



General Assembly

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**Amendment**

LCO No. 3908

**\*SB0006703908SD0\***

Offered by:

SEN. DUFF, 25<sup>th</sup> Dist.

REP. TONG, 147<sup>th</sup> Dist.

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REP. ALBERTS, 50<sup>th</sup> Dist.

To: Subst. Senate Bill No. 67

File No. 156

Cal. No. 162

**"AN ACT CONCERNING REVISIONS TO THE BANKING STATUTES."**

1 In line 1575, strike the opening bracket after "principal", insert an  
2 opening bracket before "executive", insert a closing bracket after "and",  
3 and insert an opening bracket after "director"

4 In line 1606, after "charter", insert ", certificate of incorporation,  
5 partnership agreement, articles of association, articles of organization  
6 or similar document, as applicable,"

7 After the last section, add the following and renumber sections and  
8 internal references accordingly:

9 "Sec. 501. Subsection (b) of section 36a-17 of the 2012 supplement to  
10 the general statutes is repealed and the following is substituted in lieu  
11 thereof (*Effective from passage*):

12 (b) Any Connecticut bank, Connecticut credit union or Connecticut  
13 credit union service organization which causes or has caused any  
14 electronic data processing services to be performed for such bank,  
15 credit union or credit union service organization either on or off its  
16 premises by an electronic data processing servicer shall enter into a  
17 written contract with such servicer. Such contract shall specify the  
18 duties and responsibilities of the bank, credit union or credit union  
19 service organization and such servicer and provide that such servicer  
20 shall allow the commissioner to examine such servicer's books, records  
21 and computer systems in accordance with this subsection, if required  
22 by the commissioner. The Connecticut bank, Connecticut credit union  
23 or Connecticut credit union service organization shall promptly notify  
24 the commissioner of any material change in its electronic data  
25 processing services. In the case of a material change which triggers a  
26 notice requirement under 12 USC 1867, a Connecticut bank may satisfy  
27 the notice requirements of this subsection by providing the  
28 commissioner with a copy of the notice provided to the Federal  
29 Deposit Insurance Corporation under 12 USC 1867. The commissioner  
30 may examine the books, records and computer systems of any  
31 electronic data processing servicer that performs electronic data  
32 processing services for a Connecticut bank, Connecticut credit union or  
33 Connecticut credit union service organization, if such services  
34 substantially impact the operations of the Connecticut bank,  
35 Connecticut credit union or Connecticut credit union service  
36 organization as determined by the commissioner, in order to (1)  
37 determine whether such servicer has the capacity to protect the  
38 customer information of such bank, credit union or credit union  
39 service organization, and (2) assess such servicer's potential for  
40 continued service. The commissioner may assess a fee of one hundred  
41 fifty dollars per day plus costs for each examiner who conducts such  
42 examination, the total cost of which the commissioner may allocate on  
43 a pro rata basis to all Connecticut banks, Connecticut credit unions and  
44 Connecticut credit union service organizations under contract with  
45 such servicer.

46 Sec. 502. Section 36a-760j of the 2012 supplement to the general  
47 statutes is repealed and the following is substituted in lieu thereof  
48 (*Effective from passage*):

49 No person shall influence real estate appraisals of residential  
50 property. For the purposes of this section, "influence [residential] real  
51 estate appraisals" means to directly or indirectly [coerce, influence or  
52 otherwise encourage an appraiser to misstate or misrepresent the  
53 value of residential property and includes, but is not limited to: (1)  
54 Refusal, or intentional failure, to pay an appraiser for an appraisal that  
55 reflects a fair market value estimate that is less than the sale contract  
56 price; or (2) refusal, or intentional failure, to utilize, or encouraging  
57 other mortgage brokers not to utilize, an appraiser based solely on the  
58 fact that the appraiser provided an appraisal reflecting a fair market  
59 value estimate that was less than the sale contract price.] cause or  
60 attempt to cause, through coercion, extortion, inducement, bribery,  
61 intimidation, compensation, instruction or collusion, the value  
62 assigned to the residential property to be based on any factor other  
63 than the independent judgment of the person who prepares the  
64 appraisal.

65 Sec. 503. Subdivision (7) of section 36a-330 of the 2012 supplement  
66 to the general statutes is repealed and the following is substituted in  
67 lieu thereof (*Effective from passage*):

68 (7) "Qualified public depository" or "depository" means a bank,  
69 Connecticut credit union, federal credit union or an out-of-state bank  
70 that maintains in this state a branch, as defined in section 36a-410,  
71 which receives or holds public deposits and, to the extent applicable,  
72 (A) segregates eligible collateral for public deposits as described in  
73 section 36a-333, as amended by this act, or (B) arranges for a letter of  
74 credit to be issued in accordance with section 36a-337, as amended by  
75 this act.

