



General Assembly

**Substitute Bill No. 6495**

January Session, 2021



**AN ACT CONCERNING EQUITY AND FAIR LENDING.**

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

1 Section 1. Section 36a-736 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective January 1, 2022*):

3 As used in sections 36a-735 to 36a-744, inclusive, unless the context  
4 otherwise requires:

5 (1) "Applicant" means any person who applies for a home purchase  
6 loan, home improvement loan or other mortgage loan as defined in  
7 sections 36a-735 to 36a-744, inclusive, whether or not the loan is granted;

8 (2) "Federal Home Mortgage Disclosure Act" means the Home  
9 Mortgage Disclosure Act of 1975 (12 USC Section 2801 et seq.), as  
10 amended from time to time, and any regulations promulgated by the  
11 Federal Reserve Board or the Bureau of Consumer Financial Protection  
12 pursuant to that act, except, for purposes of sections 36a-735 to 36a-744,  
13 inclusive, the supervisory agency shall be the commissioner;

14 (3) "Financial institution" means any Connecticut bank or  
15 Connecticut credit union which makes home purchase loans or home  
16 improvement loans or any for profit mortgage lending institution other  
17 than a Connecticut bank or Connecticut credit union, [whose home

18 purchase loan originations equaled or exceeded ten per cent of its loan  
19 origination volume, measured in dollars,] that originated twenty-five or  
20 more closed-end mortgage loans or one hundred or more open-end  
21 mortgage loans in the preceding two calendar [year] years, if such  
22 mortgage lending institution is licensed under sections 36a-485 to 36a-  
23 498a, inclusive;

24 (4) "Home improvement loan" has the same meaning as provided in  
25 the federal Home Mortgage Disclosure Act;

26 (5) "Home purchase loan" has the same meaning as provided in the  
27 federal Home Mortgage Disclosure Act; [and]

28 (6) "Home loan lender" means any person engaged in the business of  
29 making home purchase loans, home improvement loans or mortgage  
30 loans in this state; and

31 [(6)] (7) "Mortgage loan" means a loan which is secured by residential  
32 real property.

33 Sec. 2. Section 36a-737 of the general statutes is repealed and the  
34 following is substituted in lieu thereof (*Effective January 1, 2022*):

35 (a) (1) No financial institution and no federal bank or federal credit  
36 union shall discriminate, on a basis that is arbitrary or unsupported by  
37 a reasonable analysis of the lending risks associated with the applicant  
38 for a given loan or the condition of the property to secure it, in the  
39 granting, withholding, extending, modifying, renewing or in the fixing  
40 of the rates, terms, conditions or provisions of any home purchase loan,  
41 home improvement loan or other mortgage loan on one-to-four-family  
42 owner-occupied residential real property, solely because such property  
43 is located in a low-income or moderate-income neighborhood or  
44 geographical area, provided it shall not be a violation of this section if  
45 the home purchase loan, home improvement loan or other mortgage  
46 loan is made pursuant to a specific public or private program, the  
47 purpose of which is to increase the availability of home purchase loans,  
48 home improvement loans or other mortgage loans within a low-income

49 or moderate-income neighborhood or geographical area in which such  
50 investment capital has generally been denied.

51 (2) No financial institution and no federal bank or credit union shall  
52 discriminate against any person in violation of the federal Fair Housing  
53 Act, 42 USC 301 et seq., as amended from time to time, the Equal Credit  
54 Opportunity Act, 15 USC 1691 et seq., as amended from time to time,  
55 sections 46a-64c to 46a-67, inclusive, section 46a-81e or 46a-81f or any  
56 regulation adopted pursuant to such state or federal laws.

57 (3) No home loan lender shall (A) (i) fail or refuse to provide to any  
58 person information regarding the availability of a home purchase loan,  
59 home improvement loan or mortgage loan, or the application  
60 requirements, procedures or standards for review and approval of any  
61 such loan, or (ii) provide such person with information that is inaccurate  
62 or different from the information provided to any other prospective  
63 applicant on the basis of such person's race or national origin, or (B)  
64 discourage any person from purchasing a dwelling, or refuse to issue to  
65 any person a home purchase loan, home improvement loan or mortgage  
66 loan for a dwelling, solely on the basis of such person's race or national  
67 origin or on the basis of the race or national origin of any other person  
68 residing in the geographic area in which the dwelling is situated. For  
69 purposes of this subdivision, "dwelling" has the same meaning as  
70 provided in section 46a-64b and "geographic area" means a  
71 municipality, neighborhood, census tract or other geographic  
72 subdivision, including, but not limited to, an apartment or  
73 condominium complex.

