

Senate, March 23, 1998. The Committee on Banks reported through SEN. FONFARA, 1st DIST., Chairman of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING COMMUNITY REINVESTMENT PLANS,
EXPEDITED BANK BRANCH APPLICATIONS AND
OUT-OF-STATE BRANCH RELOCATIONS.

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

- 1 Section 1. Section 36a-3 of the general
- 2 statutes, as amended by section 2 of public act
- 3 97-160 and section 1 of public act 97-209, is
- 4 repealed and the following is substituted in lieu
- 5 thereof: .
- 6 Other definitions applying to this title or
- 7 to specified parts thereof and the sections in
- 8 which they appear are:
- 9 "Account". Sections 36a-155 and 36a-365.
- 10 "Advance fee". Sections 36a-510, 36a-485 and
- 11 36a-615.
- 12 "Agency bank". Section 36a-285.
- 13 "Alternative mortgage loan". Section 36a-265.
- 14 "Amount financed". Section 36a-690.
- 15 "Annual percentage rate". Section 36a-690.
- 16 "Annual percentage yield". Section 36a-316.
- 17 "Applicant". Section 36a-736.
- 18 "Associate". Section 36a-184.
- 19 "Bank". Section 36a-30.
- 20 "Bankers' bank". Section 36a-70.
- 21 "Banking business". Section 36a-425.
- 22 "Billing cycle". Section 36a-565.

23 "Bona fide nonprofit organization". Section
24 36a-655.
25 "Branch". Sections 36a-145, AS AMENDED BY
26 SECTION 3 OF THIS ACT, and 36a-410.
27 "Branch or agency net payment entitlement".
28 Section 1 of [this act] PUBLIC ACT 97-160.
29 "Branch or agency net payment obligation".
30 Section 1 of [this act] PUBLIC ACT 97-160.
31 "Broker". Section 36a-510.
32 "Business and Industrial Development
33 Corporation". Section 36a-626.
34 "Business and property in this state".
35 Section 1 of [this act] PUBLIC ACT 97-160.
36 "Cash advance". Section 36a-564.
37 "Cash price". Section 36a-770.
38 "Certificate of organization". Section
39 36a-435.
40 "Collective managing agency account". Section
41 36a-365.
42 "Commercial vehicle". Section 36a-770.
43 "Community bank". Section 36a-70.
44 "Community development bank". Section 36a-70.
45 "Connecticut holding company". Section
46 36a-410.
47 "Consumer". Sections 36a-155, 36a-676 and
48 36a-695.
49 "Consumer Credit Protection Act". Section
50 36a-676.
51 "Consumer debtor" and "debtor". Sections
52 36a-645 and 36a-800.
53 "Consumer collection agency". Section
54 36a-800.
55 "Controlling interest". Section 36a-276.
56 "Credit". Sections 36a-645 and 36a-676.
57 "Creditor". Sections 36a-676, 36a-695 and
58 36a-800.
59 "Credit card", "cardholder" and "card
60 issuer". Section 36a-676.
61 "Credit clinic". Section 36a-695.
62 "Credit rating agency". Section 36a-695.
63 "Credit report". Section 36a-695.
64 "Credit sale". Section 36a-676.
65 "De novo branch". Section 36a-410.
66 "Debt". Section 36a-645.
67 "Debt adjustment". Section 36a-655.
68 "Debt mutual fund". Section 36a-275.
69 "Debt securities". Section 36a-275.
70 "Deliver". Section 36a-316.

71 "Deposit". Section 36a-316.
72 "Deposit account". Section 36a-316.
73 "Deposit account charge". Section 36a-316.
74 "Deposit account disclosures". Section
75 36a-316.
76 "Deposit contract". Section 36a-316.
77 "Deposit services". Section 36a-425.
78 "Depositor". Section 36a-316.
79 "Earning period". Section 36a-316.
80 "ELIGIBLE APPLICANT". SECTION 36a-145, AS
81 AMENDED BY SECTION 3 OF THIS ACT.
82 "ELIGIBLE ENTITY". SECTION 36a-34, AS AMENDED
83 BY SECTION 2 OF THIS ACT.
84 "Eligible account holder". Section 36a-136.
85 "Eligible collateral". Section 36a-330.
86 "Equity mutual fund". Section 36a-276.
87 "Federal Home Mortgage Disclosure Act".
88 Section 36a-736.
89 "Fiduciary". Section 36a-365.
90 "Filing fee". Section 36a-770.
91 "Finance charge". Sections 36a-690 and
92 36a-770.
93 "Financial institution". Sections 36a-41,
94 36a-155, 36a-316, 36a-330 and 36a-736.
95 "Financial records". Section 36a-41.
96 "First mortgage loan". Sections 36a-485,
97 36a-705 and 36a-715.
98 "Fiscal year". Section 36a-435.
99 "Foreign banking corporation". Section
100 36a-425.
101 "General facility". Section 36a-580.
102 "Global net payment entitlement". Section 1
103 of [this act] PUBLIC ACT 97-160.
104 "Global net payment obligation". Section 1 of
105 [this act] PUBLIC ACT 97-160.
106 "Goods". Sections 36a-535 and 36a-770.
107 "Graduated payment mortgage loan". Section
108 36a-265.
109 "Groups having a common bond of occupation or
110 association". Section 36a-435.
111 "Guardian". Section 36a-365.
112 "Holder". Section 36a-596.
113 "Home banking services". Section 36a-170.
114 "Home banking terminal". Section 36a-170.
115 "Home improvement loan". Section 36a-736.
116 "Home purchase loan". Section 36a-736.
117 "Home state". Section 36a-410.
118 "Immediate family". Section 36a-435.

