



General Assembly

Substitute Bill No. 231

February Session, 2002

**AN ACT CONCERNING CONSUMER CREDIT AND MONEY
TRANSMITTER LICENSEES.**

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

1 Section 1. Section 36a-3 of the general statutes, as amended by
2 section 1 of public act 01-9, section 1 of public act 01-34, section 1 of
3 public act 01-56 and section 1 of public act 01-76, is repealed and the
4 following is substituted in lieu thereof (*Effective October 1, 2002*):

5 Other definitions applying to this title or to specified parts thereof
6 and the sections in which they appear are:

T1 "Account". Sections 36a-155 and 36a-365.

T2 "Additional proceeds". Section 7 of [this act] public act 01-34.

T3 "Advance fee". Sections 36a-510, 36a-485, as amended by this act,
T4 and 36a-615.

T5 "Advertise" or "advertisement". Sections 36a-485 and 36a-510, as
T6 amended by this act.

T7 "Agency bank". Section 36a-285.

T8 "Alternative mortgage loan". Section 36a-265.

T9 "Amount financed". Section 36a-690.

T10 "Annual percentage rate". Section 36a-690.

T11 "Annual percentage yield". Section 36a-316, as amended.

T12 "Applicant". Section 36a-736.

T13 "APR". Section 3 of [this act] public act 01-34.

- T14 "Assessment area". Section 2 of [this act] public act 01-9.
- T15 "Associate". Section 36a-184.
- T16 "Bank". Section 36a-30.
- T17 "Bankers' bank". Section 36a-70, as amended.
- T18 "Banking business". Section 36a-425, as amended.
- T19 "Billing cycle". Section 36a-565.
- T20 "Bona fide nonprofit organization". Section 36a-655, as amended by
- T21 this act.
- T22 "Branch". Sections 36a-145, as amended, and 36a-410.
- T23 "Branch or agency net payment entitlement". Section 36a-428n, as
- T24 amended.
- T25 "Branch or agency net payment obligation". Section 36a-428n, as
- T26 amended.
- T27 "Broker". Section [36a-510 and section] 3 of [this act] public act 01-34.
- T28 "Business and industrial development corporation". Section 36a-626.
- T29 "Business and property in this state". Section 36a-428n.
- T30 "Cash advance". Section 36a-564.
- T31 "Cash price". Section 36a-770, as amended.
- T32 "Certificate of organization". Section 36a-435.
- T33 "Closely related activities". Section 36a-250.
- T34 "Collective managing agency account". Section 36a-365.
- T35 "Commercial vehicle". Section 36a-770, as amended.
- T36 "Community bank". Section 36a-70, as amended.
- T37 "Community credit union". Section 2 of [this act] public act 01-9.
- T38 "Community development bank". Section 36a-70, as amended.
- T39 "Community reinvestment performance". Section 2 of [this act]
- T40 public act 01-9.
- T41 "Connecticut holding company". Section 36a-410.
- T42 "Consumer". Sections 36a-155, 36a-676 and 36a-695.
- T43 "Consumer Credit Protection Act". Section 36a-676.
- T44 "Consumer debtor" and "debtor". Sections 36a-645 and 36a-800, as
- T45 amended.
- T46 "Consumer collection agency". Section 36a-800, as amended.
- T47 "Consummation". Section 3 of [this act] public act 01-34.
- T48 "Controlling interest". Section 36a-276.

- T49 "Credit". Sections 36a-645 and 36a-676.
- T50 "Creditor". Sections 36a-676, 36a-695 and 36a-800, as amended.
- T51 "Credit card", "cardholder" and "card issuer". Section 36a-676.
- T52 "Credit clinic". Section 36a-695.
- T53 "Credit rating agency". Section 36a-695.
- T54 "Credit report". Section 36a-695.
- T55 "Credit sale". Section 36a-676.
- T56 "De novo branch". Section 36a-410.
- T57 "Debt". Section 36a-645.
- T58 "Debt adjustment". Section 36a-655, as amended by this act.
- T59 "Debt mutual fund". Section 36a-275.
- T60 "Debt securities". Section 36a-275.
- T61 "Debtor". Section 36a-655, as amended by this act.
- T62 "Deliver". Section 36a-316, as amended.
- T63 "Deposit". Section 36a-316, as amended.
- T64 "Deposit account". Sections 36a-136 and 36a-316, as amended.
- T65 "Deposit account charge". Section 36a-316, as amended.
- T66 "Deposit account disclosures". Section 36a-316, as amended.
- T67 "Deposit contract". Section 36a-316, as amended.
- T68 "Deposit services". Section 36a-425, as amended.
- T69 "Depositor". Section 36a-316, as amended.
- T70 "Earning period". Section 36a-316, as amended.
- T71 "Electronic payment instrument". Section 36a-596, as amended.
- T72 "Eligible account holder". Section 36a-136.
- T73 "Eligible collateral". Section 36a-330.
- T74 "Equity mutual fund". Section 36a-276.
- T75 "Federal Home Mortgage Disclosure Act". Section 36a-736.
- T76 "Fiduciary". Section 36a-365.
- T77 "Filing fee". Section 36a-770, as amended.
- T78 "Finance charge". Sections 36a-690 and 36a-770, as amended.
- T79 "Financial institution". Sections 36a-41, as amended, 36a-155,
- T80 36a-316, as amended, 36a-330 and section 3 of [this act] public act
- T81 01-76.
- T82 "Financial records". Section 36a-41, as amended.
- T83 "First mortgage broker". Section 36a-485, as amended by this act.

