



General Assembly

February Session, 2022

***Raised Bill No. 183***

LCO No. 1730



Referred to Committee on BANKING

Introduced by:  
(BA)

***AN ACT CONCERNING 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 Section 36a-736 of the general statutes is repealed and the  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, 2023*):

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] that makes home purchase loans or  
16 home improvement loans or any for profit mortgage lending institution  
17 other than a Connecticut bank or Connecticut credit union, [whose  
18 home purchase loan originations equaled or exceeded ten per cent of its  
19 loan origination volume, measured in dollars,] that originated twenty-  
20 five or more closed-end mortgage loans or one hundred or more open-  
21 end 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. Subsection (a) of section 36a-737 of the general statutes is  
34 repealed and the following is substituted in lieu thereof (*Effective January*  
35 *1, 2023*):

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

46 the home purchase loan, home improvement loan or other mortgage  
47 loan is made pursuant to a specific public or private program, the  
48 purpose of which is to increase the availability of home purchase loans,  
49 home improvement loans or other mortgage loans within a low-income  
50 or moderate-income neighborhood or geographical area in which such  
51 investment capital has generally been denied.

52 (2) No financial institution and no federal bank or credit union shall  
53 discriminate against any person in violation of the federal Fair Housing  
54 Act, 42 USC 3601 et seq., as amended from time to time, the federal  
55 Equal Credit Opportunity Act, 15 USC 1691 et seq., as amended from  
56 time to time, sections 46a-64c to 46a-67, inclusive, section 46a-81e or 46a-  
57 81f or any regulation adopted pursuant to such state or federal laws.

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

80 condominium complex.

81 Sec. 3. Section 36a-740 of the general statutes is repealed and the  
82 following is substituted in lieu thereof (*Effective January 1, 2023*):

83 Any applicant or other person who has been discriminated against as  
84 a result of a violation of section 36a-737, as amended by this act, and the  
85 regulations adopted pursuant to sections 36a-735 to 36a-744, inclusive,  
86 may bring an action in a court of competent jurisdiction. Upon finding  
87 that a financial institution is in violation of sections 36a-735 to 36a-744,  
88 inclusive, the court may award damages, reasonable attorneys' fees and  
89 court costs. No class action shall be permitted pursuant to the provisions  
90 of this section. Any applicant or other person alleging a violation under  
91 this section shall do so in the applicant's or other person's own  
92 individual complaint and each case resulting from such complaints shall  
93 be heard on its own merits unless consolidation of such cases is agreed  
94 to by each defendant affected thereby.

95 Sec. 4. Section 36a-741 of the general statutes is repealed and the  
96 following is substituted in lieu thereof (*Effective January 1, 2023*):

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

101 (b) Whenever it appears to the commissioner that any financial  
102 institution or home loan lender has violated, is violating or is about to  
103 violate any provision of sections 36a-735 to 36a-744, inclusive, or any  
104 regulation adopted under said sections, the commissioner may take  
105 action against such financial institution in accordance with section 36a-  
106 50.

107 Sec. 5. Section 36a-743 of the general statutes is repealed and the  
108 following is substituted in lieu thereof (*Effective January 1, 2023*):

109 (a) The commissioner shall analyze the practices and actions of the

110 financial institutions in the home financing area in relationship to its  
111 customers and to the housing needs and conditions of the state.

112 (b) Not later than July 1, 2023, the commissioner shall implement fair  
113 lending examination procedures to assess the compliance of a financial  
114 institution with the provisions of sections 36a-735 to 36a-744, inclusive,  
115 the Fair Housing Act, 42 USC 3601 et seq., as amended from time to time,  
116 and the Equal Credit Opportunity Act, 15 USC 1691 et seq., as amended  
117 from time to time, and any regulation adopted thereunder. Such  
118 procedures shall, to the maximum extent possible, be consistent with the  
119 interagency fair lending examination procedures adopted by the  
120 Consumer Financial Protection Bureau, the Federal Reserve Board, the  
121 Federal Deposit Insurance Corporation, the National Credit Union  
122 Administration and the Office of the Comptroller of the Currency. The  
123 commissioner may conduct fair lending examinations of financial  
124 institutions, as the commissioner deems appropriate.

125 (c) Without limiting any other power of the commissioner or any  
126 other action authorized by law, the commissioner may conduct an  
127 investigation, in accordance with the provisions of section 36a-17, of any  
128 financial institution if the commissioner (1) receives a complaint from  
129 any person of discriminatory lending practices by the financial  
130 institution, (2) finds a pattern of discriminatory lending practices in a  
131 fair lending examination conducted pursuant to subsection (b) of this  
132 section, or (3) finds, while conducting an assessment of the financial  
133 institution pursuant to section 36a-32 or 36a-37a, as amended by this act,  
134 that the financial institution is not satisfying its affirmative obligation to  
135 meet the credit needs of its local communities, including low and  
136 moderate-income neighborhoods pursuant to section 36a-30, as  
137 amended by this act, or 36a-37.

