



Acts Affecting Banking

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Notice to Readers

This report provides summaries of new laws (public acts and special acts) significantly affecting the banking industry enacted during the 2019 regular session. OLR's other Acts Affecting reports are, or will soon be, available on OLR's website: <https://www.cga.ct.gov/olr/actsaffecting.asp>.

Each summary indicates the public act (PA) or special act (SA) number. Not all provisions of the acts are included. The report does not include vetoed acts unless the veto was overridden.

Complete summaries of public acts are, or will soon be, available on OLR's website:

<https://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, House Clerk's Office, or General Assembly's website: <http://www.cga.ct.gov>.

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Connecticut Uniform Trust Code

This session, the legislature adopted the Connecticut Uniform Trust Code, establishing numerous rules on creating, modifying, terminating, and enforcing a trust, which generally is an arrangement in which one person or institution (the trustee), holds money or other property for the benefit of another person (the beneficiary). With some exceptions, the act establishes default rules that the terms of a trust can override.

Additionally, the act outlines the powers and obligations of parties administering directed trusts (i.e., trusts in which a person other than a trustee has power over some aspect of the trust's administration). The act also sets up a framework for creating self-settled asset protection trusts (i.e., irrevocable trusts the assets of which (1) the grantor may still benefit personally from and (2) creditors generally cannot reach) ([PA 19-137](#), effective January 1, 2020).

Executions on Out-of-State Financial Institutions

Under existing law, a person who has a court judgment against someone may have an execution issued by the court served on a financial institution where the judgment debtor has an account. This session, the legislature extended this law to include out-of-state financial institutions that do not have a main or branch office in Connecticut but conduct transactions online or by other electronic means. The act provides that such institutions may only be served by certified mail, return receipt requested ([PA 19-41](#), §§ 1 & 2, effective October 1, 2019).

Extension of the Foreclosure Mediation Program

The legislature extended the state's foreclosure mediation program, by four years, until June 30, 2023. The mediation program brings together judicial branch mediators, lenders, and borrowers (i.e., certain owner occupants or religious organizations). The new law also decreases, from annually to biennially, the frequency of the chief court administrator's program data reporting to the Banking Committee ([PA 19-145](#), effective upon passage).

Loan Programs

Collapsing Foundations

A new law requires the Connecticut Housing Finance Authority (CHFA) to administer a collapsing foundation supplemental loan program that guarantees loans made by banks and credit unions in Connecticut to owners of residential buildings with pyrrhotite-damaged concrete foundations. To be eligible, building owners must have already received an agreement from the Connecticut Foundation Solutions Indemnity Corporation (CFSIC) to pay for a portion of the cost to repair or

replace a crumbling concrete foundation. (CFSIC is the captive insurer established by the state to distribute funds to homeowners with concrete foundations that are crumbling due to pyrrhotite.)

Under the new law, participating banks and credit unions may issue loans of up to \$75,000, capped at an aggregate maximum of \$20 million for all loans. The program also establishes maximum closing costs and interest rates. The program ends once CHFA processes, and the comptroller pays, \$2 million in claim guarantees ([PA 19-192](#), §§ 7-12, effective upon passage).

Federal Shutdown

Early this session the legislature established a loan program for certain federal employees in Connecticut affected by the federal partial government shutdown that began December 22, 2018. The program is administered by CHFA and guarantees up to 10% of the loans eligible banks and credit unions make to affected employees, who were eligible for up to three loans each equal to the employees' monthly pay. The program ended when the federal government reopened ([SA 19-1](#), effective upon passage).

Repeal of Probate Court Petition to Freeze Assets

A new law repeals a procedure by which a petitioner could freeze the assets of someone who is the subject of a conservatorship proceeding by filing a certified copy of the petition with a financial institution or recording the copy on the land records ([PA 19-47](#), § 17, effective July 1, 2019).