- T84 "First mortgage correspondent lender". Section 36a-485, as amended
T85 by this act.
- T86 "First mortgage lender". Section 36a-485, as amended by this act.
- T87 "First mortgage loan". Sections 36a-485, as amended by this act, 36a-
T88 705 and 36a-715.
- T89 "Fiscal year". Section 36a-435.
- T90 "Foreign banking corporation". Section 36a-425, as amended.
- T91 "General facility". Section 36a-580.
- T92 "Global net payment entitlement". Section 36a-428n, as amended.
- T93 "Global net payment obligation". Section 36a-428n, as amended.
- T94 "Goods". Sections 36a-535 and 36a-770, as amended.
- T95 "Graduated payment mortgage loan". Section 36a-265.
- T96 "Guardian". Section 36a-365.
- T97 "High cost home loan". Section 3 of [this act] public act 01-34.
- T98 "Holder". Section 36a-596, as amended.
- T99 "Home banking services". Section 36a-170.
- T100 "Home banking terminal". Section 36a-170.
- T101 "Home improvement loan". Section 36a-736.
- T102 "Home purchase loan". Section 36a-736.
- T103 "Home state". Section 36a-410.
- T104 "Immediate family". Section 36a-435.
- T105 "Installment loan contract". Sections 36a-535 and 36a-770, as
T106 amended.
- T107 "Insurance bank". Section 36a-285.
- T108 "Insurance department". Section 36a-285.
- T109 "Interest". Section 36a-316, as amended.
- T110 "Interest rate". Section 36a-316, as amended.
- T111 "Lender". [Sections 36a-510,] Section 36a-770, as amended, and
T112 section 3 of [this act] public act 01-34.
- T113 "Lessor". Section 36a-676.
- T114 "License". Section 36a-626.
- T115 "Licensee". Sections 36a-510, as amended by this act, 36a-596, as
T116 amended, and 36a-626.
- T117 "Limited branch". Section 36a-145, as amended.
- T118 "Limited facility". Section 36a-580.

- T119 "Loan broker". Section 36a-615.
- T120 "Loss". Section 36a-330.
- T121 "Made in this state". Section 36a-770, as amended.
- T122 "Managing agent". Section 36a-365.
- T123 "Material litigation". Section 36a-596.
- T124 "Member". Section 36a-435.
- T125 "Membership share". Section 36a-435.
- T126 "Money order". Section 36a-596, as amended.
- T127 "Money transmission". Section 36a-365.
- T128 ["Mortgage broker". Section 36a-485.]
- T129 "Mortgage insurance". Section 36a-725.
- T130 "Mortgage lender". Sections 36a-485, 36a-510, as amended by this
- T131 act, and 36a-705.
- T132 "Mortgage loan". Sections 36a-261 and 36a-265.
- T133 "Mortgage rate lock-in". Section 36a-705.
- T134 "Mortgage servicing company". Section 36a-715.
- T135 "Mortgagor". Section 36a-715.
- T136 "Motor vehicle". Section 36a-770, as amended.
- T137 "Multiple common bond membership". Section 36a-435.
- T138 "Municipality". Section 36a-800, as amended.
- T139 "Net worth". Section 36a-596, as amended.
- T140 "Network". Section 36a-155.
- T141 "Nonrefundable". Sections 36a-498 and 36a-521, as amended by this
- T142 act.
- T143 "Note account". Sections 36a-301 and 36a-445.
- T144 "Office". Section 36a-316, as amended.
- T145 "Open-end credit plan". Section 36a-676.
- T146 "Open-end loan". Section 36a-565.
- T147 "Organization". Section 36a-800, as amended.
- T148 "Originator". Sections 36a-485 and 36a-510, as amended by this act.
- T149 "Out-of-state holding company". Section 36a-410.
- T150 "Outstanding". Section 36a-596, as amended.
- T151 "Passbook savings account". Section 36a-316, as amended.
- T152 "Payment instrument". Section 36a-596, as amended.
- T153 "Periodic statement". Section 36a-316, as amended.

- T154 "Permissible investment". Section 36a-596, as amended.
- T155 "Person". Section 36a-184.
- T156 "Post". Section 36a-316, as amended.
- T157 "Prepaid finance charge". Section 3 of [this act] public act 01-34.
- T158 "Prepayment penalty". Section 3 of [this act] public act 01-34.
- T159 "Prime quality". Section 36a-596, as amended.
- T160 "Principal amount of the loan". Section 36a-510, as amended by this
- T161 act.
- T162 ["Principal officer". Section 36a-485.]
- T163 "Processor". Section 36a-155.
- T164 "Public deposit". Section 36a-330.
- T165 "Purchaser". Section 36a-596, as amended.
- T166 "Qualified financial contract". Section 36a-428n, as amended.
- T167 "Qualified public depository" and "depository". Section 36a-330.
- T168 "Records". Section 36a-17.
- T169 "Relocate". Section 36a-145, as amended.
- T170 "Residential property". Section 36a-485, as amended by this act.
- T171 "Retail buyer". Sections 36a-535 and 36a-770, as amended.
- T172 "Retail credit transaction". Section 42-100b.
- T173 "Retail deposits". Section 36a-70, as amended.
- T174 "Retail installment contract". Sections 36a-535 and 36a-770, as
- T175 amended.
- T176 "Retail installment sale". Sections 36a-535 and 36a-770, as amended.
- T177 "Retail seller". Sections 36a-535 and 36a-770, as amended.
- T178 "Reverse annuity mortgage loan". Section 36a-265.
- T179 "Sales finance company". Sections 36a-535 and 36a-770, as amended.
- T180 "Savings department". Section 36a-285.
- T181 "Savings deposit". Section 36a-316, as amended.
- T182 "Secondary mortgage broker". Section 36a-510, as amended by this
- T183 act.
- T184 "Secondary mortgage correspondent lender". Section 36a-510, as
- T185 amended by this act.
- T186 "Secondary mortgage lender". Section 36a-510, as amended by this
- T187 act.
- T188 "Secondary mortgage loan". Section 36a-510, as amended by this act.

- T189 "Security convertible into a voting security". Section 36a-184.
T190 "Share". Section 36a-435.
T191 "Simulated check". Sections 36a-485 and 36a-510, as amended by this
T192 act.
T193 "Single common bond membership". Section 36a-435.
T194 "Social purpose investment". Section 36a-277.
T195 "Standard mortgage loan". Section 36a-265.
T196 "Table funding agreement". Section 36a-485, as amended by this act.
T197 "Tax and loan account". Sections 36a-301 and 36a-445.
T198 "The Savings Bank Life Insurance Company". Section 36a-285.
T199 "Time account". Section 36a-316, as amended.
T200 "Transaction". Section 36a-215, as amended.
T201 "Travelers check". Section 36a-596, as amended.
T202 "Troubled financial institution". Section 36a-215, as amended.
T203 "Uninsured bank". Section 36a-70, as amended.
T204 "Unsecured loan". Section 36a-615.
T205 "Warehouse agreement". Section 36a-485, as amended by this act.

