

# Legal Assistance Resource Center

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### S.B. 617 -- Community Reinvestment Act

Banks Committee public hearing -- February 24, 2009  
Testimony of Raphael L. Podolsky

Recommended Committee action: DELETION OF SECTION 2

Section 2, which amends the state Community Reinvestment Act (CRA), appears effectively to make it unnecessary for the Banking Commissioner to condition mergers and acquisitions of state financial institutions on the requirement that the institution submit a CRA plan and subject it to a public review process. The CRA works, to a significant extent, by using the Banking Commissioner's approval powers to leverage a greater focus by banks on serving low and moderate income communities. Existing law waives the submission of a CRA plan for mergers only if the bank has received an "outstanding" rating in its last CRA review. This bill waives it for both "outstanding" and "satisfactory" ratings. According to the Banking Department's web site,<sup>1</sup> which lists 45 rated financial institutions, there are no Connecticut banks or credit unions with ratings other than "outstanding" or "satisfactory," i.e., there is not even one Connecticut financial institution with a ranking that reflects a "need to improve" (or "substantial noncompliance). Nine state financial institutions had ratings of "outstanding" and 36 had ratings of "satisfactory." Thus, the practical effect of Section 2 seems to be substantially to eliminate the need for any financial institution to file a CRA plan as a condition of obtaining a merger approval from the Banking Commissioner and substantially to eliminate the public comment process related to review of the plan.

The Banks Committee should delete Section 2 from the bill or, in the alternative, should change "a satisfactory or better rating" to "an outstanding rating" in line 12 of the bill.

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<sup>1</sup>Bank ratings are at [www.ct.gov/dob/cwp/view.asp?a=2227&q=296950](http://www.ct.gov/dob/cwp/view.asp?a=2227&q=296950). Credit union ratings are at [www.ct.gov/dob/cwp/view.asp?a=2237&q=308336](http://www.ct.gov/dob/cwp/view.asp?a=2237&q=308336).