119 "Instalment loan contract". Sections 36a-535
120 and 36a-770.
121 "Instrument". Section 36a-596.
122 "Insurance bank". Section 36a-285.
123 "Insurance department". Section 36a-285.
124 "Interest". Section 36a-316.
125 "Interest rate". Section 36a-316.
126 "Lender". Sections 36a-510 and 36a-770.
127 "Lessor". Section 36a-676.
128 "License". Section 36a-626.
129 "Licensee". Sections 36a-510, 36a-596 and
130 36a-626.
131 "Limited branch". Section 36a-145, AS AMENDED
132 BY SECTION 3 OF THIS ACT.
133 "Limited facility". Section 36a-580.
134 "Loan broker". Section 36a-615.
135 "Loss". Section 36a-330.
136 "Made in this state". Section 36a-770.
137 "Managing agent". Section 36a-365.
138 "Member". Section 36a-435.
139 "Membership share". Section 36a-435.
140 "Money order". Section 36a-596.
141 "Mortgage broker". Section 36a-485.
142 "Mortgage insurance". Section 36a-725.
143 "Mortgage lender". Sections 36a-485 and
144 36a-705.
145 "Mortgage loan". Sections 36a-261 and
146 36a-265.
147 "Mortgage rate lock-in". Section 36a-705.
148 "Mortgage servicing company". Section
149 36a-715.
150 "Mortgagor". Section 36a-715.
151 "Motor vehicle". Section 36a-770.
152 "Municipality". Section 36a-800.
153 "Net worth". Section 36a-596.
154 "Network". Section 36a-155.
155 "Note account". Sections 36a-301 and 36a-445.
156 "Office". Section 36a-316.
157 "Open-end credit plan". Section 36a-676.
158 "Open-end loan". Section 36a-565.
159 "Organization". Section 36a-800.
160 "Out-of-state holding company". Section
161 36a-410.
162 "Outstanding". Section 36a-596.
163 "Passbook savings account". Section 36a-316.
164 "Periodic statement". Section 36a-316.
165 "Permissible investment". Section 36a-596.
166 "Person". Section 36a-184.

167 "Post". Section 36a-316.
168 "Prime quality". Section 36a-596.
169 "Principal amount of the loan". Section
170 36a-510.
171 "Principal officer". Section 36a-485.
172 "Processor". Section 36a-155.
173 "Public deposit". Section 36a-330.
174 "Purchaser". Section 36a-596.
175 "Qualified financial contract". Section 1 of
176 [this act] PUBLIC ACT 97-160.
177 "Qualified public depository" and
178 "depository". Section 36a-330.
179 "Records". Section 36a-17.
180 "Relocate". Section 36a-145, AS AMENDED BY
181 SECTION 3 OF THIS ACT.
182 "Residential property". Section 36a-485.
183 "Retail buyer". Sections 36a-535 and 36a-770.
184 "Retail credit transaction". Section 42-100b.
185 "Retail instalment contract". Sections
186 36a-535 and 36a-770.
187 "Retail instalment sale". Sections 36a-535
188 and 36a-770.
189 "Retail seller". Sections 36a-535 and
190 36a-770.
191 "Reverse annuity mortgage loan". Section
192 36a-265.
193 "Sales finance company". Sections 36a-535 and
194 36a-770.
195 "Savings department". Section 36a-285.
196 "Savings deposit". Section 36a-316.
197 "Secondary mortgage loan". Section 36a-510.
198 "Security convertible into a voting
199 security". Section 36a-184.
200 "Share". Section 36a-435.
201 "Social purpose investment". Section 36a-277.
202 "Standard mortgage loan". Section 36a-265.
203 "Tax and loan account". Sections 36a-301 and
204 36a-445.
205 "The Savings Bank Life Insurance Company".
206 Section 36a-285.
207 "Time account". Section 36a-316.
208 "Transaction". Section 36a-215.
209 "Travelers check". Section 36a-596.
210 "Troubled financial institution". Section
211 36a-215.
212 "Unsecured loan". Section 36a-615.
213 Sec. 2. Section 36a-34 of the general
214 statutes, as amended by public act 97-33, is

215 repealed and the following is substituted in lieu
216 thereof:

217 (a) As used in subsection (b) of this
218 section:

219 (1) "Entity" means the applicant or
220 applicants except, in the case of an approval
221 pursuant to section 36a-411, "entity" means the
222 subsidiaries of the applicant holding company.

