

Banking Committee JOINT FAVORABLE REPORT

Bill No.: HB-6495

Title: AN ACT CONCERNING EQUITY AND FAIR LENDING.

Vote Date: 3/17/2021

Vote Action: Joint Favorable Substitute

PH Date: 3/2/2021

File No.: 229

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SPONSORS OF BILL:

Banking Committee

REASONS FOR BILL:

Non-Discrimination language in Banking Statutes needed to be strengthened. This bill brings the law into same place as current CHRO regs and other laws.

Jfs lang – changed the ability of the DOB Comm to conduct own fair lending exams to permissive where it was permissive in original language.

Note: Republican members indicated they voted NO to "flag" the bill as they feel it needs more work.

RESPONSE FROM ADMINISTRATION/AGENCY:

None Expressed

NATURE AND SOURCES OF SUPPORT:

Jeff Gentes – CT Fair Housing Center support

Wants Dept of Banking to have the data and resources needed to investigate fair lending practices and the power to deny applications from lenders who fail CRA exams.

Kelly McConney Moore – policy counsel ACLU-CT - support

"This is an attempt to curb persistent discrimination in banking, and specifically in home lending. Black and Latinx mortgage applicants are charged higher interest and more substantial fees compared to white borrowers."...By allowing investigations into not just individual complaints but also patterns of discrimination and unmet community credit needs,

this legislation puts real authority into rooting out and eliminating racial discrimination, however discovered. For these reasons, the ACLU-CT supports House Bill 6495 as a strong step toward racial justice in lending."

NATURE AND SOURCES OF OPPOSITION:

Bruce Adams - President & CEO – Credit Union League of CT – opposed (ish)

The Feds already have an annual exam – an extra exam would be duplicatable and a burden. They support the intent of the rest of the bill although they believe that current laws already cover this. "Regardless, it is never a bad idea to do further careful and thorough research and would support a legal study on fair lending laws."

Testimony of John Dilorio, First Alliance – opposed

"HB 6495 is duplicitous. We simply need the Banking Department to enforce the laws and regulations in place, fairly and in good faith. Considering current regulatory guidance, I don't understand how this use of the legislative process will curb racist lending activities. It is already clearly codified in regulation."

Tom Mongellow, Art Corey – CT Bankers Association Opposed

Adds anti-discrimination provisions that are already in state law and therefore redundant.

"The Connecticut Bankers Association and its member banks are committed to fair and equitable access to financial services for all. Connecticut's banks currently commit significant resources to ensure that they comply with all the state and federal laws that prohibit discrimination when offering and providing financial services to individuals in their communities. However, we also know that there is much work to be done to ensure that these commitments result in greater access to fair and equitable financial products and services for underserved communities. We believe that the best way to achieve these goals is through partnerships between financial institutions, state and local governments, and community organizations that foster such greater access. While laws and regulations prohibiting and penalizing discrimination are necessary to deter such behavior, we do not believe they are the only or best way to achieve these goals. That is why we urge the General Assembly to focus its efforts on legislation that creates and promotes programs that will help Connecticut's financial institutions reach underserved communities. These programs should be designed to address the regulatory restrictions and safety and soundness requirements that can hamper a bank's ability to provide loan products to low-income individuals"

"With respect to the bill's proposed changes to Connecticut's community reinvestment statute, we suggest that our state's law should coincide as much as possible with the federal law and the regulations of the federal banking agencies. The federal banking agencies are working now to modernize their CRA regulations. We believe Connecticut should not amend its community reinvestment statute until that process is complete."

Reported by: Dawn Marzik

Date: 3/30/21