



General Assembly

January Session, 2025

Raised Bill No. 7083

LCO No. 5393



Referred to Committee on BANKING

Introduced by:

(BA)

AN ACT CONCERNING VARIOUS REVISIONS TO THE CREDIT UNION STATUTES RELATING TO LOAN OFFICERS, NONMEMBER PAYMENTS, MEMBER BUSINESS LOANS, CHARITABLE CONTRIBUTIONS, EXTENSIONS OF CREDIT, PROCEEDS OF THE RESALE OF REPOSSESSED GOODS, CAPITAL AND NET WORTH.

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

1 Section 1. Section 36a-435b of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2025*):

3 As used in sections 36a-435a to 36a-472a, inclusive, unless the context
4 otherwise requires:

5 (1) "Appointed director" means a director emeritus or an advisory
6 director of a Connecticut credit union [] who is not a member of the
7 governing board of such credit union;

8 (2) "Branch" means any office established by a Connecticut credit
9 union, an out-of-state, state-chartered credit union, a federal credit
10 union [] or an out-of-state, federally-chartered credit union, as the case
11 may be, at a fixed location, at which shares or deposits are received,
12 share drafts or checks are paid [] or money is lent, including an office

13 operated as a shared service center and not including the main office of
14 the credit union;

15 (3) "Capital" means undivided earnings, [regular reserves,] other
16 special purpose reserves, donated equity [,] and accumulated,
17 unrealized gains or losses on securities in accordance with generally
18 accepted accounting principles;

19 (4) "Certificate of incorporation" means the certificate of
20 incorporation of a Connecticut credit union and includes in the case of
21 Connecticut credit unions in existence on July 1, 1975, articles of
22 association, articles of incorporation and certificates of organization;

23 (5) "Corporate", when used in conjunction with any institution that is
24 a Connecticut credit union, federal credit union or out-of-state credit
25 union, means a corporate credit union, as defined in 12 CFR 704.2, as
26 from time to time amended;

27 (6) "Credit manager" means a natural person approved by the
28 governing board of a Connecticut credit union and employed by such
29 credit union to supervise its lending activities;

30 (7) "Credit union service organization services" means those services
31 that are authorized for credit union service organizations under state or
32 federal law, and that are closely related to credit union business, are
33 convenient and useful to credit union business, are reasonably related
34 to the operations of a credit union or are financial in nature;

35 (8) "Director" means a member of the governing board of a
36 Connecticut credit union;

37 (9) "Federal Credit Union Act" means 12 USC Section 1751 et seq., as
38 from time to time amended;

39 (10) "Financial institution" means any Connecticut credit union, bank,
40 federal credit union, out-of-state bank or out-of-state credit union;

41 (11) "Immediate family member" means any person related by blood,
42 adoption or marriage to a person within the field of membership of the
43 Connecticut credit union;

44 (12) "Loan officer" means a natural person who for compensation or
45 gain, or with the expectation of compensation or gain, accepts loan
46 applications or offers or negotiates the terms of personal, business or
47 other loan products. "Loan officer" does not include a natural person
48 engaged solely as a loan processor or underwriter;

49 [(12)] (13) "Member" means any person who has been admitted to
50 membership in the Connecticut credit union in accordance with this
51 chapter;

52 [(13)] (14) "Member in good standing" means a member who (A)
53 owns at least one membership share in a credit union, (B) is current on
54 all credit obligations to the credit union, and (C) has not caused the
55 credit union a credit or share loss that remains outstanding;

56 [(14)] (15) "Membership share" means a share equal to the stated par
57 value of the Connecticut credit union which may not be withdrawn or
58 transferred except upon termination of membership and which confers
59 membership and voting rights on the member;

60 [(15)] (16) "Mobile branch" means any office of a Connecticut credit
61 union at which credit union business is conducted, which is in fact
62 moved or transported to one or more predetermined locations in
63 accordance with a predetermined schedule;

64 [(16)] (17) "Multiple common bond membership" means a field of
65 membership consisting of more than one group of individuals, each of
66 which has, within the group, a common bond of occupation or
67 association;