74 (b) If a member of any reserve component of the armed forces of the  
75 United States, as defined in section 27-103, or a member of the National  
76 Guard, is called into active duty after submitting an application to a  
77 financial institution, federal bank or federal credit union for a home  
78 purchase loan, home improvement loan or other mortgage loan on one-  
79 to-four-family owner-occupied residential real property and before the  
80 financial institution, federal bank or federal credit union makes a  
81 determination on the application, such financial institution, federal

82 bank or federal credit union shall maintain the application on file for  
83 two years and two months after such member is called into active duty,  
84 if the member submits, not later than thirty days after being called into  
85 active duty, a written statement to the financial institution, federal bank  
86 or federal credit union indicating that the member (1) has been called  
87 into active duty, and (2) requests that the application be maintained on  
88 file. If the applicant returns from active duty not later than two years  
89 after submitting an application under this section and submits a written  
90 statement to the financial institution, federal bank or federal credit  
91 union not later than sixty days after being discharged from active duty  
92 verifying that there has been no material change in the applicant's  
93 income, assets, debts and employment, the financial institution, federal  
94 bank or federal credit union shall finalize processing of the application  
95 in accordance with the same terms and conditions that it made available  
96 to the applicant at the time of application, provided the financial  
97 institution, federal bank or federal credit union shall offer to the  
98 applicant any different terms and conditions that the financial  
99 institution, federal bank or federal credit union is offering to the public  
100 at the time of the applicant's return from active duty.

101 Sec. 3. Section 36a-740 of the general statutes is repealed and the  
102 following is substituted in lieu thereof (*Effective January 1, 2022*):

103 Any applicant or person who has been discriminated against as a  
104 result of a violation of section 36a-737, as amended by this act, and the  
105 regulations adopted pursuant to sections 36a-735 to 36a-744, inclusive,  
106 may bring an action in a court of competent jurisdiction. Upon finding  
107 that a financial institution is in violation of sections 36a-735 to 36a-744,  
108 inclusive, the court may award damages, reasonable attorneys' fees and  
109 court costs. No class action shall be permitted pursuant to the provisions  
110 of this section. Any applicant or person alleging a violation under this  
111 section shall do so in the [applicant's] applicant or person's own  
112 individual complaint and each case resulting from such complaints shall  
113 be heard on its own merits unless consolidation of such cases is agreed  
114 to by each defendant affected thereby.

115 Sec. 4. Section 36a-741 of the general statutes is repealed and the  
116 following is substituted in lieu thereof (*Effective January 1, 2022*):

117 (a) If the commissioner finds that a financial institution or home loan  
118 lender is violating the provisions of sections 36a-735 to 36a-744,  
119 inclusive, the commissioner shall order the institution to cease and  
120 desist from such practices in accordance with section 36a-52.

121 (b) Whenever it appears to the commissioner that any financial  
122 institution or home loan lender has violated, is violating or is about to  
123 violate any provision of sections 36a-735 to 36a-744, inclusive, or any  
124 regulation adopted under said sections, the commissioner may take  
125 action against such financial institution in accordance with section 36a-  
126 50.

127 Sec. 5. Section 36a-743 of the general statutes is repealed and the  
128 following is substituted in lieu thereof (*Effective January 1, 2022*):

129 (a) The commissioner shall analyze the practices and actions of the  
130 financial institutions in the home financing area in relationship to its  
131 customers and to the housing needs and conditions of the state.

132 (b) Not later than July 1, 2022, the commissioner shall implement fair  
133 lending examination procedures to assess the compliance of a financial  
134 institution with the provisions of sections 36a-735 to 36a-744, inclusive,  
135 the Fair Housing Act, 42 USC 301 et seq., as amended from time to time,  
136 and the Equal Credit Opportunity Act, 15 USC 1691 et seq., as amended  
137 from time to time, and any regulation adopted thereunder. Such  
138 procedures shall, to the maximum extent possible, align with the  
139 interagency fair lending examination procedures adopted by the  
140 Consumer Financial Protection Bureau, the Federal Reserve Board, the  
141 Federal Deposit Insurance Corporation, the National Credit Union  
142 Administration and the Office of the Comptroller of the Currency. The  
143 commissioner may conduct fair lending examinations of financial  
144 institutions, as the commissioner deems appropriate.

145 (c) Without limiting any other power of the commissioner or any

146 other action authorized by law, the commissioner may conduct an  
147 investigation, in accordance with the provisions of section 36a-17, of any  
148 financial institution if the commissioner (1) receives a complaint from  
149 any person detailing discriminatory lending practices by the financial  
150 institution, (2) finds a pattern of discriminatory lending practices in a  
151 fair lending examination conducted pursuant to subsection (b) of this  
152 section, or (3) finds, while conducting an assessment of the financial  
153 institution pursuant to section 36a-32 or 36a-37a, as amended by this act,  
154 that the financial institution is not satisfying its affirmative obligation to  
155 meet the credit needs of its local communities, including low and  
156 moderate-income neighborhoods under section 36a-30, as amended by  
157 this act, or 36a-37.

