

Act Number	Session	Bill Number	Total Number of Committee Pages	Total Number of House Pages	Total Number of Senate Pages
PA 71-594		6171	2	2	2
<u>Committee Pages:</u> <ul style="list-style-type: none"> • <i>Banking</i> 379-380 				<u>House Pages:</u> <ul style="list-style-type: none"> • 4183- 4184 	<u>Senate Pages:</u> <ul style="list-style-type: none"> • 3204- 3205

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**CONNECTICUT
GENERAL ASSEMBLY
HOUSE**

**PROCEEDINGS
1971**

**VOL. 14
PART 9
3878-4343**

Tuesday, June 1, 1971

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olization of trade. It's a good bill and I urge its passage.
I move adoption.

THE SPEAKER:

Will you remark further on the bill. If not, the question is on acceptance of the joint committee's favorable report and passage of the bill. All those in favor indicate by saying AYE. Opposed. The BILL IS PASSED.

THE CLERK:

Cal. 1161, Sub. for H.B. 6171. AN ACT PERMITTING SAVINGS AND LOAN ASSOCIATIONS TO HOLD REAL ESTATE. File 1295.

THE SPEAKER:

The gentleman from the 87th.

MR. HEALEY: (87th)

Mr. Speaker, I move acceptance of the Joint Committee's favorable report and passage of the bill.

THE SPEAKER:

Will you remark.

MR. HEALEY: (87th)

Mr. Speaker, this extends the powers of the Savings and Loan Associations with respect to their investments so that up to 3% of their assets may be invested in fee ownership of real estate. This is a power comparable to that presently held by the savings banks under Sec. 36-96. It differs only in that the savings banks may invest up to 5%. We felt that the limitation should be less than that the initial stages for the savings and loan associations. This has been a power which has been most

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helpful in many of our core cities. For instance, under the power that the savings banks have, the Waterbury Savings Banks in Waterbury has been designated as one of the developers of the Central Business District; thereby providing a firm financial base for the construction of this. It has also been used in situations where a developer was in failing circumstance and the bank was able to go in and take over and salvage it. I know of at least two apartment complexes in Waterbury which were saved from bankruptcy only by utilization of this power by savings banks. We feel it should be extended to savings and loan associations.

THE SPEAKER:

Will you remark further on the bill. If not, the question is on acceptance and passage. All those in favor indicate by saying AYE. Opposed. THE BILL IS PASSED.

THE CLERK:

Page 11. Cal. 1194, Sub. for H.B. 6530. AN ACT PROHIBITING FURTHER ACQUISITION OF LAND FOR ROUTE 34 IN THE CITY OF NEW HAVEN. File 1319.

THE SPEAKER:

Representative Oliver of the 104th.

MR. OLIVER: (104th)

Mr. Speaker, I move acceptance of the Joint Committee's favorable report and passage of the bill.

THE SPEAKER:

Will you remark.

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section K, as follows, that any person employed in agriculture. I move for passage of the bill.

THE CHAIR:

The question is on passage of the bill. Will you remark further? If not all those in favor of passage, signify by saying aye. AYE. Opposed nay? The ayes have it. The bill is passed.

THE CLERK:

Cal. 1138, File 1344, Favorable report of the joint standing committee on Government Administration and Policy on H.B. 5849 An Act Concerning Designation of a Sewer Authority by A Municipality.

THE CHAIR:

Senator Sullivan.

SENATOR SULLIVAN:

Mr. President, I move acceptance of the committee's report and passage of the bill.

THE CHAIR:

Will you remark?

SENATOR SULLIVAN:

Mr. President, this allows municipalities to designate regional water authorities as the municipal sewer authority. It also allows these respective sewer authority to exchange staff services and equipment etc. with other municipalities or persons to implement the sewer systems. And to make arrangements for any and other lawful services.

THE CHAIR:

The question is on passage of the bill. Will you remark further? If not all those in favor of passage signify by saying aye. AYE. Opposed nay? The ayes have it. The bill is passed.

THE CLERK:

Cal. 1139, File 1295 Favorable substitute report of the joint standing committee on Banks and Regulated Activities on Substitute H.B. 6171 Permitting Saving and Loan Associations

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to hold Real Estate.

THE CHAIR:

Senator Caldwell, Senator Buckley just left. Do you wish to pass or report it out? It looks self explanatory to me.

SENATOR CALDWELL:

Your entirely right Mr. President, I move for the acceptance of the committee's favorable report and passage of the bill.

THE CHAIR:

Will you remark?

SENATOR CALDWELL:

It permits Savings and Loan Associations to hold Real Estate.