223 (2) "ELIGIBLE ENTITY" MEANS ANY ENTITY THAT
224 (A) RECEIVED A COMPOSITE RATING OF ONE OR TWO
225 UNDER THE UNIFORM FINANCIAL INSTITUTIONS RATING
226 SYSTEM AS A RESULT OF ITS MOST RECENT SAFETY AND
227 SOUNDNESS EXAMINATION; (B) RECEIVED A COMPLIANCE
228 RATING OF ONE OR TWO ON ITS MOST RECENT COMPLIANCE
229 EXAMINATION; (C) RECEIVED A SATISFACTORY OR BETTER
230 RATING ON ITS MOST RECENT COMMUNITY REINVESTMENT
231 PERFORMANCE EVALUATION; (D) IS WELL CAPITALIZED IN
232 THAT IT (i) HAS A TOTAL RISK-BASED CAPITAL RATIO
233 OF TEN PER CENT OR GREATER, (ii) HAS A TIER 1
234 RISK-BASED CAPITAL RATIO OF SIX PER CENT OR
235 GREATER, (iii) HAS A LEVERAGED RATIO OF FIVE PER
236 CENT OR GREATER, AND (iv) IS NOT SUBJECT TO ANY
237 WRITTEN AGREEMENT, ORDER, CAPITAL DIRECTIVE, OR
238 PROMPT CORRECTIVE ACTION DIRECTIVE ISSUED PURSUANT
239 TO SECTION 8 OF THE FEDERAL DEPOSIT INSURANCE ACT,
240 12 USC SECTION 1818, THE INTERNATIONAL LENDING
241 SUPERVISION ACT OF 1983, 12 USC SECTION 3907, THE
242 HOME OWNER'S LOAN ACT, 12 USC SECTION
243 1464(f)(6)(A)(ii), OR SECTION 38 OF THE FEDERAL
244 DEPOSIT INSURANCE ACT, 12 USC SECTION 1831o, OR
245 ANY REGULATION ADOPTED THEREUNDER, TO MEET AND
246 MAINTAIN A SPECIFIC CAPITAL LEVEL FOR ANY CAPITAL
247 MEASURE; (E) IS NOT SUBJECT TO A CEASE AND DESIST
248 ORDER, CONSENT ORDER, PROMPT CORRECTIVE ACTION
249 DIRECTIVE, WRITTEN AGREEMENT, MEMORANDUM OF
250 UNDERSTANDING, OR OTHER ADMINISTRATIVE AGREEMENT
251 WITH ITS PRIMARY STATE OR FEDERAL BANKING
252 REGULATOR; AND (F) IS NOT SUBJECT TO ANY FORMAL OR
253 INFORMAL ADMINISTRATIVE ACTION BY ITS PRIMARY
254 STATE OR FEDERAL BANKING REGULATOR.

255 [(2)] (3) "Resulting entity" means: (A) In
256 the case of an approval pursuant to section
257 36a-145, AS AMENDED BY SECTION 3 OF THIS ACT, and
258 subdivision (2) of subsection (a) of section
259 36a-412, the applicant; (B) in the case of an
260 approval pursuant to section 36a-125, the
261 resulting Connecticut bank; (C) in the case of an
262 approval pursuant to section 36a-181, the

263 Connecticut bank; (D) in the case of an approval
264 pursuant to section 36a-411, the bank to be
265 acquired or established; and (E) in the case of an
266 approval pursuant to subdivision (1) of subsection
267 (a) of section 36a-412, AS AMENDED, the bank to be
268 acquired or the resulting bank.

269 [(3)] (4) "Federal CRA" shall have the same
270 meaning as set forth in subsection (a) of section
271 36a-30.

272 (b) The commissioner shall not grant any
273 approval under section 36a-125, subsections (b),
274 (c) and (d) of section 36a-145, AS AMENDED BY
275 SECTION 3 OF THIS ACT, section 36a-181, section
276 36a-411 or subdivisions (1) and (2) of subsection
277 (a) of section 36a-412 unless the commissioner
278 finds, in accordance with regulations adopted
279 pursuant to chapter 54, that (1) based on the most
280 recent applicable performance evaluation and any
281 related information required by the commissioner,
282 the entity has a record of compliance with the
283 requirements of federal CRA, sections 36a-30 to
284 36a-33, inclusive, to the extent applicable, and
285 applicable consumer protection laws; and (2)
286 except as otherwise provided in this subsection,
287 if the entity, and in the case of an approval
288 pursuant to section 36a-411, the bank or any
289 subsidiary bank of the Connecticut holding company
290 [, received any overall rating other than an
291 assigned rating of "outstanding" on its most
292 recent applicable community reinvestment
293 performance evaluation] IS NOT OTHERWISE AN
294 ELIGIBLE ENTITY, the resulting entity will provide
295 adequate services to meet the banking needs of all
296 community residents, including low-income
297 residents and moderate-income residents to the
298 extent permitted by its charter, in accordance
299 with a plan submitted by the applicant to the
300 commissioner, in such form and containing such
301 information as the commissioner may require, or,
302 if acceptable to the commissioner, in accordance
303 with an approved strategic plan prepared under
304 federal CRA, or the relevant portion thereof, that
305 is submitted by the applicant to the commissioner.
306 Upon receiving any such plan, the commissioner
307 shall make the plan available for public
308 inspection and comment at the Department of
309 Banking and cause notice of its submission and
310 availability for inspection and comment to be