7 Sec. 2. Section 36a-485 of the general statutes is repealed and the
8 following is substituted in lieu thereof (*Effective October 1, 2002*):

9 As used in this section and sections 36a-486 to 36a-498, inclusive, as
10 amended by this act, unless the context otherwise requires:

11 (1) "Advance fee" means any consideration paid or given, directly or
12 indirectly, to a mortgage lender, [or] first mortgage broker or
13 originator required to be licensed or registered pursuant to sections
14 36a-485 to 36a-498, inclusive, as amended by this act, prior to the
15 closing of a first mortgage loan to any person, including, but not
16 limited to, loan fees, points, broker's fees or commissions, transaction
17 fees or similar prepaid finance charges;

18 (2) "Advertise" or "advertisement" means the use of media, mail,
19 computer, telephone, personal contact or any other means to offer the
20 opportunity for a first mortgage loan;

21 (3) "First mortgage broker" means a person who, for a fee,
22 commission or other valuable consideration, directly or indirectly,
23 negotiates, solicits, arranges, places or finds a first mortgage loan that
24 is to be made by a mortgage lender, whether or not the mortgage
25 lender is required to be licensed under sections 36a-485 to 36a-498,
26 inclusive; as amended by this act:

27 (4) "First mortgage correspondent lender" means a person engaged
28 in the business of making first mortgage loans in such person's own
29 name where the loans are not held by such person for more than
30 ninety days and are funded by another person through a warehouse
31 agreement, table funding agreement or similar agreement;

32 (5) "First mortgage lender" means a person engaged in the business
33 of making first mortgage loans: (A) In such person's own name
34 utilizing such person's own funds, or (B) by funding loans through a
35 table funding agreement;

36 [(2)] (6) "First mortgage loan" means a loan or an extension of credit,
37 including, but not limited to, an extension of credit pursuant to a
38 contract or an assigned contract for the sale of goods or services, made
39 to a natural person, the proceeds of which are to be used primarily for
40 personal, family or household purposes, and which is secured by a
41 first mortgage upon any interest in one-to-four-family residential
42 owner-occupied real property located in this state which is not subject
43 to any prior mortgages and includes the renewal or refinancing of an
44 existing first mortgage loan;

45 [(3)] "Mortgage broker" means a person who, for a fee, commission
46 or other valuable consideration, negotiates, solicits, arranges, places or
47 finds a first mortgage loan which is to be made by a mortgage lender,
48 whether or not such lender is required to be licensed under sections
49 36a-485 to 36a-498, inclusive;]

50 [(4)] (7) "Mortgage lender" means [any person engaged in the
51 business of making first mortgage loans] a first mortgage lender, a first
52 mortgage correspondent lender, or both;

53 [(5) "Principal officer" means the president or treasurer of any
54 licensee which is organized as a corporation;]

55 (8) "Originator" means an individual who is employed or retained
56 by a mortgage lender or first mortgage broker that is required to be
57 licensed under sections 36a-485 to 36a-498, inclusive, as amended by
58 this act, for, or with the expectation of, a fee, commission or other
59 valuable consideration, to negotiate, solicit, arrange or find a first
60 mortgage loan. "Originator" does not include an officer, if the licensee
61 is a corporation; a general partner, if the licensee is a partnership; a
62 member, if the licensee is a limited liability company; or a sole
63 proprietor, if the licensee is a sole proprietorship;

64 [(6)] (9) "Residential property" means improved real property used
65 or occupied, or intended to be used or occupied, for residential
66 purposes;

67 [(7)] (10) "Simulated check" means a document that imitates or
68 resembles a check but is not a negotiable instrument; [and]

69 [(8) "Advertise" or "advertisement" means the use of media, mail,
70 computer, telephone, personal contact or any other means to offer the
71 opportunity for a first mortgage loan.]

72 (11) "Table funding agreement" means an agreement wherein a
73 person agrees to fund mortgage loans to be made in another person's
74 name and to purchase such loans after they are made; and

75 (12) "Warehouse agreement" means an agreement to provide credit
76 to a person to enable the person to have funds to make mortgage loans
77 and hold such loans pending sale to other persons.

78 Sec. 3. Section 36a-486 of the general statutes is repealed and the
79 following is substituted in lieu thereof (*Effective October 1, 2002*):

80 (a) No person shall engage in the business of making first mortgage
81 loans or act as a first mortgage broker in this state unless such person
82 has first obtained [a] the required license in accordance with the

83 provisions of sections 36a-485 to [36a-495] 36a-498, inclusive. [No
84 person shall engage in the first mortgage loan business in this state as a
85 mortgage broker unless such person has first obtained a license in
86 accordance with the provisions of said sections.] A first mortgage
87 correspondent lender shall not be deemed to be acting as a first
88 mortgage lender if such first mortgage correspondent lender makes a
89 loan utilizing its own funds in a situation where another person does
90 not honor such person's commitment to fund the loan.

91 (b) No licensee shall employ or retain an originator without first
92 registering such originator under sections 36a-485 to 36a-498, inclusive,
93 as amended by this act, provided such registration shall not be
94 required for any originator who is registered by such licensee under
95 sections 36a-510 to 36a-524, inclusive, as amended by this act. No
96 individual may act as an originator without being registered or act as
97 an originator for more than one licensee. The registration of an
98 originator is not effective during any period when such originator is
99 not associated with a licensee. Both the originator and the licensee
100 shall promptly notify the commissioner, in writing, of the termination
101 of employment or services of an originator.

102 ~~[(b)]~~ (c) Each first mortgage loan negotiated, solicited, placed, found
103 or made without a license or registration shall constitute a separate
104 violation for purposes of section 36a-50, as amended.

