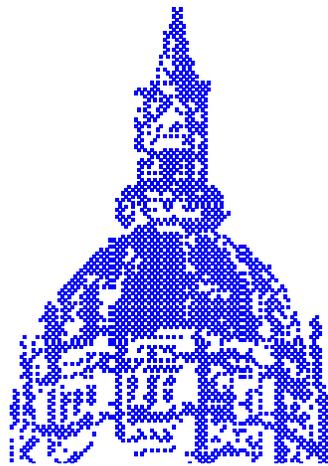


Office of Legislative Research  
Connecticut General Assembly



# BANKS



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Michelle Kirby, Associate Analyst

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## **NOTICE TO READERS**

This report provides highlights of new laws affecting banks enacted during the 2013 regular legislative session.

Not all provisions of the acts are included here. Complete summaries of all 2013 public acts passed are available in OLR's Public Act Summary book; as well as on OLR's webpage:

<http://www.cga.ct.gov/olr/OLRPASums.asp>

Readers are encouraged to obtain the full text of acts that interest them from the Connecticut State Library, the House Clerk's Office, or the General Assembly's website: <http://www.cga.ct.gov>.

**Table of Contents**

**AN ACT ENCOURAGING INCREASED SAVINGS DEPOSITS ..... 4**

**AN ACT CONCERNING THE CONNECTICUT UNIFORM SECURITIES  
ACT..... 4**

**AN ACT CONCERNING BANKS, LOAN PRODUCTION OFFICES,  
EXCHANGE FACILITATORS, PUBLIC DEPOSITS AND REAL  
PROPERTY TAX LIENS ..... 4**

**AN ACT CONCERNING HOMEOWNER PROTECTION RIGHTS ..... 6**

**AN ACT CONCERNING MONEY TRANSMISSION AND CONSUMER  
COLLECTION AGENCIES..... 6**

**AN ACT CONCERNING PREPAID CARDS ..... 7**

**AN ACT CONCERNING MORTGAGE RECORDING FEES (AMONG  
OTHER THINGS)..... 7**

**AN ACT ENCOURAGING  
INCREASED SAVINGS  
DEPOSITS**

[PA 13-96](#) allows Connecticut credit unions and community banks to offer savings promotion raffles under specified conditions. The act defines a “savings promotion raffle” as a raffle in which a person deposits a minimum specified amount of money in a savings account or savings program for a chance to win designated prizes. Each entry in the raffle must have an equal chance of winning, and raffle participants must be share account holders or account holders who are at least age 18.

A Connecticut credit union or community bank offering such a raffle must disclose its terms and conditions to all share account holders or account holders. The institutions must maintain records sufficient to facilitate an audit of any such raffle.

The act limits participation to Connecticut credit unions and community banks that have secure financial integrity, as determined by the banking commissioner.

EFFECTIVE DATE: October 1, 2013

**AN ACT CONCERNING THE  
CONNECTICUT UNIFORM  
SECURITIES ACT**

[PA 13-106](#) alters which securities are exempt from registration and filing certain sales material for prospective investors with the banking commissioner under the Uniform Securities Act. It also specifies the notice and fee closed-end companies must provide the commissioner when offering securities in the state. A closed-end company is a type of investment management company that sells a limited number of shares to investors on an exchange by way of an initial public offering.

EFFECTIVE DATE: October 1, 2013

**AN ACT CONCERNING BANKS,  
LOAN PRODUCTION OFFICES,  
EXCHANGE FACILITATORS,  
PUBLIC DEPOSITS AND REAL  
PROPERTY TAX LIENS**

[PA 13-135](#) makes a variety of changes in the banking laws.

Among other things, the act (1) prohibits the disclosure of non-public information contained in certain Banking Department examination reports and (2) allows Connecticut banks, with the banking commissioner’s approval, to establish loan production offices out of state.

The act requires exchange facilitators to:

1. provide certain notifications to their clients;
2. maintain a set minimum fidelity bond or other accounts with certain stipulations;
3. maintain a specific amount of insurance coverage, deposit a specified amount of cash or securities, or provide a specified minimum amount in irrevocable letters of credit; and
4. follow certain rules for handling and investing funds.
4. requires a QPD to determine and adjust the market value of eligible collateral on a monthly basis, and
5. changes the QPD's reporting requirements and establishes new filing requirements for holders of eligible collateral.

The act requires the party to whom a municipality has assigned a tax lien, or any subsequent assignee, to provide written notice to the mortgage holder within 30 days after the assignment.