76 Sec. 504. Section 36a-330 of the 2012 supplement to the general  
77 statutes is amended by adding subdivision (8) as follows (*Effective from*

78 *passage*):

79 (NEW) (8) "Uninsured public deposit" means the portion of a public  
80 deposit that is not insured or guaranteed by the Federal Deposit  
81 Insurance Corporation or by the National Credit Union  
82 Administration. For purposes of this subdivision, amounts of a public  
83 deposit that are insured by the Federal Deposit Insurance Corporation  
84 or the National Credit Union Administration include amounts that  
85 have been redeposited, with the authorization of the public depositor,  
86 into deposit accounts in one or more federally insured banks, out-of-  
87 state banks, Connecticut credit unions or federal credit unions,  
88 including the qualified public depository, provided the full amounts so  
89 included are eligible for insurance coverage by the Federal Deposit  
90 Insurance Corporation or by the National Credit Union  
91 Administration.

92 Sec. 505. Subsection (a) of section 36a-333 of the 2012 supplement to  
93 the general statutes is repealed and the following is substituted in lieu  
94 thereof (*Effective from passage*):

95 (a) To secure public deposits, each qualified public depository shall  
96 at all times maintain, segregated from its other assets as provided in  
97 subsection (b) of this section, eligible collateral in an amount at least  
98 equal to the following percentage of uninsured public deposits held by  
99 the depository: (1) For any qualified public depository having a risk-  
100 based capital ratio of ten per cent or greater, a sum equal to ten per  
101 cent of all uninsured public deposits held by the depository; (2) for any  
102 qualified public depository having a risk-based capital ratio of less  
103 than ten per cent but greater than or equal to eight per cent, a sum  
104 equal to twenty-five per cent of all uninsured public deposits held by  
105 the depository; (3) for any qualified public depository having a risk-  
106 based capital ratio of less than eight per cent but greater than or equal  
107 to three per cent, a sum equal to one hundred per cent of all uninsured  
108 public deposits held by the depository; (4) for any qualified public  
109 depository having a risk-based capital ratio of less than three per cent,  
110 and, notwithstanding the provisions of subdivisions (1) to (3),

111 inclusive, of this subsection, for any qualified public depository which  
112 has been conducting business in this state for a period of less than two  
113 years except for a qualified public depository that is a successor  
114 institution to a qualified public depository which conducted business  
115 in this state for two years or more, a sum equal to one hundred twenty  
116 per cent of all uninsured public deposits held by the depository;  
117 provided, the qualified public depository and the public depositor  
118 may agree on an amount of eligible collateral to be maintained by the  
119 depository that is greater than the minimum amounts required under  
120 subdivisions (1) to (4), inclusive, of this subsection; (5) notwithstanding  
121 the risk-based capital ratio provisions of subdivisions (1) to (3),  
122 inclusive, of this subsection, for any qualified public depository that is  
123 an uninsured bank, a sum equal to one hundred twenty per cent of all  
124 public deposits held by the depository; and (6) notwithstanding the  
125 risk-based capital ratio provisions of subdivisions (1) to (3), inclusive,  
126 of this subsection, for any qualified public depository that is subject to  
127 an order to cease and desist, consent order or a preliminary warning  
128 letter, or has entered into a stipulation and agreement, memorandum  
129 of understanding or a letter of understanding and agreement with a  
130 bank or credit union supervisor, a sum equal to one hundred twenty  
131 per cent of all uninsured public deposits held by the depository,  
132 [provided] or, in the case of such a qualified public depository that  
133 satisfies the requirements of subsection (f) of this section, as amended  
134 by this act, a sum equal to one hundred per cent of all uninsured  
135 public deposits held by the depository. Notwithstanding the  
136 provisions of this subsection, the qualified public depository and the  
137 public depositor may agree on an amount of eligible collateral to be  
138 maintained by the depository that is greater than the minimum  
139 amounts required under subdivisions (1) to (6), inclusive, of this  
140 subsection. For purposes of this subsection, the amount of all  
141 uninsured public deposits held by the depository shall be determined  
142 at the close of business on the day of receipt of any public deposit and  
143 any deficiency in the amount of eligible collateral required under this  
144 section shall be cured not later than the close of business on the  
145 following business day. For purposes of this subsection, the

