



General Assembly

February Session, 2010

Raised Bill No. 236

LCO No. 1336

01336_____BA_

Referred to Committee on Banks

Introduced by:

(BA)

AN ACT ESTABLISHING A CONNECTICUT SAFE HARBOR FUND.

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

1 Section 1. (NEW) (*Effective October 1, 2010*) (a) There is established
2 an account to be known as the "Connecticut Safe Harbor Fund" which
3 shall be a separate, nonlapsing account within the General Fund. There
4 shall be deposited into the fund: (1) The proceeds of notes, bonds or
5 other obligations issued by the state for the purpose of deposit in the
6 fund; (2) funds appropriated by the General Assembly for the purpose
7 of deposit in the fund; (3) the proceeds of investments by community
8 banks made pursuant to this section; and (4) any additional moneys
9 made available from any sources, public or private, for the purposes
10 described in subsection (b) of this section and for the purpose of
11 deposit in the fund.

12 (b) The Banking Department shall expend moneys in the account
13 established pursuant to subsection (a) of this section to (1) purchase
14 existing community bank loans that are (A) negatively rated, but
15 current, or in default, and (B) those that the community bank prefers
16 not to abandon but, pursuant to regulatory restrictions, is required to

17 abandon; (2) hold, modify, restructure or maintain as a portfolio loan
18 such loans for up to five years or until the loan is sold to a bank that is
19 likely to attract investment, whichever occurs first; and (3) ultimately
20 yield a rate of return on such loans at or near the market interest rate.
21 A community bank that sells an existing loan pursuant to this section
22 shall have the right of first refusal to repurchase the loan.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2010	New section

Statement of Purpose:

To allow community banks to maintain a working relationship with their borrowers and continue to serve the communities they occupy.

[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.]