House of Representatives

General Assembly

File No. 211

February Session, 2010

House Bill No. 5048

House of Representatives, March 30, 2010

The Committee on Banks reported through REP. BARRY of the 12th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING SECURED AND UNSECURED LENDING.

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

Section 1. Subdivision (21) of subsection (a) of section 36a-250 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2010*):

(21) Make secured and unsecured loans and issue letters of credit, **[**as authorized by and subject to section 36a-260**]** <u>except as otherwise expressly limited by sections 36a-261 to 36a-265, inclusive</u>.

Sec. 2. Section 36a-260 of the general statutes is repealed. (*Effective October 1, 2010*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	*October 1, 2010*	36a-250(a)(21)
Sec. 2	*October 1, 2010*	Repealer section

BA *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

There is no fiscal impact to the Department of Banking due to eliminating the requirement for banks that make secured and unsecured loans to annually adopt loan and loan review policies.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis
HB 5048

AN ACT CONCERNING SECURED AND UNSECURED LENDING.

SUMMARY:

This bill eliminates the requirement for banks that make secured and unsecured loans to annually adopt loan and loan review policies. Banks continue to be subject to any existing statutory limitations in making these loans.

Under current law, the loan policy must include (1) the application and approval process; (2) the types of loans offered, including underwriting guidelines and collateral requirements; (3) title review and insurance requirements; and (4) an evaluation and appraisal process. The bank's governing board must also develop reasonable internal controls to ensure compliance with its policy.

Also under current law, the loan review policy must establish standards to determine which loans are included in the review and ensure their compliance with the loan policy. The bank's governing board, or a committee it designates, must semiannually assess loan review policies, and the banking commissioner may examine them and any loan made under them for safe and sound banking practices.

EFFECTIVE DATE: October 1, 2010

COMMITTEE ACTION

Banks Committee

Joint Favorable
Yea 18 Nay 0 (03/16/2010)