105 Sec. 4. Section 36a-487 of the general statutes is repealed and the
106 following is substituted in lieu thereof (*Effective October 1, 2002*):

107 The following are exempt from licensing under sections 36a-485 to
108 36a-498, inclusive, as amended by this act:

109 (1) Any bank, out-of-state bank, Connecticut credit union, federal
110 credit union, or out-of-state credit union, provided subsidiaries of such
111 institutions are not exempt from licensure;

112 (2) Persons [granting] making five or fewer first mortgage loans
113 within any period of twelve consecutive months;

114 (3) Bona fide nonprofit corporations [granting] making first
115 mortgage loans to promote home ownership for the economically
116 disadvantaged;

117 (4) Agencies of the federal government, or any state or municipal
118 government, or any quasi-governmental agency [granting] making
119 first mortgage loans under the specific authority of the laws of any
120 state or the United States;

121 (5) Persons licensed under sections 36a-555 to 36a-573, inclusive, as
122 amended, when making loans authorized by said sections;

123 (6) Persons licensed under sections 36a-510 to 36a-524, inclusive, as
124 amended by this act, when making loans authorized by said sections,
125 provided such licensed mortgage lender makes less than twelve first
126 mortgage loans within any period of twelve consecutive months;

127 (7) Any corporation or its affiliate which makes first mortgage loans
128 exclusively for the benefit of its employees or agents;

129 (8) Any corporation, licensed in accordance with section 38a-41, or
130 its affiliate or subsidiary, which [grants] makes first mortgage loans to
131 promote home ownership in urban areas; and

132 (9) Persons acting as fiduciaries with respect to any employee
133 pension benefit plan qualified under the Internal Revenue Code of
134 1986, or any subsequent corresponding internal revenue code of the
135 United States, as from time to time amended, who make first mortgage
136 loans solely to plan participants from plan assets.

137 Sec. 5. Section 36a-488 of the general statutes is repealed and the
138 following is substituted in lieu thereof (*Effective October 1, 2002*):

139 [(a) An application for a license under sections 36a-485 to 36a-498,
140 inclusive, or renewal of such license shall be made in writing, under
141 oath and on a form provided by the commissioner.]

142 (a) (1) The commissioner shall not issue a license as a first mortgage

143 lender, a first mortgage correspondent lender or a first mortgage
144 broker to any person unless such person meets the following tangible
145 net worth and experience requirements, as applicable: (A) The
146 minimum tangible net worth requirement for a first mortgage lender
147 shall be two hundred fifty thousand dollars and the minimum tangible
148 net worth requirement for a first mortgage correspondent lender and a
149 first mortgage broker shall be twenty-five thousand dollars, and (B) a
150 mortgage lender shall have, at the location for which the license is
151 sought, a person with supervisory authority over the lending activities
152 who has at least three years experience in the mortgage lending
153 business within the five years immediately preceding the application
154 for the license and a first mortgage broker shall have, at the location
155 for which the license is sought, a person with supervisory authority
156 over the brokerage activities who has at least three years experience in
157 the mortgage lending or mortgage brokerage business within the five
158 years immediately preceding the application for the license, provided
159 such experience requirements shall not apply to any person whose
160 license is renewed effective October 1, 2002.

161 (2) Each licensee shall maintain the net worth required by this
162 subsection and shall promptly notify the commissioner if such
163 licensee's net worth falls below the net worth required by this
164 subsection.

165 (b) The commissioner may issue a first mortgage lender license, a
166 first mortgage correspondent lender license, or a first mortgage broker
167 license. Each first mortgage lender licensee may also act as a first
168 mortgage correspondent lender and a first mortgage broker, and each
169 first mortgage correspondent lender licensee may also act as a first
170 mortgage broker. An application for a license or renewal of such
171 license shall be made under oath and on a form provided by the
172 commissioner. The application shall [set forth: (1) The] include: (1) The
173 type of license sought; (2) the name and address of the applicant; [(2) if
174 the applicant is a firm or partnership,] (3) the location for which the
175 license is sought; (4) the name and address of each member, [of the
176 firm or partnership; (3) if the applicant is a corporation, the name and

177 address of each] partner, officer, director, authorized agent and [each]
178 shareholder owning ten per cent or more of the outstanding stock, [of
179 such corporation; (4) whether the applicant is a lender or a mortgage
180 broker, or both, and (5)] as applicable; (5) if the applicant is a trust or
181 the lead lender in one or more participation loans, the name and
182 address of each trustee or lead lender and each beneficiary of the trust
183 or other participant lenders in all outstanding participation loans; (6) a
184 financial statement as of a date not more than six months prior to the
185 filing of the application which reflects tangible net worth, and if such
186 financial statement is unaudited, the proprietor, general partner, or
187 duly authorized officer, trustee or member shall swear to its accuracy
188 under oath before a notary public; (7) evidence that the person with
189 supervisory authority over the lending or brokerage activities at the
190 location for which the license is sought meets the experience required
191 by subsection (a) of this section; (8) an application for registration of
192 each originator or prospective originator of the applicant at such
193 location; and (9) such other information pertaining to the applicant,
194 [its] the applicant's background, the background of its principals and
195 employees, and [its] the applicant's activities as the commissioner may
196 require.

197 (c) An application for registration of an originator or renewal of
198 such registration shall be made on a form provided by the
199 commissioner.

200 Sec. 6. Section 36a-489 of the general statutes is repealed and the
201 following is substituted in lieu thereof (*Effective October 1, 2002*):

202 (a) If the commissioner finds, upon the filing of an application for a
203 license, that the applicant meets the requirements of subsection (a) of
204 section 36a-488, as amended by this act, and that the financial
205 responsibility, character, reputation, integrity and general fitness of the
206 applicant and of the [members] partners thereof if the applicant is a
207 partnership, of the members if the applicant is a limited liability
208 company or association, and of the officers, directors and principal
209 employees if the applicant is a corporation, are such as to warrant

210 belief that the business will be operated soundly and efficiently, in the
211 public interest and consistent with the purposes of sections 36a-485 to
212 36a-498, inclusive, the commissioner may thereupon issue the
213 applicant [a] the license. [(1) to engage in the business of granting first
214 mortgage loans or (2) to be a mortgage broker.] If the commissioner
215 fails to make such findings, or if the commissioner finds that the
216 applicant has made a material misstatement in the application, the
217 commissioner shall not issue a license, and shall notify the applicant of
218 the denial and the reasons for such denial. Any denial of an
219 application by the commissioner shall, when applicable, be subject to
220 the provisions of section 46a-80.

221 (b) Upon the filing of an application for registration, the
222 commissioner shall register the originator named in the application
223 unless the commissioner finds that the applicant has made a material
224 misstatement in the application or that the financial responsibility,
225 character, reputation, integrity and general fitness of the originator
226 named in the application, are not such as to warrant belief that
227 granting such registration would be in the public interest and
228 consistent with the purposes of sections 36a-485 to 36a-498, inclusive,
229 as amended by this act. If the commissioner denies registration, the
230 commissioner shall notify the originator named in the application and
231 the applicant filing the application of the denial and the reasons for
232 such denial. Any denial of an application by the commissioner shall,
233 when applicable, be subject to the provisions of section 46a-80. A
234 registration shall remain in force and effect until it has been
235 surrendered, revoked, suspended or expires in accordance with the
236 provisions of sections 36a-485 to 36a-498, inclusive, as amended by this
237 act.