THE CHAIR:

Will you remark further? The question is on passage of the bill. All those in favor signify by saying aye. AYE. Opposed Nay? The ayes have it. The bill is passed.

THE CLERK:

Cal. 1143, File 1361 Favorable substitute report of the joint standing committee on Insurance and Real Estate on Substitute H.B. 6586 An Act Providing Optometric Services by Medical Service Corporations.

THE CHAIR:

Senator Murphy.

SENATOR MURPHY:

Mr. President having been on the prevailing side of H.B. 5849, Cal.1138, File 1344, I move for reconsideration of that matter and urge that reconsideration be adopted.

THE CHAIR:

Where is it. Is it on todays calendar.

SENATOR CALDWELL:

We just passed it.

SENATOR MURPHY:

Page 5, third from the bottom.

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regulations, state-chartered associations are precluded from making loans on such projects. Thus, these associations cannot completely fulfill the need for which they were originally established, and we speak in favor of this bill.

Rep. Blake: Anyone else wish to speak in favor of 6169? Any opposition? 6169, yeh. O.K.

Mr. Elliott: If I may make just one comment at this moment, it's not on Bill 6169, but we did have a bill also 6170, which I assume was inadvertently omitted from the calendar here. It concerns 90% loans up to \$35,000, and I assume it'll be assigned at some subsequent date. I'll just call it to the attention of the committee. Thank you.

Rep. Blake: Is there any opposition to 6169? Seeing none, well the hearing is concluded on 6169. Now move on to 6171. Any in favor of 6171?

HB-6171 (Rep. Healey) AN ACT PERMITTING SAVINGS AND LOAN ASSOCIATIONS TO HOLD REAL ESTATE.

Charles Bruno: "An Act Permitting Savings And Loan Associations To Hold Real Estate". Enact of House Bill, pardon me, enactment of HB-6171 will esta---will allow state-chartered savings and loan associations to invest in real property, either for rental or for resale, in exactly the same manner state-chartered mutual savings banks are now authorized to do. Favorable action on this bill will allow savings and loan associations to become more deeply involved in multiple family housing projects, by allowing them to invest up to 5% of their assets in real estate. They will be able to serve their community more fully by making full utilization of the housing expertise they possess and by taking the initiative in the development of multi-family housing projects.

In many smaller communities, there just are not enough people capable of providing sufficient equity interest on a private basis to produce the much-needed multiple-family housing units. Passage of this bill will make more urgently needed capital available for the development of real estate.

Rep. Blake: Thank you. Anyone else who wishes to speak in favor of 6171? Any...

Rep. Ritter: Question. Ritter of the 6th. I gather this

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essentially would result in your expanding into the field of equity investment with developers? Is this essentially what your interest is?

Mr. Bruno: No, we could, we could enter that field now, Mr. Ritter, through service corporations. This would, this would definitely allow us to go into a project and own it ourselves, as the sole owner.

Rep. Blake: Thank you, sir. Any opposition to 6171? Seeing none, the hearing on 6171 is concluded. We'll now move on to 6172. Those in favor?

HB-6172 (Rep. Healey) AN ACT CONCERNING HOME IMPROVEMENT AND PERSONAL LOANS BY SAVINGS AND LOAN ASSOCIATIONS.

Charles Bruno: 617---Charles Bruno---6172 is an act concerning home improvement and personal loans. In the 1969 session of Legislature, Section 37-9 of the Connecticut General Statutes was amended to include savings and loan associations in the rate restriction exemptions on home improvement and personal loans, thus placing them in the same category as banks and Federal savings and loan associations. There is a contradiction in the statutes, however, since the wording of Section 36-178B aa, states that savings and loans making personal loans may charge interest at a rate not in excess of 1% per month on the unpaid principal balance. Section 36-1783J states that interest charged on home improvement loans cannot exceed 1% per month on the unpaid principal balance. Favorable action on HB-70---6172 will clarify the statutes that there's no restriction on home improvement and personal loans made by savings and loan associations, since they as other financial institutions are exempt under Section 37-9 of the General Statutes. This, at the moment, would not be a critical situation so far as the limitation on personal loans or home improvement loans, because the market has backed off considerably insofar as rates are concerned. But when there are higher, when the market does call for higher rates, with the risks involved with unsecured consumer loans it does justify, in many cases, rates in excess of 1% a month.

Rep. Ritter: Ritter of the 6th. In my experience as a lawyer, one of the worst things I've ever seen has been the practices of some savings and loans on the situation concerning home improvement loans. Has that generally been cleared up in this state to the best of your knowledge?

Mr. Bruno: Well, I don't really know what you're referring