



Acts Affecting Banking

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Notice to Readers

This report provides summaries of new laws (public acts and special acts) enacted during the 2018 regular session affecting banking and entities regulated under Title 36a of the Connecticut General Statutes. OLR's other Acts Affecting reports, including Acts Affecting Business and Jobs, Acts Affecting Insurance, Acts Affecting Municipalities, and Acts Affecting Real Estate, are, or will soon be, available on OLR's website: <https://www.cga.ct.gov/olr/actsaffecting.asp>.

Each summary indicates the public act (PA) or special act (SA) number. Not all provisions of the acts are included. The report does not include vetoed acts unless the veto was overridden.

Complete summaries of Public Acts are, or will soon be, available on OLR's website:

<https://www.cga.ct.gov/olr/olrpassums.asp>.

Readers are encouraged to obtain the full text of acts that interest them from the Connecticut State Library, House Clerk's Office, or General Assembly's website: <http://www.cga.ct.gov>.

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Banking Law Revisions

A new law makes substantial changes in Connecticut banking laws. It grants the banking commissioner new powers over certain license types and extends his existing powers to additional licenses. Among other things, it also:

1. codifies two commissioner orders requiring licensees to use the Nationwide Mortgage Licensing System and Registry;
2. establishes a 36% maximum annual percentage rate for certain small loans;
3. changes the factors required to be considered when deciding to approve a bank application;
4. requires sales finance companies to acquire, maintain, and report certain demographic information; and
5. makes various changes to several license types ([PA 18-173](#), generally effective October 1, 2018).

Blockchain Study

Generally, blockchain is a digital ledger in which transactions made in bitcoin or another virtual currency are recorded chronologically and publicly. To get a better handle on blockchain technology and what it means for business and consumers, the legislature authorized the Commerce Committee's leaders to convene a blockchain working group that includes industry experts, academic leaders, and state officials. The group must report its findings to the legislature by January 1, 2019 ([SA 18-8](#), effective upon passage).

Consumer Protections for Reverse Mortgages

A new law expands the counseling and certification requirements for reverse mortgages, a type of mortgage that allows homeowners to convert accumulated home equity into liquid assets. Among other things, the law requires prospective applicants, or their representatives, to receive counseling from a federal Housing and Urban Development-approved agency before a reverse mortgage lender may accept a final loan application or assess any related fees. It also requires lenders to receive and store a signed certification from the applicant stating that the counseling requirements were met. Failure to meet the law's counseling and certification requirements is a violation of the state's unfair trade practices law ([PA 18-38](#), effective October 1, 2018).

Credit Reporting for Nonpayment of Utility Services

A new law increases, from 60 to 120, the number of days a residential customer must be delinquent before certain utilities may report the customer's nonpayment for service to credit rating agencies. The affected utilities are electric distribution companies (e.g., Eversource or United Illuminating); gas or water companies; gas registrants; and municipal utilities that provide electric, gas, or water service ([PA 18-116](#), effective October 1, 2018).

Credit Security Freezes and Identity Theft Mitigation Services

The legislature passed a new law prohibiting credit rating agencies from (1) charging fees to place or remove a credit security freeze and (2) requiring a consumer, as a condition of placing a freeze, to limit claims he or she may have against the agency. The new law also increases, from 12 to 24 months, the length of time certain businesses must provide identity theft mitigation services to customers after a data breach ([PA 18-90](#), effective October 1, 2018).

Delinquent Sewer Assessment Payments and Foreclosure Restrictions

A new law institutes a one year delay for foreclosure actions on liens held by water pollution control authorities (WPCAs). It also requires municipalities with a population of at least 100,000 that are serviced by a Connecticut Public Utilities Regulatory Authority (PURA) regulated private water company to adopt ordinances that (1) restrict foreclosure proceedings for past due sewer fees, (2) lower the interest rate on such fees, (3) limit a WPCA assignee's ability to purchase a foreclosed property, and (4) set financial guidelines that trigger foreclosure for nonpayment.

This new law also requires PURA to establish a program to regulate the charges, assessments, and lien processes of the WPCAs located in these municipalities. It (1) sets a \$4 annual surcharge for the customers in these municipalities to help pay for the program and (2) requires a report to the legislature on the program's status and any recommendations for legislation ([PA 18-174](#), effective July 1, 2018).

Expanded Credit Union Authority

The legislature passed a law expanding the authority of credit unions to, among other things, do the following:

1. engage in any activity available to a federal or out-of-state credit unions, unless the banking commissioner disapproves within a specified timeframe;
2. make mortgage loans secured by a member's one-to-four family personal residence, even if it is not his or her primary residence;
3. invest up to 20%, rather than 5%, of a credit union's total asset value in real estate and improvements without commissioner approval; and
4. provide specific additional services such as wire transfer services, prepaid debit cards, and digital wallet services ([PA 18-117](#), effective upon passage).

Foreclosure Mediation Program

The legislature passed a new law eliminating the requirement that a mortgagor (i.e., debtor) participating in the state's foreclosure mediation program who is represented by counsel attend the first mediation session in person ([PA 16-65](#) eliminated this requirement only for residential foreclosures with an FY 09 return date) ([PA 18-53](#), effective October 1, 2018).

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