146 depository's risk-based capital ratio shall be determined, in accordance  
147 with applicable federal regulations and regulations adopted by the  
148 commissioner in accordance with chapter 54, based on the most recent  
149 quarterly call report, provided (A) if, during any calendar quarter after  
150 the issuance of such report, the depository experiences a decline in its  
151 risk-based capital ratio to a level that would require the depository to  
152 maintain a higher amount of eligible collateral under subdivisions (1)  
153 to (4), inclusive, or subdivision (6) of this subsection, the depository  
154 shall increase the amount of eligible collateral maintained by it to the  
155 minimum required under subdivisions (1) to (4), inclusive, or  
156 subdivision (6) of this subsection, as applicable, based on such lower  
157 risk-based capital ratio and shall notify the commissioner of its actions;  
158 and (B) if, during any calendar quarter after the issuance of such  
159 report, the commissioner reasonably determines that the depository's  
160 risk-based capital ratio is likely to decline to a level that would require  
161 the depository to maintain a higher amount of eligible collateral under  
162 subdivisions (1) to (4), inclusive, or subdivision (6) of this subsection,  
163 the commissioner may require that the depository increase the amount  
164 of eligible collateral maintained by it to the minimum required under  
165 subdivisions (1) to (4), inclusive, or subdivision (6) of this subsection,  
166 as applicable, based on the commissioner's determination of such  
167 lower risk-based capital ratio. For purposes of determining the  
168 minimum market value of the eligible collateral under subsection (e) of  
169 this section, a qualified public depository shall apply the collateral  
170 ratio using uninsured public deposits.

171 Sec. 506. Subsection (c) of section 36a-333 of the 2012 supplement to  
172 the general statutes is repealed and the following is substituted in lieu  
173 thereof (*Effective from passage*):

174 (c) The depository shall have the right to make substitutions of  
175 eligible collateral at any time without notice. The depository shall have  
176 the right to reduce the amount of eligible collateral maintained under  
177 subsection (a) of this section provided such reduction shall be  
178 determined based on the amount of all uninsured public deposits held  
179 by the depository and the depository's risk-based capital ratio as

180 determined in accordance with said subsection (a). The depository  
181 shall provide written notice to its public depositors of any such  
182 reduction in the amount of eligible collateral maintained under  
183 subsection (a) of this section.

184 Sec. 507. Section 36a-333 of the 2012 supplement to the general  
185 statutes is amended by adding subsection (f) as follows (*Effective from*  
186 *passage*):

187 (NEW) (f) A qualified public depository that is subject to an order to  
188 cease and desist, consent order or a preliminary warning letter, or has  
189 entered into a stipulation and agreement, memorandum of  
190 understanding or a letter of understanding and agreement with a bank  
191 or credit union supervisor, may maintain eligible collateral in a sum  
192 equal to or greater than one hundred per cent of all uninsured public  
193 deposits held by the depository, provided (1) the depository has a risk-  
194 based capital ratio of twelve per cent or greater, and (2) the depository  
195 satisfies the following conditions, to the extent applicable: (A) The  
196 depository may not pledge eligible collateral in the form described in  
197 subsection (e)6. of this section, except for mortgage pass-through or  
198 participation certificates or similar securities that have been issued or  
199 guaranteed by the Federal National Mortgage Association or the  
200 Federal Home Loan Mortgage Corporation and for which prices are  
201 quoted; (B) the depository may not pledge eligible collateral in the  
202 form described in subsection (e)4.C. of this section; (C) if the public  
203 depository pledges eligible collateral in the form described in  
204 subsection (e)7. of this section, the collateral ratio for such mortgages  
205 shall be one hundred fifty per cent; and (D) if the public depository  
206 pledges eligible collateral in the form described in subsection (e)8. of  
207 this section, such collateral shall be rated in the three highest rating  
208 categories by a rating service recognized by the commissioner. The  
209 depository may pledge any other eligible collateral that is not limited  
210 by subdivision (2) of this subsection.

211 Sec. 508. Subsection (c) of section 36a-337 of the general statutes is  
212 repealed and the following is substituted in lieu thereof (*Effective from*

213 *passage*):

214 (c) In lieu of eligible collateral required under section 36a-333, as  
215 amended by this act, all or any part of the uninsured public deposits  
216 held by any qualified public depository may be secured solely by an  
217 irrevocable letter of credit issued by [the Federal Home Loan Bank of  
218 Boston, provided such] a federal home loan bank that has a credit  
219 rating of the highest rating level from a rating service recognized by  
220 the commissioner [and] or by a federal home loan bank that has  
221 otherwise been deemed acceptable for such purposes by the  
222 commissioner, provided [further] the amount of the letter of credit  
223 when combined with any eligible collateral pledged by the depository,  
224 as a percentage of the uninsured public deposits, is no less than the  
225 amount required by section 36a-333, as amended by this act, for  
226 eligible collateral for the particular depository.