138 Sec. 6. Section 36a-30 of the general statutes is repealed and the  
139 following is substituted in lieu thereof (*Effective October 1, 2022*):

140 (a) As used in [sections 36a-30] this section and sections 36a-31 to 36a-  
141 33, inclusive, unless the context otherwise requires:

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

151 (2) "Federal CRA" means (A) the federal Community Reinvestment  
152 Act of 1977, 12 USC Section 2901 et seq., as from time to time amended,  
153 and (B) the regulations implementing said act adopted by the federal  
154 financial supervisory agencies as set forth in 12 CFR Part 25, 12 CFR Part  
155 228, 12 CFR Part 345 and 12 CFR Part 563e, as from time to time  
156 amended, and as applicable to the specific type of bank.

157 (3) "Federal financial supervisory agency" means the Office of the  
158 Comptroller of the Currency, the Board of Governors of the Federal  
159 Reserve System, the Federal Deposit Insurance Corporation, the Office  
160 of Thrift Supervision and any successor to any of the foregoing agencies,  
161 as applicable to the specific type of bank.

162 (b) The commissioner shall assess the record of each bank in  
163 satisfying its continuing and affirmative obligations to help meet the  
164 credit needs of its local communities, including low and moderate-  
165 income neighborhoods, consistent with the safe and sound operation of  
166 such banks, and shall provide for the consideration of such records in  
167 connection with any application listed in subsection (c) of section 36a-  
168 32.

169 (c) Each bank shall, in accordance with the provisions of federal CRA  
170 and without excluding low and moderate-income neighborhoods,  
171 delineate the local community or communities that comprise its entire  
172 community within this state or delineate one or more assessment areas,  
173 as applicable, within which the commissioner shall evaluate the bank's

174 record of helping to meet the credit needs of its entire community in this  
175 state. The commissioner shall review the delineation for compliance  
176 with federal CRA and this subsection in connection with an examination  
177 of the bank under section 36a-17.

178 (d) Each bank shall collect and report loan information in accordance  
179 with the applicable requirements of federal CRA. Each bank shall file  
180 with the commissioner a copy of each CRA disclosure statement  
181 prepared for such bank by a federal financial supervisory agency under  
182 federal CRA within thirty business days after receiving the statement.

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

188 (f) Each bank shall maintain a public file in accordance with federal  
189 CRA. Each bank shall place a copy of the public section of the bank's  
190 most recent community reinvestment performance evaluation prepared  
191 by the commissioner pursuant to subsection (b) of section 36a-32 in the  
192 public file within thirty business days after its receipt from the  
193 commissioner. The bank may also include in the public file any response  
194 to such performance evaluation that the bank wishes to make. The bank  
195 shall make a copy of the public section of such performance evaluation  
196 available to the public for inspection upon request and at no cost at the  
197 bank's main office and at each of its branches in this state. Any bank that  
198 received a less than satisfactory rating during its most recent  
199 examination under section 36a-32 shall include in its public file a  
200 description of its current efforts to improve its performance in helping  
201 to meet the credit needs of its entire community. The bank shall update  
202 the description quarterly.

203 (g) The commissioner (1) may assess a bank's record of helping to  
204 meet the credit needs of its assessment areas under a strategic plan  
205 pursuant to federal CRA, provided [(1)] (A) the strategic plan is filed

206 with the commissioner concurrently with its submission by the bank to  
207 a federal financial supervisory agency for approval under federal CRA,  
208 and [(2)] (B) the strategic plan is approved by the commissioner, and (2)  
209 shall assess each bank's record of making residential loan products  
210 available in, and advertising such products to, its assessment areas,  
211 including low and moderate-income neighborhoods and census tracts  
212 where the population of racial minorities is greater than fifty per cent,  
213 in a manner that is consistent with the safe and sound operation of such  
214 bank. The terms of a residential loan product made available by a bank  
215 in any of its assessment areas shall not be based on the racial  
216 composition of the assessment area.

217 Sec. 7. Section 36a-37a of the general statutes is repealed and the  
218 following is substituted in lieu thereof (*Effective October 1, 2022*):

219 (a) Each community credit union shall satisfy its continuing and  
220 affirmative obligation to help meet the credit needs of its community,  
221 including low-income and moderate-income neighborhoods, consistent  
222 with the safe and sound operation of such community credit union.