158       Sec. 6. Section 36a-30 of the general statutes is repealed and the  
159 following is substituted in lieu thereof (*Effective October 1, 2021*):

160       (a) As used in [sections 36a-30] this section and sections 36a-31 to 36a-  
161 33, inclusive, unless the context otherwise requires:

162       (1) "Bank" means any bank or out-of-state bank that maintains in this  
163 state a branch as defined in section 36a-410. "Bank" does not include  
164 special purpose banks that do not perform commercial or retail banking  
165 services in which credit is granted to the public in the ordinary course  
166 of business, other than as an incident to their specialized operations,  
167 including, but not limited to, banker's banks and banks that engage only  
168 in one or more of the following activities: Providing cash management  
169 controlled disbursement services or serving as correspondent banks,  
170 trust companies or clearing agents.

171       (2) "Federal CRA" means (A) the federal Community Reinvestment  
172 Act of 1977, 12 USC Section 2901 et seq., as from time to time amended,  
173 and (B) the regulations implementing said act adopted by the federal  
174 financial supervisory agencies as set forth in 12 CFR Part 25, 12 CFR Part  
175 228, 12 CFR Part 345 and 12 CFR Part 563e, as from time to time  
176 amended, and as applicable to the specific type of bank.

177 (3) "Federal financial supervisory agency" means the Office of the  
178 Comptroller of the Currency, the Board of Governors of the Federal  
179 Reserve System, the Federal Deposit Insurance Corporation, the Office  
180 of Thrift Supervision and any successor to any of the foregoing agencies,  
181 as applicable to the specific type of bank.

182 (b) The commissioner shall assess the record of each bank in  
183 satisfying its continuing and affirmative obligations to help meet the  
184 credit needs of its local communities, including low and moderate-  
185 income neighborhoods, consistent with the safe and sound operation of  
186 such banks, and shall provide for the consideration of such records in  
187 connection with any application listed in subsection (c) of section 36a-  
188 32.

189 (c) (1) Each bank shall, in accordance with the provisions of federal  
190 CRA and without excluding low and moderate-income neighborhoods,  
191 delineate the local community or communities that comprise its entire  
192 community within this state or delineate one or more assessment areas,  
193 as applicable, within which the commissioner shall evaluate the bank's  
194 record of helping to meet the credit needs of its entire community in this  
195 state. The commissioner shall review the delineation for compliance  
196 with federal CRA and this subsection in connection with an examination  
197 of the bank under section 36a-17.

198 (2) Each bank shall take all reasonable steps consistent with the safe  
199 and sound operation of such bank to make residential loan products  
200 available in and to advertise such products to its assessment areas,  
201 including low and moderate-income neighborhoods and census tracts  
202 where the population of racial minorities is greater than fifty per cent.  
203 Such residential loan products shall be on terms no less favorable than  
204 the residential loan products made available by the bank in census  
205 tracks where the population of racial minorities is fifty per cent or less.

206 (d) Each bank shall collect and report loan information in accordance  
207 with the applicable requirements of federal CRA. Each bank shall file  
208 with the commissioner a copy of each CRA disclosure statement

209 prepared for such bank by a federal financial supervisory agency under  
210 federal CRA within thirty business days after receiving the statement.

211 (e) Copies of the public section of the most recent community  
212 reinvestment performance evaluation prepared by the commissioner  
213 pursuant to subsection (b) of section 36a-32 shall be provided to the  
214 public upon request. A bank may charge a reasonable fee not to exceed  
215 the cost of copying and mailing, if applicable.

216 (f) Each bank shall maintain a public file in accordance with federal  
217 CRA. Each bank shall place a copy of the public section of the bank's  
218 most recent community reinvestment performance evaluation prepared  
219 by the commissioner pursuant to subsection (b) of section 36a-32 in the  
220 public file within thirty business days after its receipt from the  
221 commissioner. The bank may also include in the public file any response  
222 to such performance evaluation that the bank wishes to make. The bank  
223 shall make a copy of the public section of such performance evaluation  
224 available to the public for inspection upon request and at no cost at the  
225 bank's main office and at each of its branches in this state. Any bank that  
226 received a less than satisfactory rating during its most recent  
227 examination under section 36a-32 shall include in its public file a  
228 description of its current efforts to improve its performance in helping  
229 to meet the credit needs of its entire community. The bank shall update  
230 the description quarterly.

