



## 2026 Acts Affecting Banks

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## Notice to Readers

This report provides summaries of new laws (public acts) significantly affecting the banking industry enacted during the 2026 regular legislative session. OLR's other Acts Affecting reports are, or will soon be, available on [OLR's website](#).

Each summary indicates the public act (PA) 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](#).

Readers are encouraged to obtain the full text of acts that interest them from the [General Assembly's website](#) or the Connecticut State Library.

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## **Bank and Credit Union Activities**

### ***Community Banking Needs Plan***

Under a new law, banks with a “satisfactory” on their most recent Community Reinvestment Act (CRA) rating no longer need to submit a plan for meeting community banking needs when applying to establish a branch location in the state or convert a limited branch to a branch (or vice versa). But this requirement continues to apply to applicants for other Department of Banking (DOB) approvals, such as those applying to merge or consolidate with a Connecticut bank ([PA 26-79](#), § 4, effective October 1, 2026).

### ***CRA Assessments***

A new law expands the factors the banking commissioner must consider when assessing a bank’s CRA performance to include whether it offers a loan or deposit product designed to help local community residents, including low- and moderate-income people, establish or improve their credit history ([PA 26-79](#), § 6, effective October 1, 2026).

### ***Data Security***

A new law requires certain financial institutions and DOB-licensed individuals to adopt written programs with standards on developing, implementing, and maintaining reasonable data security safeguards for customer information. The new law also requires DOB licensees and Connecticut banks and credit unions to initially notify the department within three business days after data security incidents that may (1) materially affect their ability to operate safely or comply with the law; (2) significantly disrupt customer services; or (3) involve unauthorized access to personal information ([PA 26-51](#), § 1, effective October 1, 2026).

### ***Unclaimed Property***

State law requires that certain institutions, including banks and financial organizations, turn over unclaimed property to the state treasurer generally if the owner has not recently shown an interest in the property. A new act specifies certain ways an owner can indicate an interest in the property to include, among others, (1) orally communicating with the property holder, who makes a record of the communication; (2) accessing or interacting with other accounts at the same institution; or (3) performing any other action that reasonably demonstrates to the holder that the owner knows the property exists. The act also allows the owner’s agent to indicate an interest on the owner’s behalf.

Relatedly, the act also establishes procedures for reporting and delivering unclaimed property to the treasurer before the required reporting window. The property holder may make a request of the treasurer to do so if the holder believes the property will likely become unclaimed property,

regardless of the passage of time or any notice provided to the owner. The holder must provide an affidavit with the request (1) describing notification efforts, (2) affirming notice was given at least six months before the affidavit's creation, and (3) affirming the holder has not received a communication from the owner about the property. The treasurer may give written consent to the request ([PA 26-94](#), §§ 1 & 4, effective July 1, 2026).

## **Consumer Protections**

### ***Consumer Fraud Working Group***

A new law sets up a 19-member working group composed of state officials and stakeholders, including members representing banks, credit unions, consumers, and seniors, to study consumer fraud and how to protect against it. The group must report to the Banking Committee on its findings and associated recommendations by January 1, 2027 ([PA 26-51](#), § 3, effective upon passage).

### ***Third-Party Financing Restrictions for Health Care and Veterinary Providers***

Starting January 1, 2027, a new law will generally prohibit health care and veterinary care providers from:

1. promoting or offering to consumers third-party financing in certain ways;
2. receiving financial incentives or compensation related to promoting or offering third-party financing to a consumer;
3. completing any part of a consumer's application or submitting a consumer's application for third-party financing;
4. charging a third-party financing account for a service, or a portion of it, before the date the service is provided, unless the cost is incurred earlier;
5. discussing third-party financing terms and conditions with a consumer without providing a written disclosure form; and
6. charging a third-party financing account for all or a portion of the cost of an ancillary product under certain circumstances (it also specifies a 30-day period for the return and refund of most ancillary products).

The new law defines third-party financing as a line of credit or loan, including an open-end credit plan (such as a credit card), that is offered or extended by a third party ([PA 26-6](#), as amended by [PA 26-100](#), § 38, effective January 1, 2027).

## **Department of Banking**

### ***Branch Application Approval Timeframe***

By law, when the banking commissioner receives an application from a Connecticut bank to establish a branch in or outside of the state, he must publish a notice of the application in the department's weekly bulletin, determine if the applicant is an eligible entity, and promptly notify the applicant of his determination. Under a new law, the application is deemed approved on the 5th business day, rather than the 12th calendar day, after the end of the comment period provided in the department's weekly bulletin, unless the commissioner informs the applicant, in writing, before then of certain facts. The new law also allows the application to be deemed approved before the end of the 5th business day, rather than the 12th calendar day, if the commissioner issues a written notice of his intent not to disapprove it ([PA 26-79](#), § 5, effective October 1, 2026).

### ***Civil Penalties for Certain Rental Security Deposit Law Violations***

By law, the banking commissioner may order a civil penalty of up to \$100,000 for violations of any provision of the statutes within his jurisdiction or any regulation, rule, or order adopted or issued under these statutes. A new law explicitly authorizes him, after an investigation, to order this same penalty against landlords for certain violations of the security deposit laws. Existing law already allows him to issue cease and desist orders for violations of these laws ([PA 26-79](#), § 3, effective October 1, 2026).