311 published in the department's weekly bulletin.
312 With the concurrence of the commissioner, the
313 applicant or applicants shall publish, in the form
314 of a legal advertisement in a newspaper having a
315 substantial circulation in the area, notice of
316 such plan's submission and availability for public
317 inspection and comment. The notice shall state
318 that the inspection and comment period will last
319 for a period of thirty days from the date of
320 publication. The commissioner shall not make such
321 finding until the expiration of such thirty-day
322 period. In making such finding, the commissioner
323 shall, unless clearly inapplicable, consider,
324 among other factors, whether the plan identifies
325 specific unmet credit and consumer banking needs
326 in the local community and specifies how such
327 needs will be satisfied, provides for sufficient
328 distribution of banking services among branches or
329 satellite devices, or both, located in low-income
330 neighborhoods, contains adequate assurances that
331 banking services will be offered on a
332 nondiscriminatory basis and demonstrates a
333 commitment to extend credit for housing, small
334 business and consumer purposes in low-income
335 neighborhoods. The submission of such plan shall
336 not be required in the case of an approval under
337 subsection (d) of section 36a-145, AS AMENDED BY
338 SECTION 3 OF THIS ACT, provided, the commissioner
339 may require the filing of such information in lieu
340 of a plan as the commissioner deems appropriate.
341 Except with respect to an approval pursuant to
342 sections 36a-145, AS AMENDED BY SECTION 3 OF THIS
343 ACT, and 36a-181, the commissioner shall not
344 approve the transaction if the transaction would
345 result in a monopoly, or would be in furtherance
346 of any combination or conspiracy to monopolize or
347 attempt to monopolize the business of banking in
348 this state or if the commissioner determines that
349 the effect of the proposed transaction may be to
350 substantially lessen competition, or would tend to
351 create a monopoly, or would be in restraint of
352 trade, unless the commissioner finds that the
353 anticompetitive effects of the proposed
354 transaction are clearly outweighed in the public
355 interest by the probable effect of the transaction
356 in meeting the convenience and needs of the
357 community to be served.

358 (c) The commissioner shall not make a
359 determination stating that the commissioner does
360 not disapprove an offer, invitation, request,
361 agreement or acquisition pursuant to section
362 36a-185 unless the commissioner finds, in
363 accordance with regulations adopted pursuant to
364 chapter 54, that (1) based on the most recent
365 applicable performance evaluation and any related
366 information required by the commissioner, the
367 acquiring person, if such person is a bank or
368 out-of-state bank, and the acquiring person's
369 subsidiaries, if such person is a holding company,
370 has a record of compliance with the requirements
371 of federal CRA, sections 36a-30 to 36a-33,
372 inclusive, to the extent applicable, and
373 applicable consumer protection laws; and (2) if
374 the bank or any banking subsidiary of the holding
375 company referred to in the acquisition statement
376 [received any overall rating other than an
377 assigned rating of "outstanding" on its most
378 recent applicable community reinvestment
379 performance evaluation] IS NOT OTHERWISE AN
380 ELIGIBLE ENTITY, such bank or banking subsidiary
381 will provide adequate services to meet the banking
382 needs of all community residents, including
383 low-income residents and moderate-income residents
384 to the extent permitted by its charter or their
385 charters. If the acquiring person is not a natural
386 person, or if the acquiring person is a natural
387 person who would be the beneficial owner of
388 twenty-five per cent or more of any class of
389 voting securities of the bank or holding company
390 referred to in the acquisition statement, the
391 finding as to the adequacy of services to be
392 provided shall be based on a plan submitted by the
393 acquiring person to the commissioner, in such form
394 and containing such information as the
395 commissioner may require, or, if acceptable to the
396 commissioner, in accordance with an approved
397 strategic plan prepared under federal CRA, or the
398 relevant portion thereof, that is submitted by the
399 acquiring person to the commissioner. Upon
400 receiving any such plan, the commissioner shall
401 make the plan available for public inspection and
402 comment at the Department of Banking and cause
403 notice of its submission and availability for
404 inspection and comment to be published in the
405 department's weekly bulletin. With the concurrence