68 [(17)] (18) "Officer" means the chairperson, vice chairperson,
69 secretary and treasurer of the governing board of a Connecticut credit

70 union;

71 [(18)] (19) "Senior management" means the president or chief
72 executive officer, vice president or vice chief executive officer, chief
73 financial officer, credit manager, and any person occupying a similar
74 status or performing a similar function;

75 [(19)] (20) "Share" means the basic unit of moneys held by a member
76 of a Connecticut credit union in share accounts at a Connecticut credit
77 union on which a dividend may be paid;

78 [(20)] (21) "Shared service center" means a branch established by any
79 combination of two or more [(A)] Connecticut credit unions, [(B)] out-
80 of-state, state-chartered credit unions, [(C)] federal credit unions [,] or
81 [(D)] out-of-state, federally-chartered credit unions, that is operated in
82 such a manner as to provide a credit union member the same credit
83 union services that the credit union member could lawfully obtain at the
84 main office of the [member's] member's credit union;

85 [(21)] (22) "Single common bond membership" means a field of
86 membership consisting of one group that has a common bond of
87 occupation or association.

88 Sec. 2. Subsection (a) of section 36a-456b of the general statutes is
89 repealed and the following is substituted in lieu thereof (*Effective July 1,*
90 *2025*):

91 (a) As used in this section:

92 (1) "Tax and loan account" means an account, the balance of which is
93 subject to the right of immediate withdrawal, established for receipt of
94 payments of federal taxes and certain United States obligations. Such
95 accounts are not shares, as defined in [subdivision (17) of] section 36a-
96 435b, as amended by this act; and

97 (2) "Note account" means a note, subject to the right of immediate call,
98 evidencing funds held by depositories electing the note option under

99 applicable United States Treasury Department regulations. Note
100 accounts are not shares, as defined in [subdivision (17) of] section 36a-
101 435b, as amended by this act.

102 Sec. 3. Subsection (e) of section 36a-456a of the general statutes is
103 repealed and the following is substituted in lieu thereof (*Effective July 1,*
104 *2025*):

105 (e) (1) A Connecticut credit union may receive payments from a
106 nonmember who is [(1)] (A) an individual, into a share account held
107 jointly with a member of the Connecticut credit union, which share
108 account is subject to the provisions of section 36a-290; [(2)] (B) the
109 United States, this state or any municipality or other political
110 subdivision thereof; [(3)] (C) a federally-recognized Native American
111 tribal government located in this state; or [(4)] (D) another Connecticut
112 credit union, federal credit union or out-of-state credit union.

113 (2) Notwithstanding the provisions of subdivision (1) of this
114 subsection, a Connecticut credit union that is designated by the United
115 States Department of the Treasury as a community development
116 financial institution under 12 CFR Part 1805, as amended from time to
117 time, may receive payments from any nonmember, provided no such
118 payment shall exceed the greater of three million dollars or fifty per cent
119 of the total value of all shares of such Connecticut credit union.

120 Sec. 4. Subparagraph (A) of subdivision (2) of section 36a-455a of the
121 general statutes is repealed and the following is substituted in lieu
122 thereof (*Effective July 1, 2025*):

123 (2) (A) Issue shares to its members and receive payments on shares
124 from its members and from [those] nonmembers [specified in] in
125 accordance with the provisions of subsection (e) of section 36a-456a, as
126 amended by this act, subject to the provisions of sections 36a-290 to 36a-
127 297, inclusive, 36a-330 to 36a-338, inclusive, and 36a-456a, as amended
128 by this act, (B) receive deposits of members and nonmembers subject to
129 provisions of sections 36a-456a and 36a-456b, as amended by this act,

130 (C) reduce the amount of its member and nonmember shares and
131 deposits, (D) expel members and cancel shares in accordance with
132 section 36a-439a, and (E) provide check cashing and wire and electronic
133 transfer services to nonmembers who are within such credit union's
134 field of membership;

135 Sec. 5. Subdivision (3) of subsection (a) of section 36a-458a of the
136 general statutes is repealed and the following is substituted in lieu
137 thereof (*Effective July 1, 2025*):