### ***Office of the Student Loan Ombudsman Transfer***

A new law (1) transfers the Office of the Student Loan Ombudsman from DOB to the Office of Higher Education and (2) requires the ombudsman to report to the legislature on the office's 2025 and 2026 activities. Among other things, the ombudsman's office is responsible for (1) helping student loan borrowers resolve complaints and understand their rights and responsibilities and (2) analyzing and monitoring laws that affect borrowers and recommending changes to them ([PA 26-68](#), §§ 385, 386 & 485, effective July 1, 2026).

### ***Payroll Processing Study***

This session, the legislature passed a requirement for DOB to (1) study financial institutions' payroll processing methods and how long it takes payroll checks to clear and (2) report its findings and recommendations to the Banking Committee by January 1, 2027 ([PA 26-51](#), § 2, effective upon passage).

## **Mortgages and Real Property**

### ***Flood Insurance Notices***

Prior law required, beginning July 1, 2026, creditors to give mortgage loan applicants a plain language notice about flood insurance within a certain time period before the loan's closing. A new law limits this notice requirement to only when the loan will be (1) secured by a mortgage on a one-to-four family residential real property in the state and (2) for less than \$1 million or primarily for personal, family, or household use. These loans can include open-end lines of credit or home equity loans ([PA 26-51](#), § 4, effective July 1, 2026).

### ***“Homes for CT” Loan Program Changes***

The “Homes for CT” loan program is a Connecticut Housing Finance Authority (CHFA)-administered program established in 2025 to help owners and developers get funding to build new residential buildings. This session, the legislature made several changes to the program by (1) changing the maximum interest rate participating lenders may charge under the program; (2) specifying that CHFA loans to Homes for CT borrowers may be amortizing, deferred, or forgivable as to principal and interest; (3) authorizing CHFA to make grants to Homes for CT borrowers, subject to terms it sets; and (4) limiting CHFA's authority to provide these loans and grants to available resources allocated by the State Bond Commission ([PA 26-68](#), §§ 345 & 346, effective July 1, 2026).

### ***Municipal Tax Liens***

By law, real estate on which property taxes are owed is subject to an unrecorded (silent) lien for those taxes. If taxes on the property remain unpaid for a period set in law, the tax collector may file a certificate to continue the lien (formalize it in the land records). A new law clarifies that the tax collector may do so even if the taxpayer has appealed the taxes to Superior Court and the case is still pending ([PA 26-114](#), § 15, effective October 1, 2026).

### ***Principal Mortgage Prepayments***

A new law sets circumstances under which mortgage lenders or servicers of certain residential property loans must accept payments on the loans' outstanding principal that are beyond the loans' required monthly payments. This applies to mortgage loans made on or after January 1, 2027, for one-to-four family owner-occupied dwellings ([PA 26-79](#), § 2, effective October 1, 2026).

## **Private Equity Companies and Real Estate Investment Trusts**

### ***Hospital Sale-Leaseback and Private Equity Restrictions***

Under a new law, hospitals are barred from entering into sale-leaseback transactions involving their real property that forms their main campus starting in July 2027. This law also requires hospitals, starting by February 15, 2027, to annually submit to the Department of Public Health an attestation that no private equity entity (1) has a controlling interest in or ultimate governance control over its main campus or (2) is allowed to direct the hospital's adoption of any policy or procedure that would interfere with clinicians' professional judgment or clinical decisions ([PA 26-22](#), effective upon passage).

### ***Nursing Homes and Investment Entity Ownership Surety Bonds***

A new law imposes specified requirements on nursing homes that are Medicaid providers and are partially or entirely owned by "investment entities" (real estate investment trusts and entities that collect capital investments and purchase direct or indirect ownership shares in a home).

Beginning July 1, 2028, if an investment entity has a beneficial ownership interest in a nursing home of at least 5%, the new law may require the home to have a surety bond, or similar security, in favor of the state covering 90 days of the nursing home's operating costs. This requirement is only triggered, though, if the Department of Social Services identifies a financially feasible security instrument and notifies homes about it by January 1, 2028. If this requirement is triggered, homes must show proof they have the required bond or security when applying for initial licensing or to renew an existing license ([PA 26-103](#), § 1, effective October 1, 2026).

## **State Investments**

### ***Community Bank and Credit Union Initiative***

The Community Bank and Credit Union Initiative authorizes the state treasurer to invest up to \$300 million in Connecticut-based banks and credit unions that meet the applicable asset limits and capital standards. A new law sets the minimum interest rate that the state treasurer may accept for investment-related services under this initiative at 100 basis points (one percentage point) below the previous day's yield for a comparable U.S. Treasury security with the same maturity date as the one applicable to the investment-related services, as determined by the treasurer. It also requires that the treasurer select banks and credit unions to participate in the program through an application process, rather than a competitive bidding process as prior law required ([PA 26-79](#), § 1, effective October 1, 2026).

## *Virtual Currency*

In 2025, the legislature banned state investment in a virtual currency reserve. This session, it passed a law allowing the state to invest in regulated securities that are made up of virtual currency or companies, entities, or funds with virtual currency investments, under certain conditions. Some of those conditions include being subject to a governmental regulatory authority and complying with certain investment standards and policies. The law also specifies that the investment cannot constitute creating a virtual currency reserve for transactional or treasury purposes ([PA 26-68](#), § 221, effective upon passage).

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