406 of the commissioner, the acquiring person shall
407 publish, in the form of a legal advertisement in a
408 newspaper having a substantial circulation in the
409 area, notice of such plan's submission and
410 availability for public inspection and comment.
411 The notice shall state that the inspection and
412 comment period will last for a period of thirty
413 days from the date of publication. The
414 commissioner shall not make such finding until the
415 expiration of such thirty-day period. In making
416 such finding, the commissioner shall consider,
417 among other factors, whether the plan identifies
418 specific unmet credit and consumer banking needs
419 in the local community and specifies how such
420 needs will be satisfied, provides for sufficient
421 distribution of banking services among branches or
422 satellite devices, or both, located in low-income
423 neighborhoods, contains adequate assurances that
424 banking services will be offered on a
425 nondiscriminatory basis and demonstrates a
426 commitment to extend credit for housing, small
427 business and consumer purposes in low-income
428 neighborhoods. If the acquiring person is a
429 natural person who would be the beneficial owner
430 of less than twenty-five per cent of all classes
431 of voting securities of the bank or holding
432 company referred to in the acquisition statement,
433 the commissioner shall make the finding as to
434 adequacy of services to be provided based on the
435 commitment of the acquiring person to use the
436 acquiring person's best efforts to cause such bank
437 or banking subsidiaries of such holding company to
438 provide such services. The commissioner shall not
439 make a determination stating that the commissioner
440 does not disapprove such offer, invitation,
441 request, agreement or acquisition if such offer,
442 invitation, request, agreement or acquisition
443 would result in a monopoly, or would be in
444 furtherance of any combination or conspiracy to
445 monopolize or attempt to monopolize the business
446 of banking in this state or if the commissioner
447 should determine that the effect of the proposed
448 offer, invitation, request, agreement or
449 acquisition may be to substantially lessen
450 competition, or would tend to create a monopoly,
451 or would be in restraint of trade, unless the
452 commissioner finds that the anticompetitive
453 effects of the proposed transaction are clearly

454 outweighed in the public interest by the probable
455 effect of the transaction in meeting the
456 convenience and needs of the community to be
457 served.

458 Sec. 3. Section 36a-145 of the general
459 statutes is repealed and the following is
460 substituted in lieu thereof:

461 (a) As used in this section:

462 (1) "Branch" means any office at a fixed
463 location of a Connecticut bank, other than the
464 main office, at which deposits are received,
465 checks paid and money lent and which maintains
466 minimum banking hours from nine o'clock a.m. until
467 three o'clock p.m., Monday through Friday.

468 (2) "ELIGIBLE APPLICANT" MEANS AN APPLICANT
469 THAT (A) SEEKS APPROVAL PURSUANT TO THIS SECTION
470 OR SUBDIVISION (2) OF SUBSECTION (a) OF SECTION
471 36a-412, AS AMENDED; (B) RECEIVED A SATISFACTORY
472 OR BETTER RATING ON ITS MOST RECENT COMMUNITY
473 REINVESTMENT PERFORMANCE EVALUATION; (C) RECEIVED
474 A COMPOSITE RATING OF ONE OR TWO UNDER THE UNIFORM
475 FINANCIAL INSTITUTIONS RATING SYSTEM AS A RESULT
476 OF ITS MOST RECENT SAFETY AND SOUNDNESS
477 EXAMINATION; (D) RECEIVED A COMPLIANCE RATING OF
478 ONE OR TWO ON ITS MOST RECENT COMPLIANCE
479 EXAMINATION; (E) IS WELL CAPITALIZED IN THAT IT
480 (i) HAS A TOTAL RISK-BASED CAPITAL RATIO OF TEN
481 PER CENT OR GREATER, (ii) HAS A TIER 1 RISK-BASED
482 CAPITAL RATIO OF SIX PER CENT OR GREATER, (iii)
483 HAS A LEVERAGED RATIO OF FIVE PER CENT OR GREATER,
484 AND (iv) IS NOT SUBJECT TO ANY WRITTEN AGREEMENT,
485 ORDER, CAPITAL DIRECTIVE, OR PROMPT CORRECTIVE
486 ACTION DIRECTIVE ISSUED PURSUANT TO SECTION 8 OF
487 THE FEDERAL DEPOSIT INSURANCE ACT, 12 USC SECTION
488 1818, THE INTERNATIONAL LENDING SUPERVISION ACT OF
489 1983, 12 USC SECTION 3907, THE HOME OWNER'S LOAN
490 ACT, 12 USC SECTION 1464(f)(6)(A)(ii) OR SECTION
491 38 OF THE FEDERAL DEPOSIT INSURANCE ACT, 12 USC
492 SECTION 1831o, OR ANY REGULATION ADOPTED
493 THEREUNDER, TO MEET AND MAINTAIN A SPECIFIC
494 CAPITAL LEVEL FOR ANY CAPITAL MEASURE; (F) IS NOT
495 SUBJECT TO A CEASE AND DESIST ORDER, CONSENT
496 ORDER, PROMPT CORRECTIVE ACTION DIRECTIVE, WRITTEN
497 AGREEMENT, MEMORANDUM OF UNDERSTANDING, OR OTHER
498 ADMINISTRATIVE AGREEMENT WITH ITS PRIMARY STATE OR
499 FEDERAL BANKING REGULATOR; AND (G) IS NOT SUBJECT
500 TO ANY ADMINISTRATIVE ACTION BY ITS PRIMARY STATE
501 OR FEDERAL BANKING REGULATOR.

