



GENERAL BULLETIN

CONNECTICUT
BANKERS
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January 22, 2019

TO THE CHIEF EXECUTIVE OFFICER
OR INDIVIDUAL ADDRESSED

SENT TO:
CEO, CEO+, CLO
Legislative Committee,
Compliance

RE: State Loan Program for Federal Workers – January 22nd Update

CT Federal Employee Loan Program to Become Law Today

Since last Tuesday, the Governor's office, the Department of Banking, CBA and several banks led by Webster have been developing a loan guarantee program for federal employees who are not getting paid because of the federal government shutdown. Since there is broad bi-partisan support for the loan program, the legislature is scheduled to go into session at 1 p.m. today and vote in both the House and Senate to emergency certify the proposed bill (click here for [weblink](#)). The Governor will immediately sign it into law later today.

From the CBA's perspective, our goal has been to make the program easy to access and implement for all banks, and be compliant with appropriate laws and regulations.

Importantly, the program has been expanded to include all federal employees who have not been paid by their agencies due to the shutdown even if the employees are receiving unemployment benefits. The program does not apply to federal contractors.

Since the program will become law today, your bank will very likely start receiving calls about the program especially if you have a concentration of federal employees in your branch footprint. It is likely you will also receive calls from the local media asking if you are participating in the state program or if you have an existing program, and how many federal employees have contacted your bank.

We urge you to consider participating in the state loan program to provide federal employees with that option. Some institutions who have an existing program have indicated they will also offer the state loan program and allow the customer to choose between the two. Also, the more bank participation, the better the industry public relations result, as this program has already attracted national attention.

Program basics:

- 100% guaranteed by the State of Connecticut (CHFA to administer, but the bank doesn't have to be a CHFA lender)
- Zero % interest rate
- Loan amount based on formula up to \$5000
- Term of nine months (3-month grace period after employee's agency is funded and six months following that to repay)
- Proof of federal employee status, income and residency in Connecticut. Sample information is listed in the statute e.g.: federal employee ID, paystub, affidavit for borrower to attest to information provided (CBA to provide sample affidavit later today)

*Important note: the state is providing the 100% guarantee in anticipation of each verified federal employee obtaining a loan, thus credit worthiness may not be used as a factor. Importantly, banks are still subject to federal laws such as Know Your Customer, CIP, SCRA, and OFAC

How does your bank sign up to participate in the program?

- Notify the Department of Banking that you wish to participate in the program at: 860-240-8185 or mary.oneill@ct.gov
- Notify Connecticut Bankers Association of your participation at: 860-677-5060 or cba@ctbank.com

Once the DOB confirms they have received your notification, they will contact you and CHFA to confirm your banks participation in the program.

CHFA Process and Particulars:

Once the loan is made, you will need to report certain information to CHFA. Further details on the particulars of the program will be sent out later today along with the sample affidavit.

Please do not hesitate to contact us with any questions or input.

Sincerely,

THOMAS S. MONGELLOW
Executive Vice President & Treasurer