238 Sec. 7. Section 36a-490 of the general statutes is repealed and the
239 following is substituted in lieu thereof (*Effective October 1, 2002*):

240 (a) Each license shall state the [address] location at which the
241 business is to be conducted and shall state fully the name of the
242 licensee. If the licensee desires to [grant] make first mortgage loans in

243 more than one location or to act as a first mortgage broker in more
244 than one location, the licensee shall procure a license for each location
245 where the business is to be conducted. Each license shall be
246 [prominently posted in each place of business of the licensee]
247 maintained at the location for which the license was issued and shall
248 be available for public inspection. Such license shall not be transferable
249 or assignable. Any change of location [of a place of business] of a
250 licensee shall require [the prior approval of] only prior written notice
251 to the commissioner, [and requests for relocation shall be in writing.]
252 No licensee shall use any name other than the name [set forth] stated
253 on the license issued by the commissioner.

254 (b) The licensee shall promptly notify the commissioner, in writing,
255 of [the name, address and position of each new officer, partner,
256 director or, if the licensee is a corporation, each new shareholder
257 owning ten per cent or more of the outstanding stock of the
258 corporation, and provide such other information as the commissioner
259 may require] any change in the information provided in the
260 application for license or most recent renewal of such license.

261 (c) [Every] Each license shall remain in force and effect until it has
262 been surrendered, revoked, suspended or expires in accordance with
263 the provisions of sections 36a-485 to [36a-495] 36a-498, inclusive, as
264 amended by this act.

265 Sec. 8. Section 36a-491 of the general statutes is repealed and the
266 following is substituted in lieu thereof (*Effective October 1, 2002*):

267 (a) (1) Each applicant for a [license to be a] first mortgage lender
268 license or [to be both a mortgage lender and] a first mortgage [broker]
269 correspondent lender license shall, at the time of making such
270 application, pay to the commissioner a license fee of eight hundred
271 dollars, provided if such application is filed prior to the date such
272 license will expire, the applicant shall pay to the commissioner a
273 license fee of four hundred dollars. Each applicant for a [license to be
274 a] first mortgage broker license shall, at the time of making such

275 application, pay to the commissioner a license fee of four hundred
276 dollars, provided if such application is filed prior to the date such
277 license will expire, the applicant shall pay to the commissioner a
278 license fee of two hundred dollars. Each license issued pursuant to this
279 section shall expire at the close of business on September thirtieth of
280 [each year] the even-numbered year following its issuance unless such
281 license is renewed. Such licensee shall, on or before September first of
282 [each year] the year in which the license expires, pay to the
283 commissioner the appropriate license fee as provided in this section for
284 the succeeding [year] two years, commencing October first, together
285 with such renewal application as the commissioner may require. Any
286 renewal application filed with the commissioner after September first
287 shall be accompanied by a one-hundred-dollar late fee.

288 [(2)] Whenever an application for a license, other than a renewal
289 application, is filed under sections 36a-485 to 36a-498, inclusive, as
290 amended by this act, by any person who was a licensee under said
291 sections and whose license expired less than sixty days prior to the
292 date such application was filed, such application shall be accompanied
293 by a one-hundred-dollar processing fee in addition to the application
294 fee.

295 (2) A licensee filing an application for registration of an originator
296 shall, at the time of making such application, pay to the commissioner
297 a registration fee of one hundred dollars for such originator, provided
298 if such application is filed within one year or less of the date the license
299 of the applicant will expire, the applicant shall pay to the
300 commissioner a registration fee of fifty dollars for such originator.
301 Each registration shall expire at such time as the licensee's license
302 expires unless such registration is renewed. Such licensee shall file an
303 application for renewal of the registration and pay to the commissioner
304 the appropriate registration fee as provided in this subsection for the
305 succeeding two years, commencing October first.

306 (b) No abatement of the license or registration fee shall be made if
307 the license or registration is surrendered, revoked or suspended prior

308 to the expiration of the period for which it was issued. All fees
309 required by this section shall be nonrefundable.

310 Sec. 9. Section 36a-492 of the general statutes is repealed and the
311 following is substituted in lieu thereof (*Effective October 1, 2002*):

312 No such license, and no renewal thereof, shall be granted unless the
313 applicant has filed a bond with the commissioner written by a surety
314 authorized to write such bonds in this state, in the sum of forty
315 thousand dollars, the form of which shall be approved by the Attorney
316 General. Such bond shall be conditioned upon such licensee faithfully
317 performing any and all written agreements or commitments with or
318 for the benefit of borrowers and prospective borrowers, truly and
319 faithfully accounting for all funds received from a borrower or
320 prospective borrower by the licensee in the licensee's capacity as a
321 mortgage lender or a first mortgage broker, and conducting such
322 mortgage business consistent with the provisions of sections 36a-485 to
323 36a-498, inclusive. Any [person] borrower or prospective borrower
324 who may be damaged by failure to perform any written agreements or
325 commitments, or by the wrongful conversion of funds paid by a
326 borrower or prospective borrower to a licensee, may proceed on such
327 bond against the principal or surety thereon, or both, to recover
328 damages. The commissioner may proceed on such bond against the
329 principal or surety thereon, or both, to collect any civil penalty
330 imposed upon the licensee pursuant to subsection (a) of section 36a-50,
331 as amended. The proceeds of the bond, even if commingled with other
332 assets of the licensee, shall be deemed by operation of law to be held in
333 trust for the benefit of such claimants against the licensee in the event
334 of bankruptcy of the licensee and shall be immune from attachment by
335 creditors and judgment creditors. The bond shall run concurrently
336 with the period of the license granted to the applicant, and the
337 aggregate liability under the bond shall not exceed the penal sum of
338 the bond.

