



General Assembly

***Raised Bill No. 6691***

January Session, 2023

LCO No. 3872



Referred to Committee on BANKING

Introduced by:  
(BA)

***AN ACT CONCERNING CREDIT CARD ACCESS TO HOME EQUITY  
LINES OF CREDIT.***

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

1 Section 1. Subsection (c) of section 49-2 of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective*  
3 *October 1, 2023*):

4 (c) Advancements may also be made by a mortgagee, or the  
5 assignee of any mortgagee, under an open-end mortgage to the  
6 original mortgagor, or to the assign or assigns of the original  
7 mortgagor who assume the existing mortgage, or any of them, and any  
8 such mortgage debt and future advances shall, from the time such  
9 mortgage deed is recorded, without regard to whether the terms and  
10 conditions upon which such advances will be made are contained in  
11 the mortgage deed and, in the case of an open-end mortgage securing  
12 a commercial future advance loan, a consumer revolving loan or a  
13 letter of credit, without regard to whether the authorized amount of  
14 indebtedness shall at that time or any time have been fully advanced,  
15 be a part of the debt due such mortgagee and be secured by such  
16 mortgage equally with the debts and obligations secured thereby at the

17 time of recording the mortgage deed and have the same priority over  
18 the rights of others who may acquire any rights in, or liens upon, the  
19 mortgaged real estate subsequent to the recording of such mortgage  
20 deed, provided: (1) The heading of any such mortgage deed shall be  
21 clearly entitled "Open-End Mortgage"; (2) the mortgage deed shall  
22 contain specific provisions permitting such advancements and, if  
23 applicable, shall specify that such advancements are made pursuant to  
24 a commercial future advance loan agreement, a consumer revolving  
25 loan agreement or a letter of credit; (3) the mortgage deed shall state  
26 the full amount of the loan therein authorized; (4) the terms of  
27 repayment of such advancements shall not extend the time of  
28 repayment beyond the maturity of the original mortgage debt,  
29 provided this subdivision shall not be applicable where such  
30 advancements are made or would be made pursuant to a commercial  
31 future advance loan agreement, a consumer revolving loan agreement  
32 or a letter of credit, and the mortgage deed specifies that such  
33 advancements are repayable upon demand or by a date which shall  
34 not be later than thirty years from the date of the mortgage; (5) such  
35 advancements shall be secured or evidenced by a note or notes signed  
36 by the original mortgagor or mortgagors or any assign or assigns of the  
37 original mortgagor or mortgagors who assume the existing mortgage,  
38 or any of them, but no note shall be required with respect to any  
39 advancements made pursuant to a commercial future advance loan  
40 agreement, a consumer revolving loan agreement or a letter of credit as  
41 long as such advancements are recorded in the books and records of  
42 the original mortgagee or its assignee; (6) the original mortgage shall  
43 be executed and recorded after October 1, 1955; (7) the original  
44 mortgagor or mortgagors, or any assign or assigns of the original  
45 mortgagor or mortgagors who assume the existing mortgage, or any of  
46 them, are hereby authorized to record a written notice terminating the  
47 right to make such optional future advances secured by such mortgage  
48 or limiting such advances to not more than the amount actually  
49 advanced at the time of the recording of such notice, provided a copy  
50 of such written notice shall also be sent by registered or certified mail,  
51 postage prepaid and return receipt requested, to the mortgagee, or a

52 copy of such written notice shall be delivered to the mortgagee by a  
53 proper officer or an indifferent person and a receipt for the same  
54 received from the mortgagee, and such notice, unless a later date is  
55 recorded or specified in the notice, shall be effective from the time it is  
56 received by the mortgagee; (8) except that if any such optional future  
57 advance or advances are made by the mortgagee, or the assignee of  
58 any mortgagee, to the original mortgagor or mortgagors, or any assign  
59 or assigns who assume the existing mortgage, or any of them, after  
60 receipt of written notice of any subsequent mortgage, lien, attachment,  
61 lis pendens, legal proceeding or adjudication against such real  
62 property, then the amount of any such advance, other than an advance  
63 made pursuant to a commercial future advance loan agreement or a  
64 letter of credit, shall not be a priority as against any such mortgage,  
65 lien, attachment, lis pendens or adjudication of which such written  
66 notice was given; (9) any notice given to the mortgagee under the  
67 terms of subdivision (8) of this subsection shall be deemed valid and  
68 binding upon the original mortgagee or any assignee of the original  
69 mortgagee, in the case of a mortgagee other than a banking institution,  
70 on the next business day following receipt by such mortgagee of such  
71 notice sent by registered or certified mail, postage prepaid and return  
72 receipt requested, or by hand delivery with a signed receipt, and in the  
73 case of a mortgagee which is a banking institution, on the next  
74 business day following receipt at the main office of such banking  
75 institution of such notice sent by registered or certified mail, postage  
76 prepaid and return receipt requested, or by hand delivery with a  
77 signed receipt. For the purposes of this subsection: (A) "Banking  
78 institution" means a bank and trust company, a national banking  
79 association having its main office in this state, a savings bank, a federal  
80 savings bank having its main office in this state, a savings and loan  
81 association, a federal savings and loan association having its main  
82 office in this state, a credit union having assets of two million dollars  
83 or more, or a federal credit union having its main office in this state  
84 and having assets of two million dollars or more; (B) "commercial  
85 future advance loan" means a loan to a foreign or domestic  
86 corporation, partnership, limited liability company, sole

87 proprietorship, association or entity, or any combination thereof, the  
88 proceeds of which are not intended primarily for personal, family or  
89 household purposes, which loan entails advances of all or part of the  
90 loan proceeds and repayments of all or part of the outstanding balance  
91 of the loan from time to time, and includes (i) a commercial revolving  
92 loan wherein all or part of the loan proceeds that have been repaid  
93 may be readvanced, and (ii) a commercial nonrevolving loan wherein  
94 previously advanced loan proceeds, once repaid, cannot be  
95 readvanced; and (C) "consumer revolving loan" means a loan to one or  
96 more individuals, the proceeds of which are intended primarily for  
97 personal, family or household purposes, which is secured by a  
98 mortgage on residential real property, and is made pursuant to an  
99 agreement between the mortgagor and mortgagee which (i) provides  
100 for advancements of all or part of the loan proceeds during a period of  
101 time which shall not exceed ten years from the date of such agreement  
102 and for repayments of the loan from time to time, (ii) provides for  
103 payments to be applied at least in part to the unpaid principal balance  
104 not later than ten years from the date of the loan, and (iii) [does not  
105 authorize access to the loan proceeds by a credit card or any similar  
106 instrument or device, whether known as a credit card, credit plate, or  
107 by any other name, issued with or without a fee by an issuer for the  
108 use of the cardholder in obtaining money, goods, services, or anything  
109 else of value on credit, and (iv)] does not provide that such a revolving  
110 loan to more than one mortgagor will be immediately due and payable  
111 upon the death of fewer than all the mortgagors who signed the  
112 revolving loan agreement. Nothing in this subsection shall affect the  
113 validity or enforceability of any loan agreement which provides for  
114 future advancements by a lender to a borrower as between such  
115 parties or their heirs, successors or assigns, or shall affect the validity  
116 or enforceability of any mortgage securing any such loan that would  
117 be valid and enforceable without the provisions of this subsection.

This act shall take effect as follows and shall amend the following sections:

Section 1	October 1, 2023	49-2(c)
-----------	-----------------	---------

**BA**      *Joint Favorable*