502 [(2)] (3) "Limited branch" means any office
503 at a fixed location of a Connecticut bank at which
504 banking business is conducted other than the main
505 office, branch or mobile branch.

506 [(3)] (4) "Mobile branch" means any office of
507 a Connecticut bank at which banking business is
508 conducted which is in fact moved or transported to
509 one or more predetermined locations in accordance
510 with a predetermined schedule.

511 (5) "RELOCATE" MEANS TO MOVE WITHIN THE SAME
512 IMMEDIATE NEIGHBORHOOD WITHOUT SUBSTANTIALLY
513 AFFECTING THE NATURE OF THE BUSINESS OR CUSTOMERS
514 SERVED.

515 (b) (1) With the approval of the
516 commissioner, any Connecticut bank may establish a
517 branch in this state.

518 (2) The commissioner shall not approve the
519 establishment of a branch under this subsection
520 unless the commissioner considers whether: (A)
521 Establishment of the branch will result in an
522 oversaturation of depository institutions in the
523 town in which the branch is to be located or in
524 the area surrounding the town; (B) establishment
525 of the branch is consistent with safe and sound
526 banking practices in the town or the surrounding
527 area; (C) the Connecticut bank seeking approval of
528 the branch intends to operate the branch on a
529 long-term basis; and (D) the Connecticut bank
530 maintains, and will continue to maintain, a
531 reasonable ratio of loans made in the state to
532 deposits received from residents of the state. In
533 determining whether to approve the establishment
534 of a branch under this subsection, the
535 commissioner shall not consider the existence of
536 any office established under subsection (d) of
537 section 36a-425, AS AMENDED, by the Connecticut
538 bank, or by a holding company of which the
539 Connecticut bank is a subsidiary, that is situated
540 at or near the location of the branch.

541 (3) The commissioner shall not approve the
542 establishment of any branch under this subsection
543 unless the commissioner makes the findings
544 required under section 36a-34, AS AMENDED.

545 (c) (1) With the approval of the
546 commissioner, any Connecticut bank may establish
547 in this state a limited branch that provides
548 limited services or is open for limited time
549 periods. The commissioner shall not approve the

550 establishment of a branch under this subdivision
551 unless the commissioner considers such factors and
552 makes such findings under subdivisions (2) and (3)
553 of subsection (b) of this section as the
554 commissioner deems applicable. The commissioner
555 shall approve such establishment if the
556 commissioner determines that: (A) The interest of
557 the neighborhood where the limited branch is to be
558 located will be served to advantage by the
559 establishment of the proposed branch, (B) the
560 proposed products, services and banking hours are
561 appropriate to meet the convenience and needs of
562 the neighborhood, and (C) in the case of an
563 establishment resulting from the conversion of a
564 branch to a limited branch, alternative banking
565 services are available in the neighborhood so that
566 any reduction in services or hours will not result
567 in unmet banking needs.

568 (2) With the approval of the commissioner,
569 any Connecticut bank may establish in this state a
570 limited branch that provides limited services or
571 is open for limited time periods in order to meet
572 a special need of the neighborhood in which such
573 limited branch is to be located. The commissioner
574 shall not approve the establishment of a branch
575 under this subdivision unless the commissioner
576 considers such factors and makes such findings and
577 determinations under subdivision (1) of this
578 subsection as the commissioner deems necessary.

579 (3) A limited branch or mobile branch shall
580 be conspicuously identified as a branch of the
581 Connecticut bank. The commissioner may condition
582 the approval of such branch with any other
583 requirement that the commissioner deems necessary
584 or appropriate for the protection of depositors or
585 the Connecticut bank.

586 (d) With the approval of the commissioner for
587 each predetermined location, any Connecticut bank
588 may establish in this state a mobile branch that
589 provides full or limited services or is open for
590 full or limited time periods. The commissioner
591 shall not approve the establishment of a mobile
592 branch under this subsection unless the
593 commissioner makes the considerations, findings
594 and determinations required under subdivision (1)
595 of subsection (c) of this section, provided that
596 in the case of a mobile branch established in
597 order to meet a special need of the neighborhood

598 in which such mobile branch is to be located, the
599 commissioner shall not approve such establishment
600 unless the commissioner makes the considerations
601 and determinations required under subdivision (2)
602 of subsection (c) of this section.

603 (e) Nothing in this section shall prohibit a
604 Connecticut bank from establishing or operating a
605 branch, limited branch or mobile branch in the
606 same or approximately the same location as another
607 depository institution, or continuing to operate
608 as a branch, limited branch or mobile branch in
609 this state in the same or approximately the same
610 location, the business of any other depository
611 institution which has been acquired by the
612 Connecticut bank.

613 (f) (1) A Connecticut bank which proposes to
614 close any branch or limited branch shall submit to
615 the commissioner a notice of the proposed closing
616 not later than the first day of the ninety-day
617 period ending on the date proposed for that
618 closing. The notice shall include a detailed
619 statement of the reasons for the decision to close
620 the branch or limited branch and the statistical
621 and other information in support of such reasons.