339 Sec. 10. Section 36a-493 of the general statutes is repealed and the
340 following is substituted in lieu thereof (*Effective October 1, 2002*):

341 (a) Each licensee shall maintain adequate records of each loan
342 transaction at the [place of business] location named in the license, or
343 shall make such records available at such [place of business] location
344 not later than five business days after requested by the commissioner
345 to do so. Such records shall provide the following information: (1) A
346 copy of any disclosures required under part III of chapter 669; (2)
347 whether the licensee acted as a mortgage lender, a first mortgage
348 broker or both; (3) if the licensee is acting as a mortgage lender, and
349 retains the first mortgage loan or receives payments thereon, an
350 adequate loan history for those loans retained or upon which
351 payments are received, itemizing the amount and date of each
352 payment and the unpaid balance at all times; (4) the purpose for which
353 the loan was made; (5) the original or an exact copy of the note and
354 mortgage deed; [and] (6) a statement signed by the borrowers
355 acknowledging the receipt of such statement which discloses the full
356 amount of any fee, commission or consideration paid to the first
357 mortgage broker for all services in connection with the mortgage loan;
358 and (7) the name and address of the broker, if any, involved in the loan
359 transaction.

360 (b) [Each licensee acting as a mortgage lender] For each loan that is
361 made and serviced by a licensee, the licensee shall retain records of
362 [each] such loan transaction for not less than [one year] two years
363 following the final payment thereon, or the assignment of such loan,
364 whichever occurs first, or such longer period as may be required by
365 any other provision of law.

366 (c) [Each licensee acting as a mortgage broker] For each loan
367 transaction in which a licensee acts as a mortgage lender or first
368 mortgage broker but does not service the loan, the licensee shall retain
369 the records of [each] such loan transaction for not less than two years
370 from the date of the transaction or such longer period as may be
371 required by any other provision of law.

372 (d) Any person who furnishes to a licensee any records required to
373 be maintained under this section or any information necessary to

374 complete such records may charge a fee to the licensee in an amount
375 not to exceed fifty dollars.

376 Sec. 11. Subsection (a) of section 36a-494 of the general statutes is
377 repealed and the following is substituted in lieu thereof (*Effective*
378 *October 1, 2002*):

379 (a) (1) The commissioner may suspend, revoke or refuse to renew
380 any license, in accordance with the provisions of section 36a-51, as
381 amended by this act, for any reason which would be sufficient grounds
382 for the commissioner to deny an application for a license under
383 sections 36a-485 to 36a-498, inclusive, as amended by this act, or if the
384 commissioner finds that the licensee or any [owner] proprietor,
385 director, officer, member, partner, shareholder, trustee, employee or
386 agent of such licensee has done any of the following: [(1)] (A) Made
387 any material misstatement in the application; [(2)] (B) committed any
388 fraud, misappropriated funds or misrepresented, concealed,
389 suppressed, intentionally omitted or otherwise intentionally failed to
390 disclose any of the material particulars of any first mortgage loan
391 transaction, including disclosures required by subdivision (6) of
392 subsection (a) of section 36a-493, as amended by this act, or part III of
393 chapter 669 or regulations adopted pursuant thereto, to anyone
394 entitled to such information; [(3)] (C) violated any of the provisions [of
395 sections 36a-485 to 36a-498, inclusive, as amended by this act, or of
396 parts I, III and V of chapter 669 or] of title 36a or of any regulations
397 adopted pursuant thereto, or any other law or regulation applicable to
398 the conduct of its business; or [(4)] (D) failed to perform any agreement
399 with a licensee or a borrower.

400 (2) The commissioner may suspend, revoke or refuse to renew any
401 registration of an originator, in accordance with the provisions of
402 section 36a-51, as amended, for any reason which would be sufficient
403 grounds for the commissioner to deny an application for a registration
404 under sections 36a-485 to 36a-498, inclusive, as amended by this act, or
405 if the commissioner finds that the registrant has committed any fraud,
406 misappropriated funds or misrepresented any of the material

407 particulars of any first mortgage loan transaction.

408 Sec. 12. Section 36a-496 of the general statutes is repealed and the
409 following is substituted in lieu thereof (*Effective October 1, 2002*):

410 No person engaged in the business of making first mortgage loans
411 in this state, whether licensed in accordance with the provisions of
412 sections 36a-485 to 36a-498, inclusive, as amended by this act, or
413 exempt from licensing, shall accept applications or referral of
414 applicants from, or pay a fee to, any first mortgage broker or originator
415 who is required to be licensed or registered under said sections but is
416 not licensed or registered to act as such by the commissioner, if the
417 mortgage lender has actual knowledge that the first mortgage broker
418 or originator is not licensed or registered by the commissioner.

419 Sec. 13. Section 36a-497 of the general statutes is repealed and the
420 following is substituted in lieu thereof (*Effective October 1, 2002*):

421 No person licensed pursuant to section 36a-489, as amended by this
422 act, shall:

423 (1) Advertise or cause to be advertised in this state, any first
424 mortgage loan in which such person intends to act only as a first
425 mortgage broker unless the advertisement includes the following
426 statement, clearly and conspicuously expressed: BROKER ONLY, NOT
427 A LENDER; or

428 (2) In connection with an advertisement in this state, use (A) a
429 simulated check; (B) a comparison between the loan payments under
430 the first mortgage loan offered and the loan payments under a
431 hypothetical loan or extension of credit, unless the advertisement
432 includes, with respect to both the hypothetical loan or extension of
433 credit and the first mortgage loan being offered, the interest rate, the
434 loan balance, the total amount of finance charges, the total number of
435 payments and the monthly payment amount that would be required to
436 pay off the outstanding loan balance shown; (C) representations such
437 as "verified as eligible", "eligible", "preapproved", "prequalified" or

438 similar words or phrases, without also disclosing, in immediate
439 proximity to and in similar size print, language which sets forth
440 prerequisites to qualify for the first mortgage loan, including, but not
441 limited to, income verification, credit check, and property appraisal or
442 evaluation; or (D) any words or symbols in the advertisement or on the
443 envelope containing the advertisement that give the appearance that
444 the mailing was sent by a government agency.

445 Sec. 14. Section 36a-498 of the general statutes is repealed and the
446 following is substituted in lieu thereof (*Effective October 1, 2002*):

447 (a) Except as provided in subsection (b) of this section, every
448 advance fee paid or given, directly or indirectly, to a mortgage lender,
449 [or] first mortgage broker or originator required to be licensed or
450 registered pursuant to sections 36a-485 to 36a-498, inclusive, shall be
451 refundable.

452 (b) Subsection (a) of this section shall not apply if: (1) The person
453 providing the advance fee and the mortgage lender or first mortgage
454 broker agree in writing that the advance fee shall not be refundable, in
455 whole or in part; and (2) the written agreement complies in all respects
456 with the provisions of subsection (c) of this section.