The act decreases, from 60 to 45 days, the time in which an appraisal management company must pay an appraiser for an appraisal or valuation assignment. By law, the (1) time period starts when the appraiser transmits or otherwise provides the completed appraisal or valuation study to the company or its assignee and (2) deadline does not apply in cases of breach of contract or substandard performance of services or where the parties have mutually agreed upon an alternate payment schedule in writing.

The act establishes the amount of certain debt securities that Connecticut banks may purchase or hold for their accounts.

EFFECTIVE DATE: October 1, 2013, except the provisions on Connecticut bank mergers, loan production offices, and QPDs are effective upon passage.

The act defines an "exchange facilitator" as a person or entity who, among other things, maintains a Connecticut office to solicit business facilitating the exchange of like-kind property.

The act makes changes in the public deposits laws that govern state and municipal money and money held by the Judicial Branch in a fiduciary capacity. It:

1. restricts the types of investments that can be considered eligible collateral,
2. generally increases the collateralization requirements for qualified public depositories (QPD),
3. sets new thresholds that determine the trust accounts to which the funds must be transferred depending on whether the QPD is a bank or a credit union,

## **AN ACT CONCERNING HOMEOWNER PROTECTION RIGHTS**

**PA 13-136** makes numerous changes in the Judicial Branch's foreclosure mediation program, including:

1. identifying the program's objectives and expanding its scope to include short sales and deeds in lieu of foreclosure as options;
2. extending the program for two years, to June 30, 2014, for foreclosure actions with return dates of July 1, 2008 through June 30, 2009;
3. establishing a premediation process and requiring the delivery and exchange of specified information during this period;
4. establishing new requirements for when to end or extend the mediation period, including requiring the mediator to file a report with the court after each mediation session indicating whether the parties will benefit from further mediation; and
5. requiring the chief court administrator to submit summaries of the mediator reports to the Banks Committee by February 14, 2014 and February 14, 2015.

The act also establishes expedited foreclosure procedures for vacant and abandoned properties.

EFFECTIVE DATE: July 15, 2013

## **AN ACT CONCERNING MONEY TRANSMISSION AND CONSUMER COLLECTION AGENCIES**

**PA 13-253** makes numerous changes in the Money Transmission Act and consumer collection agency statutes.

With respect to the Money Transmission Act, it:

1. expands licensing requirements;
2. alters bonding, investment, and net worth requirements for affected businesses;
3. allows licensees to use authorized delegates, rather than agents, to conduct business;
4. changes the information applicants and licensees must provide to the banking commissioner; and
5. expands exemptions from the act's provisions.

With respect to the consumer collection agency statutes, the act:

1. subjects debt buyers to the same requirements as consumer collection agencies, except for bond requirements;
2. expands licensing requirements;

3. adds new fund management and recordkeeping requirements;
4. requires consumer collection agencies to determine a debtor's legal obligation to pay collection fees;
5. requires consumer collection agencies to advise debtors that their debt may be uncollectible due to a statute of limitations and provides the specific required disclosure language; and
6. exempts banks and certain of their subsidiaries and affiliates from the consumer collection agency statutes.

The act also makes a clarifying change regarding exchange facilitators.

EFFECTIVE DATE: October 1, 2013

### **AN ACT CONCERNING PREPAID CARDS**

[PA 13-254](#) establishes in law a "linked prepaid card" as a type of general-use prepaid card (i.e., card, code, or device) and specifies under what conditions such a card may include an expiration date. Under the act, the card purchaser or person who increases or replenishes funds on the card (the customer) may:

1. get back the unused balance and the interest earned on the unused

- balance through a financial account linked to the card;
2. set an expiration date at least 90 days from the date of purchasing the card or increasing or replenishing funds for the purpose of receiving a refund of any unused balance and any accrued interest on that balance; and
3. transfer the unused balance to a bank offering a higher yield and full insurance from the Federal Deposit Insurance Corporation until the funds are exhausted or the card expires, if the customer has a financial account linked to the card.

EFFECTIVE DATE: October 1, 2013

### **AN ACT CONCERNING MORTGAGE RECORDING FEES (AMONG OTHER THINGS)**

#### **[PA 13-247](#) (§§ 81-82)**

increases the fees a "nominee of a mortgagee" must pay to town clerks when recording certain documents, including warranty deeds, quitclaim deeds, mortgage deeds, or mortgage assignments. It specifies how the fee revenue must be allocated between the state and municipality.

Under the act, a “nominee of a mortgagee” is any person who (1) serves as mortgagee for a mortgage loan registered on a national electronic database that tracks changes in mortgage servicing and ownership interests in residential mortgage loans for its members and (2) is a nominee or agent for the promissory note's owner or the note's subsequent buyer, transferee, or owner.

EFFECTIVE DATE: July 15, 2013

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