231 (g) The commissioner may assess a bank's record of helping to meet  
232 the credit needs of its assessment areas under a strategic plan pursuant  
233 to federal CRA, provided (1) the strategic plan is filed with the  
234 commissioner concurrently with its submission by the bank to a federal  
235 financial supervisory agency for approval under federal CRA, and (2)  
236 the strategic plan is approved by the commissioner.

237 Sec. 7. Section 36a-37a of the general statutes is repealed and the  
238 following is substituted in lieu thereof (*Effective October 1, 2021*):

239 (a) Each community credit union shall satisfy its continuing and



240 affirmative obligation to help meet the credit needs of its community,  
241 including low-income and moderate-income neighborhoods, consistent  
242 with the safe and sound operation of such community credit union.

243 (b) (1) Not later than six months following July 1, 2001, each  
244 community credit union shall delineate one or more assessment areas  
245 within which the commissioner shall evaluate the community credit  
246 union's community reinvestment performance in this state and shall file  
247 such delineations with the commissioner. An assessment area shall  
248 consist only of whole geographies, and may not [(1)] (A) reflect illegal  
249 discrimination, [(2)] (B) arbitrarily exclude low-income or moderate-  
250 income geographies, or [(3)] (C) extend substantially beyond a  
251 consolidated metropolitan statistical area boundary or beyond a state  
252 boundary, unless the assessment area is located in a multistate  
253 metropolitan statistical area. A community credit union may adjust the  
254 boundaries of its assessment areas to include only the portion of a  
255 political subdivision that it reasonably can be expected to serve. A  
256 community credit union shall immediately file an amendment with the  
257 commissioner reflecting an adjustment of the boundaries of an  
258 assessment area.

259 (2) Each community credit union shall take all reasonable steps  
260 consistent with the safe and sound operation of such credit union to  
261 make residential loan products available in and to advertise such  
262 products to its assessment areas, including low and moderate-income  
263 neighborhoods and census tracts where the population of racial  
264 minorities is greater than fifty per cent. Such residential loan products  
265 shall be on terms no less favorable than the residential loan products  
266 made available by the community credit union in census tracts where  
267 the population of racial minorities is fifty per cent or less.

268 (c) The commissioner shall assess periodically the community  
269 reinvestment performance of a community credit union consistent with  
270 the safe and sound operation of the community credit union. The  
271 commissioner shall assess the community reinvestment performance of  
272 such community credit union based on: (1) The community credit

273 union's record of helping to meet the credit needs of its assessment area  
274 or areas through qualified investments that benefit its assessment area  
275 or areas or a broader state-wide or regional area that includes its  
276 assessment area or areas; (2) the community credit union's record of  
277 helping to meet the credit needs of its assessment area or areas, by  
278 analyzing both the availability and effectiveness of its systems for  
279 delivering retail credit union services and the extent and innovativeness  
280 of its community development services; (3) loan-to-share ratio given the  
281 community credit union's size and financial condition, credit needs of  
282 the assessment area or areas, other lending-related activities,  
283 considering seasonal variations, as used in 12 CFR 228.26; (4) percentage  
284 of total loans and other lending-related activities within the assessment  
285 area or areas; (5) record of lending and other lending-related activities  
286 to borrowers of different income levels, and businesses and farms of  
287 different sizes; (6) geographic distribution of loans; (7) action taken in  
288 response to written complaints with respect to community reinvestment  
289 performance; (8) efforts of the community credit union to work with  
290 delinquent residential mortgage customers who are unemployed or  
291 underemployed to facilitate a resolution of the delinquency; and (9)  
292 written comments received by the commissioner.

293 (d) (1) Upon the completion of the assessment required under  
294 subsection (c) of this section, the commissioner shall prepare a written  
295 evaluation of the community credit union's community reinvestment  
296 performance.

297 (2) The performance evaluation shall (A) state the commissioner's  
298 assessment of the community reinvestment performance of the  
299 community credit union, (B) set forth and discuss the facts supporting  
300 such assessment, and (C) contain the community credit union's rating  
301 and a statement describing the basis for the rating. The rating shall be  
302 one of the following: (i) Outstanding record of meeting community  
303 credit needs; (ii) satisfactory record of meeting community credit needs;  
304 (iii) needs to improve record of meeting community credit needs; or (iv)  
305 substantial noncompliance in meeting community credit needs. The

306 commissioner shall furnish a copy of the performance evaluation to the  
307 community credit union upon its completion.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2022</i>	36a-736
Sec. 2	<i>January 1, 2022</i>	36a-737
Sec. 3	<i>January 1, 2022</i>	36a-740
Sec. 4	<i>January 1, 2022</i>	36a-741
Sec. 5	<i>January 1, 2022</i>	36a-743
Sec. 6	<i>October 1, 2021</i>	36a-30
Sec. 7	<i>October 1, 2021</i>	36a-37a

**BA**      *Joint Favorable Subst.*