457 (c) An agreement under subsection (b) of this section shall meet all
458 of the following requirements to be valid and enforceable: (1) The
459 agreement shall be dated, signed by both parties, and be executed
460 prior to the payment of any advance fee; (2) the agreement shall
461 expressly state the total advance fee required to be paid and any
462 amount of the advance fee that shall not be refundable; (3) the
463 agreement shall clearly and conspicuously state any conditions under
464 which the advance fee will be retained by the licensee or originator; (4)
465 the term "nonrefundable" shall be used to describe each advance fee or
466 portion thereof to which the term is applicable, and shall appear in
467 boldface type in the agreement each time it is used; and (5) the form of
468 the agreement shall (A) be separate from any other forms, contracts, or
469 applications utilized by the licensee or originator, (B) contain a

470 heading in a size equal to at least ten-point boldface type that shall title
471 the form "AGREEMENT CONCERNING NONREFUNDABILITY OF
472 ADVANCE FEE", (C) provide for a duplicate copy which shall be
473 given to the person paying the advance fee at the time of payment of
474 the advance fee, and (D) include such other specifications as the
475 commissioner may by regulation prescribe.

476 (d) An agreement under subsection (b) of this section that does not
477 meet the requirements of subsection (c) of this section shall be voidable
478 at the election of the person paying the advance fee.

479 Sec. 15. Section 36a-510 of the general statutes is repealed and the
480 following is substituted in lieu thereof (*Effective October 1, 2002*):

481 As used in sections 36a-510 to 36a-524, inclusive, as amended by this
482 act, unless the context otherwise requires:

483 (1) "Advance fee" means any consideration paid or given, directly or
484 indirectly, to a [licensee] mortgage lender, secondary mortgage broker
485 or originator required to be licensed or registered pursuant to sections
486 36a-510 to 36a-524, inclusive, as amended by this act, prior to the
487 closing of a secondary mortgage loan to any person, including, but not
488 limited to, loan fees, points, broker's fees or commissions, transaction
489 fees, [broker's fees or commissions,] or similar prepaid finance charges;

490 [(2) "Broker" means a person who, for a fee or other consideration,
491 negotiates, solicits, places or finds a secondary mortgage loan which is
492 to be made by a lender;

493 (3) "Lender" means a person who makes a secondary mortgage
494 loan;]

495 (2) "Advertise" or "advertisement" means the use of media, mail,
496 computer, telephone, personal contact or any other means to offer the
497 opportunity for a secondary mortgage loan;

498 [(4)] (3) "Licensee" means any person who is required to be licensed
499 pursuant to section 36a-511, as amended by this act;

500 (4) "Mortgage lender" means a secondary mortgage lender or a
501 secondary mortgage correspondent lender, or both;

502 (5) "Originator" means an individual who is employed or retained
503 by a mortgage lender or secondary mortgage broker that is required to
504 be licensed under sections 36a-510 to 36a-524, inclusive, as amended
505 by this act, for, or with the expectation of, a fee, commission or other
506 valuable consideration, to negotiate, solicit, arrange or find a
507 secondary mortgage loan. "Originator" does not include an officer, if
508 the licensee is a corporation; a general partner, if the licensee is a
509 partnership; a member, if the licensee is a limited liability company; or
510 a sole proprietor, if the licensee is a sole proprietorship;

511 ~~[(5)]~~ (6) "Principal amount of the loan" means the gross loan amount
512 the borrower is obligated to repay including any prepaid finance
513 charge and other charges which are financed. The provisions of this
514 subdivision apply to all loans negotiated before, on and after June 14,
515 1993;

516 (7) "Secondary mortgage broker" means a person who, for a fee,
517 commission or other valuable consideration, directly or indirectly,
518 negotiates, solicits, arranges, places or finds a secondary mortgage loan
519 that is to be made by a mortgage lender, whether or not the mortgage
520 lender is required to be licensed under sections 36a-510 to 36a-524,
521 inclusive, as amended by this act;

522 (8) "Secondary mortgage correspondent lender" means a person
523 engaged in the business of making secondary mortgage loans in such
524 person's own name where the loans are not held by such person for
525 more than ninety days and are funded by another person through a
526 warehouse agreement, table funding agreement or similar agreement;

527 (9) "Secondary mortgage lender" means a person engaged in the
528 business of making secondary mortgage loans: (A) In such person's
529 own name utilizing such person's own funds, or (B) by funding loans
530 through a table funding agreement;

531 [(6)] (10) "Secondary mortgage loan" means (A) a loan or an
532 extension of credit, including, but not limited to, an extension of credit
533 pursuant to a contract or an assigned contract for the sale of goods or
534 services, made to a person, the proceeds of which are to be used
535 primarily for personal, family or household purposes, and which is
536 secured in whole or in part by a mortgage upon any interest in
537 one-to-four-family residential owner-occupied real property located in
538 this state, provided such real property is subject to one or more prior
539 mortgages, and (B) the renewal or refinancing of any existing loan or
540 extension of credit described in subparagraph (A) of this subdivision;

541 [(7)] (11) "Simulated check" means a document that imitates or
542 resembles a check but is not a negotiable instrument; [and]

543 [(8) "Advertise" or "advertisement" means the use of media, mail,
544 computer, telephone, personal contact or any other means to offer the
545 opportunity for a secondary mortgage loan.]

546 (12) "Table funding agreement" has the meaning given to that term
547 in subdivision (11) of section 36a-485, as amended by this act; and

548 (13) "Warehouse agreement" has the meaning given to that term in
549 subdivision (12) of section 36a-485, as amended by this act.

550 Sec. 16. Section 36a-511 of the general statutes is repealed and the
551 following is substituted in lieu thereof (*Effective October 1, 2002*):

552 (a) No person shall engage in the business of making secondary
553 mortgage [loan business in this state as a lender or a] loans or act as a
554 secondary mortgage broker unless such person has first obtained [a]
555 the required license under sections 36a-510 to 36a-524, inclusive, as
556 amended by this act. [For the purposes of said sections, a] A person
557 shall be deemed to be engaged in the business of making secondary
558 mortgage [loan business] loans if such person advertises, causes to be
559 advertised, solicits, offers to make or makes [a] secondary mortgage
560 [loan] loans, either directly or indirectly. [A person shall not be
561 deemed to be engaging in the secondary mortgage loan business if in

562 the course of the person's business as a licensed real estate broker, an
563 accountant, or an attorney, the person negotiates a secondary
564 mortgage loan, and the beneficiaries of a licensee's estate shall not be
565 deemed to be engaging in such business unless such beneficiaries
566 make new secondary mortgage loans.] A secondary mortgage
567 correspondent lender shall not be deemed to be acting as a secondary
568 mortgage lender if such secondary mortgage correspondent lender
569 makes a loan utilizing its own funds in a situation where another
570 person does not honor such person's commitment to fund the loan.