138 (3) "Member business loan" means any loan, line of credit or
139 unfunded commitment thereof, letter of credit or any other extension of
140 credit, where the borrower intends to use or uses the proceeds for any
141 of the following purposes: (A) Commercial; (B) corporate; (C)
142 investment property; (D) business venture; or (E) agricultural, but does
143 not include the following loans:

144 (i) A loan intended for personal use;

145 [(i)] (ii) A loan fully secured by a lien on a one-to-four family
146 residence, [that] regardless of whether such residence is the primary
147 residence of the member;

148 [(ii)] (iii) A loan fully secured by shares in the credit union making
149 the loan or by shares or deposits in other financial institutions;

150 [(iii)] (iv) One or more loans to a member or an associated member
151 where the proceeds are to be used or are used for the purposes specified
152 in this subdivision to benefit a common endeavor and which, in the
153 aggregate, are equal to less than fifty thousand dollars;

154 [(iv)] (v) A loan where any agency of the federal government, a state
155 or any political subdivision of such state, fully insures or guarantees
156 repayment, or provides an advance commitment to purchase the loan in
157 full; [or]

158 [(v)] (vi) A loan granted by the corporate Connecticut credit union to

159 a Connecticut credit union, federal credit union or out-of-state credit
160 union; or

161 (vii) A commercial loan to a nonmember or a participation interest in
162 a commercial loan to a nonmember that (I) is acquired by a federally
163 insured credit union in compliance with all applicable laws and
164 regulations, and (II) is not traded for a member business loan for the
165 purpose of circumventing the limitations on member business loans
166 established in subsections (f) to (i), inclusive, of this section.

167 Sec. 6. Subdivision (17) of section 36a-455a of the general statutes is
168 repealed and the following is substituted in lieu thereof (*Effective October*
169 *1, 2025*):

170 (17) (A) In the discretion of [a majority of its governing board] its
171 senior management, make charitable contributions or gifts [to or for the
172 use of any corporation, trust or community chest, fund or foundation
173 created or organized under the laws of the United States or of this state
174 and organized and operated exclusively for charitable, educational or
175 public welfare purposes, or of any hospital which is located in this state
176 and which is exempt from federal income taxes and to which
177 contributions are deductible under Section 501(c) of the Internal
178 Revenue Code of 1986, or any subsequent corresponding internal
179 revenue code of the United States, as from time to time amended] that
180 are each in an amount not exceeding one one-thousandth of the net
181 assets of the Connecticut credit union as of the close of the prior fiscal
182 year, and (B) in the discretion of a majority of its governing board, make
183 charitable contributions or gifts that may each be in any amount;

184 Sec. 7. Subsection (d) of section 36a-454b of the general statutes is
185 repealed and the following is substituted in lieu thereof (*Effective October*
186 *1, 2025*):

187 (d) (1) An [insider,] immediate family member of [such] an insider or
188 other person having a common ownership, investment or other
189 pecuniary interest in a business enterprise with an insider or immediate

190 family member of [such] an insider shall not obtain an extension of
191 credit from the Connecticut credit union with preferential rates, terms
192 or conditions, or act as guarantor or endorser thereon, and shall not be
193 involved in the appraisal or valuation of assets which are to be used as
194 collateral for an extension of credit.

195 (2) An insider, an employee of Connecticut credit union or a member
196 of the governing board may obtain an extension of credit from the
197 Connecticut credit union with preferential rates, terms or conditions, or
198 act as guarantor or endorser thereon, provided such extension of credit
199 is obtained pursuant to a written policy established by the governing
200 board. Any such written policy shall require that (A) uniform
201 preferential rates, terms or conditions be offered to insiders, employees
202 and members of the governing board, except that insiders and members
203 of the governing board may be offered additional rate discounts not
204 exceeding one-half of one per cent beyond any discount offered to
205 employees, and (B) no extension of credit shall be offered pursuant to
206 such written policy if, at the time the credit is extended, the Connecticut
207 credit union reasonably expects such extension of credit to result in a
208 financial loss.

