or if the rates have not yet been determined, the date they will be determined and a telephone number the depositor may call to obtain the interest rate and the annual percentage yield that will be paid for the new account; and (3) any difference in the terms of the new account compared to the deposit account disclosures and deposit account charges governing the existing account.

(d) Except for deposit accounts for which a financial institution sends periodic statements, each financial institution that has a policy of imposing dormancy fees in connection with inactive deposit accounts shall, not less than fifteen days prior to the date the institution may impose a dormancy fee, mail a notice to the depositor. The notice shall be printed in capital letters in no less than twelve-point boldface type and shall state that the account will become inactive and that a dormancy fee may be imposed by the financial institution as a result of such inactivity. Such notice shall be mailed to the last-known mailing address maintained by the institution for the deposit account.

Approved April 25, 2007