227 Sec. 509. Section 36a-334 of the 2012 supplement to the general  
228 statutes is repealed and the following is substituted in lieu thereof  
229 (*Effective from passage*):

230 When the commissioner determines that a loss has occurred, the  
231 commissioner shall as soon as possible make payment to the proper  
232 public officers of all public deposits subject to such loss, pursuant to  
233 the following procedure: (1) For the purposes of determining the sums  
234 to be paid, the commissioner or receiver shall, within twenty days after  
235 issuance of a restraining order or taking possession of any qualified  
236 public depository, ascertain the amount of public deposits held by the  
237 depository as disclosed by its records and the amount [thereof covered  
238 by deposit insurance] of such deposits that are uninsured deposits and  
239 certify the amounts to each public depositor having public funds on  
240 deposit in the depository; (2) within ten days after receipt of such  
241 certification, each such public depositor shall furnish to the  
242 commissioner verified statements of its deposits in the depository as  
243 disclosed by its records plus information concerning any letters of  
244 credit issued to the public depositor or any private insurance policy  
245 used to secure public deposits, pursuant to section 36a-337, as

246 amended by this act; (3) upon receipt of such certificate and  
247 statements, the commissioner shall ascertain and fix the amount of  
248 such uninsured public deposits, net after deduction of any [deposit  
249 insurance and any] amount received or to be received by the public  
250 depositor pursuant to a letter of credit or private insurance policy  
251 issued in accordance with section 36a-337, as amended by this act, and  
252 assess the same against the depository in which the loss occurred; (4)  
253 the assessment made by the commissioner shall be payable on the  
254 second business day following demand, and in case of the failure of  
255 the qualified public depository so to pay, the commissioner shall  
256 immediately take possession of the eligible collateral, if any,  
257 segregated by the depository pursuant to sections 36a-330 to 36a-338,  
258 inclusive, as amended by this act, and liquidate the same for the  
259 purpose of paying such assessment; (5) upon receipt of the assessment,  
260 the commissioner shall reimburse the public depositors of the  
261 depository in which the loss occurred to the extent of the depository's  
262 net deposit liability to them.

263 Sec. 510. Section 36a-338 of the general statutes is repealed and the  
264 following is substituted in lieu thereof (*Effective from passage*):

265 On each call report date, each qualified public depository shall file  
266 with the commissioner a written report, certified under oath,  
267 indicating [its] (1) the qualified public depository's risk-based capital  
268 ratio and total capital, as determined in accordance with applicable  
269 federal regulations and regulations adopted by the commissioner in  
270 accordance with chapter 54, (2) the total amount of public deposits  
271 held by [it and] the qualified public depository other than deposits that  
272 have been redeposited into the qualified public depository by another  
273 insured depository institution pursuant to a reciprocal deposit  
274 arrangement that makes such funds eligible for insurance coverage by  
275 the Federal Deposit Insurance Corporation or the National Credit  
276 Union Administration, (3) the amount and nature of [the] any eligible  
277 collateral segregated and designated to secure the uninsured public  
278 deposits in accordance with sections 36a-330 to 36a-338, inclusive, as  
279 amended by this act, and (4) the amount and the name of the issuer of

280 any letter of credit issued pursuant to section 36a-337, as amended by  
 281 this act. Each depository shall furnish a copy of its most recent report  
 282 to any public depositor having public funds on deposit in the  
 283 depository, upon request of the depositor. Any public depository  
 284 which refuses or neglects to furnish any report or give any information  
 285 as required by this section shall no longer be a qualified public  
 286 depository and shall be excluded from the right to receive public  
 287 deposits."

This act shall take effect as follows and shall amend the following sections:		
Sec. 501	<i>from passage</i>	36a-17(b)
Sec. 502	<i>from passage</i>	36a-760j
Sec. 503	<i>from passage</i>	36a-330(7)
Sec. 504	<i>from passage</i>	36a-330
Sec. 505	<i>from passage</i>	36a-333(a)
Sec. 506	<i>from passage</i>	36a-333(c)
Sec. 507	<i>from passage</i>	36a-333
Sec. 508	<i>from passage</i>	36a-337(c)
Sec. 509	<i>from passage</i>	36a-334
Sec. 510	<i>from passage</i>	36a-338