622 (2) The Connecticut bank shall provide notice
623 of the proposed closing to its customers by:

624 (A) Posting a notice in a conspicuous manner
625 on the premises of the branch or limited branch
626 proposed to be closed during a period not less
627 than the thirty-day period ending on the date
628 proposed for that closing, and

629 (B) Including a notice in at least one of any
630 regular account statements mailed to customers of
631 the branch or limited branch proposed to be closed
632 or in a separate mailing, by not later than the
633 beginning of the ninety-day period ending on the
634 date proposed for that closing.

635 (3) A Connecticut bank which proposes to
636 close any mobile branch shall comply with such
637 notice and other requirements as the commissioner
638 may prescribe.

639 (g) With the approval of the commissioner,
640 any Connecticut bank may relocate within this
641 state any branch or limited branch in accordance
642 with such notice and other requirements as the
643 commissioner may prescribe. [As used in this
644 subsection, "relocate" means to move within the
645 same immediate neighborhood without substantially

646 affecting the nature of the business or customers
647 served.]

648 (h) With the approval of the commissioner, a
649 Connecticut bank may sell a branch, limited branch
650 or mobile branch to any bank, Connecticut credit
651 union or federal credit union. The selling
652 Connecticut bank must have been in existence and
653 continuously operating for at least five years
654 unless the commissioner waives this requirement.
655 The commissioner shall not approve such sale if
656 such acquiring bank or credit union, including all
657 insured depository institutions which are
658 affiliates of the bank or credit union, upon
659 consummation of the sale, would control thirty per
660 cent or more of the total amount of deposits of
661 insured depository institutions in this state,
662 unless the commissioner permits a greater
663 percentage of such deposits.

664 (i) With the approval of the commissioner, a
665 Connecticut bank may establish a branch, limited
666 branch or mobile branch outside of this state in
667 accordance with applicable law. The commissioner
668 shall not grant such approval, unless: (1) The
669 commissioner finds, in accordance with regulations
670 adopted pursuant to chapter 54, that the
671 Connecticut bank has a record of compliance with
672 the requirements of the Community Reinvestment Act
673 of 1977, 12 USC 2901 et seq., as from time to time
674 amended, sections 36a-30 to 36a-33, inclusive, to
675 the extent applicable, and applicable consumer
676 protection laws; (2) the Connecticut bank is
677 adequately capitalized and the commissioner
678 determines that it will continue to be adequately
679 capitalized; and (3) the Connecticut bank is
680 adequately managed and the commissioner determines
681 that it will continue to be adequately managed.
682 The commissioner may examine and supervise the
683 out-of-state branches of any such Connecticut bank
684 and may enter into agreements with other state or
685 federal banking regulators or similar regulators
686 in a foreign country concerning such examinations
687 or supervision.

688 (j) A CONNECTICUT BANK MAY RELOCATE AN
689 OUT-OF-STATE BRANCH OR OUT-OF-STATE LIMITED BRANCH
690 IN ACCORDANCE WITH APPLICABLE LAW. A CONNECTICUT
691 BANK WHICH PROPOSES TO RELOCATE AN OUT-OF-STATE
692 BRANCH OR OUT-OF-STATE LIMITED BRANCH SHALL, PRIOR
693 TO SUCH RELOCATION, FILE WITH THE COMMISSIONER A

694 WRITTEN NOTICE IN SUCH FORM AND CONTAINING SUCH
695 INFORMATION AS THE COMMISSIONER MAY PRESCRIBE.

696 (k) UPON RECEIPT OF AN APPLICATION PURSUANT
697 TO SUBDIVISION (1) OF SUBSECTION (b), SUBDIVISION
698 (1) OR (2) OF SUBSECTION (c), SUBSECTION (d) OR
699 SUBSECTION (i) OF THIS SECTION, THE COMMISSIONER
700 SHALL CAUSE NOTICE OF THE SUBMISSION TO BE
701 PUBLISHED IN THE DEPARTMENT'S WEEKLY BULLETIN. THE
702 COMMISSIONER SHALL DETERMINE WHETHER SUCH
703 CONNECTICUT BANK IS AN ELIGIBLE APPLICANT AND
704 SHALL PROMPTLY NOTIFY THE APPLICANT IF IT IS
705 DETERMINED TO BE AN ELIGIBLE APPLICANT. AN
706 APPLICATION BY AN ELIGIBLE APPLICANT SHALL BE
707 DEEMED APPROVED ON THE TWELFTH DAY AFTER
708 EXPIRATION OF THE COMMENT PERIOD PROVIDED IN THE
709 DEPARTMENT'S WEEKLY BULLETIN, UNLESS THE
710 COMMISSIONER INFORMS THE APPLICANT, IN WRITING,
711 PRIOR TO SUCH TWELFTH DAY, THAT (i) AN ADVERSE
712 COMMENT HAS BEEN RECEIVED THAT WARRANTS ADDITIONAL
713 INVESTIGATION OR REVIEW, (ii) THE APPLICATION
714 PRESENTS A SIGNIFICANT COMMUNITY REINVESTMENT OR
715 COMPLIANCE CONCERN, OR (iii) THE APPLICATION
716 PRESENTS A SIGNIFICANT SUPERVISORY CONCERN, OR
717 RAISES SIGNIFICANT LEGAL OR POLICY ISSUES, IN
718 WHICH CASE THE APPLICATION SHALL BE SUBJECT TO THE
719 REGULAR REVIEW AND APPROVAL PROCESS FOR SUCH
720 APPLICATION.

