



GENERAL BULLETIN

CONNECTICUT
BANKERS
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2019 - 14

January 24, 2019

TO THE CHIEF EXECUTIVE OFFICER
OR INDIVIDUAL ADDRESSED

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

RE: Federal Employee Loan Program Update - January 24, 2019

With the passage of the State’s Federal Employee Loan Guarantee Program, we are assessing membership feedback and have the following information to share at this point.

Department of Banking Program Application. While the application is self-explanatory, some banks are asking how they can answer the question of when they will have an application ready to use for federal employees (or when they will be funding loans). We are suggesting that, rather than delaying your application, you provide a guesstimate or just indicate “to be determined”. The DOB has signed off on this approach. There should be no compliance issue with such a response. Under the legislation, the Department’s only function in the application process is to assess whether your institution is in “good standing”. Information about when you will accept applications or fund loans is not required by the legislation. Given the uncertain nature of many aspects of the Program at this point in time, we would hope that the Department would understand that you are not in a position to give a precise answer.

Loan Documentation. Several banks are experiencing challenges with their automated loan production systems and trying to build in the loan parameters that are required by the legislation (e.g. the system might not allow for zero % interest or accommodate uncertain repayment dates that are dependent on when the shutdown ends). Additionally, many banks expect minimal applications and, therefore, do not want to expend a large effort to automate.

In recognition of this, the CBA, through its counsel and based on member feedback, will be preparing a “sample” note that can be used as a drafting aid. It could be used by a participating bank to customize its own, old fashioned, “paper” note, or the alternative, some of the language could be helpful in building an automated note within your loan production systems.

We expect the sample note to be ready late Friday or Saturday and will distribute it to the membership as soon as available.

In addition, we hope to distribute a sample form that can be used to solicit information from the applicant based on what is required by the legislation. This form might, for example, be used as a companion to your own application form (based on the assumption that your own standard application form might not otherwise collect all the required information). As you may know, at this point in time, all of the required information is still not entirely clear. CHFA still has to designate certain required information for reporting purposes. We are trying (very hard) to get that information as quickly as possible, so we can with assistance of counsel, finalize this particular sample form and distribute it to our members.

As always, don’t hesitate to contact us with any questions or input you may have.

Sincerely,

THOMAS S. MONGELLOW
Executive Vice President & Treasurer