223 (b) (1) Not later than six months following July 1, 2001, each  
224 community credit union shall delineate one or more assessment areas  
225 within which the commissioner shall evaluate the community credit  
226 union's community reinvestment performance in this state and shall file  
227 such delineations with the commissioner. An assessment area shall  
228 consist only of whole geographies, and may not [(1)] (A) reflect illegal  
229 discrimination, [(2)] (B) arbitrarily exclude low-income or moderate-  
230 income geographies, or [(3)] (C) extend substantially beyond a  
231 consolidated metropolitan statistical area boundary or beyond a state  
232 boundary, unless the assessment area is located in a multistate  
233 metropolitan statistical area. A community credit union may adjust the  
234 boundaries of its assessment areas to include only the portion of a  
235 political subdivision that it reasonably can be expected to serve. A  
236 community credit union shall immediately file an amendment with the  
237 commissioner reflecting an adjustment of the boundaries of an  
238 assessment area.



239       (2) The commissioner shall assess each community credit union's  
240 record of making residential loan products available in, and advertising  
241 such products to, its assessment areas, including low and moderate-  
242 income neighborhoods and census tracts where the population of racial  
243 minorities is greater than fifty per cent, in a manner that is consistent  
244 with the safe and sound operation of such credit union. The terms of a  
245 residential loan product made available by a community credit union in  
246 any of its assessment areas shall not be based on the racial composition  
247 of the assessment area.

248       (c) The commissioner shall assess periodically the community  
249 reinvestment performance of a community credit union consistent with  
250 the safe and sound operation of the community credit union. The  
251 commissioner shall assess the community reinvestment performance of  
252 such community credit union based on: (1) The community credit  
253 union's record of helping to meet the credit needs of its assessment area  
254 or areas through qualified investments that benefit its assessment area  
255 or areas or a broader state-wide or regional area that includes its  
256 assessment area or areas; (2) the community credit union's record of  
257 helping to meet the credit needs of its assessment area or areas, by  
258 analyzing both the availability and effectiveness of its systems for  
259 delivering retail credit union services and the extent and innovativeness  
260 of its community development services; (3) loan-to-share ratio given the  
261 community credit union's size and financial condition, credit needs of  
262 the assessment area or areas, other lending-related activities,  
263 considering seasonal variations, as used in 12 CFR 228.26; (4) percentage  
264 of total loans and other lending-related activities within the assessment  
265 area or areas; (5) record of lending and other lending-related activities  
266 to borrowers of different income levels, and businesses and farms of  
267 different sizes; (6) geographic distribution of loans; (7) action taken in  
268 response to written complaints with respect to community reinvestment  
269 performance; (8) efforts of the community credit union to work with  
270 delinquent residential mortgage customers who are unemployed or  
271 underemployed to facilitate a resolution of the delinquency; and (9)  
272 written comments received by the commissioner.

273 (d) (1) Upon the completion of the assessment required under  
 274 subsection (c) of this section, the commissioner shall prepare a written  
 275 evaluation of the community credit union’s community reinvestment  
 276 performance.

277 (2) The performance evaluation shall (A) state the commissioner's  
 278 assessment of the community reinvestment performance of the  
 279 community credit union, (B) set forth and discuss the facts supporting  
 280 such assessment, and (C) contain the community credit union’s rating  
 281 and a statement describing the basis for the rating. The rating shall be  
 282 one of the following: (i) Outstanding record of meeting community  
 283 credit needs; (ii) satisfactory record of meeting community credit needs;  
 284 (iii) needs to improve record of meeting community credit needs; or (iv)  
 285 substantial noncompliance in meeting community credit needs. The  
 286 commissioner shall furnish a copy of the performance evaluation to the  
 287 community credit union upon its completion.

288 Sec. 8. (NEW) (*Effective January 1, 2023*) The Banking Commissioner  
 289 may, by order, establish a process to permit individuals engaging in an  
 290 activity pursuant to a license or registration issued by the commissioner  
 291 under title 36a of the general statutes to conduct such activity from a  
 292 location other than an office location licensed on the system, as defined  
 293 in section 36a-2 of the general statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>January 1, 2023</i>	36a-736
Sec. 2	<i>January 1, 2023</i>	36a-737(a)
Sec. 3	<i>January 1, 2023</i>	36a-740
Sec. 4	<i>January 1, 2023</i>	36a-741
Sec. 5	<i>January 1, 2023</i>	36a-743
Sec. 6	<i>October 1, 2022</i>	36a-30
Sec. 7	<i>October 1, 2022</i>	36a-37a
Sec. 8	<i>January 1, 2023</i>	New section

***Statement of Purpose:***

To prohibit certain financial institutions from engaging in certain discriminatory conduct.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*