721 BA COMMITTEE VOTE: YEA 12 NAY 6 JF

* * * * *

"THE FOLLOWING FISCAL IMPACT STATEMENT AND BILL ANALYSIS ARE PREPARED FOR THE BENEFIT OF MEMBERS OF THE GENERAL ASSEMBLY, SOLELY FOR PURPOSES OF INFORMATION, SUMMARIZATION AND EXPLANATION AND DO NOT REPRESENT THE INTENT OF THE GENERAL ASSEMBLY OR EITHER HOUSE THEREOF FOR ANY PURPOSE."

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FISCAL IMPACT STATEMENT - BILL NUMBER SB 233

STATE IMPACT	Potential Decrease	Minimal (Banking Fund),	Workload see explanation below
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MUNICIPAL IMPACT	None
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STATE AGENCY(S)	Department of Banking
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EXPLANATION OF ESTIMATES:

The bill exempts some banks from being required to submit community reinvestment plans when entering into certain transactions. Banks having an overall rating of "outstanding" for community reinvestment activity (CRA) performance do not have to submit their CRA plan to the Department of Banking when merging, consolidating, or acquiring a bank or opening a branch.

This exemption will result in a potential minimal workload decrease for the Department of Banking. They will not be required to review these plans.

* * * * *

OLR BILL ANALYSIS

SB 233

AN ACT CONCERNING COMMUNITY REINVESTMENT PLANS, EXPEDITED BANK BRANCH APPLICATIONS AND OUT-OF-STATE BRANCH RELOCATIONS

SUMMARY: This bill amends the current exemption for banks that meet certain standards from having to submit a community reinvestment (CRA) plan when they apply for

new branches, mergers, consolidations, or acquisitions. It creates an expedited branch application procedure for those that qualify for the exemption. It also authorizes Connecticut-chartered banks to relocate their out-of-state branches.

EFFECTIVE DATE: October 1, 1998

FURTHER EXPLANATION

Exemptions from CRA Plan Submission

The law already exempts banks with an overall rating of "outstanding" on their most recent applicable CRA performance evaluation from submitting a CRA plan as part of applying for various transactions such as new branches, mergers, consolidations, or acquisitions. Those that do not qualify for the exemption must submit a CRA plan that explains how they will provide adequate services to meet the banking needs of all community residents, including low- and moderate-income residents; identifies specific unmet credit and consumer banking needs in the community and specifies how they will meet those needs; and provides for sufficient distribution of banking services among branches or automated teller machines located in low-income neighborhoods.

The bill eliminates the need to submit the CRA plan if a bank has received a satisfactory or better rating on its most recent CRA performance evaluation (satisfactory is the next rating below "outstanding") and:

1. has received a composite rating of one or two under the uniform financial institutions rating system in its most recent safety and soundness examination;
2. has received a rating of one or two on its most recent compliance examination;
3. is well-capitalized in that it:
 - a. has a total risk-based capital ratio of 10% or greater,

- b. has a Tier 1 risk-based capital ratio of 6% or greater,
 - c. has a leveraged ratio of 5% or greater, and
 - d. is not subject to any federal written agreement, order, capital directive, or prompt corrective action directive to meet and maintain a specific capital level for any federal capital measure; and
4. is not subject to a cease and desist order, consent order, prompt corrective action directive, written agreement, memorandum of understanding, or other administrative agreement with, or any formal or informal administrative action by, its primary state or federal regulator.

Expedited Branch Application Approval

The bill creates an expedited bank branch application approval process that parallels the federal process. When the banking commissioner receives an application, he must publish notice of it in the department's weekly bulletin. He must determine whether the bank is eligible to be exempt from submitting the CRA plan and must promptly notify the applicant if he decides that it is. Current law has no time limits for the commissioner's approval. But under the bill, if he determines the bank is eligible for exemption, the application is deemed approved on the 12th day after the comment period expires, unless the commissioner informs the applicant in writing, before the 12th day, that:

- 1. he has received an adverse comment that warrants additional investigation or review,
- 2. the application presents a significant CRA or compliance concern, or
- 3. the application presents a significant supervisory concern or raises significant legal or policy issues.

If any of the above three conditions exist, the application is subject to the regular, more extensive review and approval process.

Relocation of Connecticut Banks' Out-of-State Branches

The bill authorizes Connecticut-chartered banks to relocate their out-of-state branches within a neighborhood and requires the bank, before the relocation, to file a written notice with the commissioner in the form and containing the information he prescribes.

COMMITTEE ACTION

Banks Committee

Joint Favorable Report
Yea 12 Nay 6