209 Sec. 8. Subsection (d) of section 36a-785 of the general statutes is
210 repealed and the following is substituted in lieu thereof (*Effective October*
211 *1, 2025*):

212 (d) (1) If the retail buyer does not redeem such goods within fifteen
213 days after the holder of the contract has retaken possession, the holder
214 of the contract shall sell such goods at public or private sale not less than
215 fifteen days and not more than one hundred eighty days after the
216 retaking. When the holder of the contract retakes possession by legal
217 process, and an answer is interposed, the holder of the contract may, at
218 the holder's election, hold such retaken goods for a period not to exceed
219 thirty days after the entry of final judgment by a court of competent
220 jurisdiction entitling the holder of the contract to possession of such
221 goods before holding such resale. The holder of the contract shall give

222 the retail buyer not less than ten days' written notice of the time and
223 place of any public sale, or the time after which any private sale or other
224 intended disposition is to be made, either personally or by registered
225 mail or by certified mail, return receipt requested, directed to the retail
226 buyer at such retail buyer's last-known place of business or residence.
227 The holder of the contract may bid for such goods at any public sale.
228 The proceeds of the resale shall be considered to be either the amount
229 paid for such goods at such sale or the fair cash retail market value of
230 such goods at the time of repossession, whichever is the greater, except
231 as otherwise provided in subdivision (2) of this subsection or subsection
232 (g) of this section.

233 (2) Notwithstanding the provisions subdivision (1) of this subsection
234 or subsection (g) of this section, the governing board of a Connecticut
235 credit union may adopt a written policy establishing the manner in
236 which such Connecticut credit union characterizes the proceeds of the
237 resale of such repossessed goods.

238 Sec. 9. Subsection (e) of section 36a-441a of the general statutes is
239 repealed and the following is substituted in lieu thereof (*Effective October*
240 *1, 2025*):

241 (e) As used in this section, the term "net worth" means the retained
242 earnings balance of the Connecticut credit union at the end of each
243 dividend period, excluding the allowance for loan and lease losses
244 account and, in the case of a Connecticut credit union designated by the
245 National Credit Union Administration as a low-income credit union
246 under 12 CFR 701.34, as from time to time amended, net worth includes
247 any secondary capital account that is uninsured and subordinate to all
248 other claims, including claims of creditors, shareholders and the
249 National Credit Union Share Insurance Fund. Retained earnings shall
250 consist of undivided earnings, as determined under generally accepted
251 accounting principles, [regular reserves] and other appropriations
252 designated by the commissioner or the National Credit Union
253 Administration, or its successor agency, or by the governing board of

254 the Connecticut credit union with the approval of the commissioner.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2025</i>	36a-435b
Sec. 2	<i>July 1, 2025</i>	36a-456b(a)
Sec. 3	<i>July 1, 2025</i>	36a-456a(e)
Sec. 4	<i>July 1, 2025</i>	36a-455a(2)(A)
Sec. 5	<i>July 1, 2025</i>	36a-458a(a)(3)
Sec. 6	<i>October 1, 2025</i>	36a-455a(17)
Sec. 7	<i>October 1, 2025</i>	36a-454b(d)
Sec. 8	<i>October 1, 2025</i>	36a-785(d)
Sec. 9	<i>October 1, 2025</i>	36a-441a(e)

Statement of Purpose:

To (1) define "loan officer" for the purposes of various statutes relating to credit unions, (2) establish that certain credit unions may receive certain payments from nonmembers, (3) redefine "member business loan" for the purposes of certain statutory provisions relating to credit union loans, (4) establish that the management of Connecticut credit unions may make certain charitable contributions and gifts, (5) establish that employees, insiders or members of the governing board of Connecticut credit unions may obtain extensions of credit with preferential rates, terms or conditions, (6) establish that a Connecticut credit union may adopt policies establishing the manner in which such Connecticut credit union characterizes the proceeds of the resale of repossessed goods, and (7) redefine "capital" and "net worth" for the purposes of various statutory provisions relating to credit unions.

[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.]