571 (b) No licensee shall employ or retain an originator without first
572 registering such originator under sections 36a-510 to 36a-524, inclusive,
573 as amended by this act, provided such registration shall not be
574 required for any originator who is registered by such licensee under
575 sections 36a-485 to 36a-498, inclusive, as amended by this act. No
576 individual may act as an originator without being registered or act as
577 an originator for more than one licensee. The registration of an
578 originator is not effective during any period when such originator is
579 not associated with a licensee. Both the originator and the licensee
580 shall promptly notify the commissioner, in writing, of the termination
581 of employment or services of an originator.

582 ~~[(b)]~~ (c) Each secondary mortgage loan negotiated, solicited, placed,
583 found or made without a license shall constitute a separate violation
584 for purposes of section 36a-50, as amended.

585 Sec. 17. Section 36a-512 of the general statutes is repealed and the
586 following is substituted in lieu thereof (*Effective October 1, 2002*):

587 The following are exempt from the licensing requirements of
588 sections 36a-510 to 36a-524, inclusive, as amended by this act: (1)
589 Persons licensed as small business investment companies by the Small
590 Business Administration; (2) persons owning real property who take
591 back from the buyer of such property a secondary mortgage loan in
592 lieu of any portion of the purchase price of the property; (3) persons
593 [granting] making secondary mortgage loans to persons related to the

594 lender by blood or marriage; (4) any bank, out-of-state bank,
595 Connecticut credit union, federal credit union or out-of-state credit
596 union, provided subsidiaries of such institutions are not exempt from
597 licensure; (5) persons [granting] making five or fewer secondary
598 mortgage loans within any twelve consecutive months, provided (A)
599 the aggregate total of such loans does not exceed one hundred
600 thousand dollars, (B) each individual loan does not exceed twenty
601 thousand dollars and (C) such loans are written in compliance with
602 section 36a-521, as amended by this act; (6) nonprofit corporations
603 [granting] making secondary mortgage loans to promote home
604 ownership or improvements for the disadvantaged; (7) agencies of the
605 federal government or any state or municipal government or any
606 quasi-governmental agency [granting] making secondary mortgage
607 loans under the specific authority of the laws of this state or the United
608 States; (8) persons licensed under sections 36a-555 to 36a-573, inclusive,
609 as amended, when making loans authorized by said sections; (9)
610 persons licensed under sections 36a-485 to 36a-498, inclusive, when
611 making loans authorized by said sections, provided such licensed
612 lender makes fewer than twelve secondary mortgage loans within any
613 twelve consecutive months and such loans are written in compliance
614 with section 36a-521, as amended by this act; (10) any corporation or its
615 affiliate which makes mortgage loans exclusively for the benefit of its
616 employees or agents; (11) any corporation, licensed in accordance with
617 section 38a-41, as amended, or its affiliate or subsidiary, which [grants]
618 makes secondary mortgage loans to promote home ownership in
619 urban areas; and (12) persons acting as fiduciaries with respect to any
620 employee pension benefit plan qualified under the Internal Revenue
621 Code of 1986, or any subsequent corresponding internal revenue code
622 of the United States, as from time to time amended, who make
623 secondary mortgage loans solely to plan participants from plan assets.

624 Sec. 18. Section 36a-513 of the general statutes is repealed and the
625 following is substituted in lieu thereof (*Effective October 1, 2002*):

626 [(a) An application for a secondary mortgage loan license or renewal
627 of such license shall be in writing, under oath and on a form provided

628 by the commissioner.]

629 (a) (1) The commissioner shall not issue a license as a secondary
630 mortgage lender, a secondary mortgage correspondent lender or a
631 secondary mortgage broker to any person unless such person meets
632 the following tangible net worth and experience requirements, as
633 applicable: (A) The minimum tangible net worth requirement for a
634 secondary mortgage lender shall be one hundred thousand dollars and
635 the minimum tangible net worth requirement for a secondary
636 mortgage correspondent lender and a secondary mortgage broker shall
637 be twenty-five thousand dollars, and (B) a mortgage lender shall have
638 at the location for which the license is sought, a person with
639 supervisory authority over the lending activities who has had at least
640 three years experience in the mortgage lending business within the five
641 years immediately preceding the application for the license, and a
642 secondary mortgage broker shall have, at the location for which the
643 license is sought, a person with supervisory authority over the
644 brokerage activities who has at least three years experience in the
645 mortgage lending or mortgage brokerage business within the five
646 years immediately preceding the application for the license, provided
647 such experience requirements shall not apply to any person whose
648 license is renewed effective July 1, 2003.

649 (2) Each licensee shall maintain the net worth required by this
650 subsection and shall promptly notify the commissioner if such
651 licensee's net worth falls below the net worth required by this
652 subsection.

653 (b) The commissioner may issue a secondary mortgage lender
654 license, a secondary mortgage correspondent lender license or a
655 secondary mortgage broker license. Each secondary mortgage lender
656 licensee may also act as a secondary mortgage correspondent lender
657 and a secondary mortgage broker, and each secondary mortgage
658 correspondent lender licensee may also act as a secondary mortgage
659 broker. Any application for a license or renewal of such license shall be
660 under oath and on a form provided by the commissioner. The

661 application shall [set forth: (1) The] include: (1) The type of license
662 sought; (2) the name and address of the applicant; [(2) if the applicant
663 is a firm or partnership,] (3) the location for which the license is
664 sought; (4) the [names] name and address of each member, [of the firm
665 or partnership; (3) if the applicant is a corporation, the names and
666 address of each] partner, officer, director, authorized agent and [each]
667 shareholder owning ten per cent or more of the outstanding stock, [of
668 such corporation] as applicable; [(4)] (5) if the applicant is a trust or the
669 lead lender in one or more participation loans, the name and address
670 of each trustee or lead lender and each beneficiary of the trust or other
671 participant lenders in all outstanding participation loans; [,
672 respectively; and (5) whether the applicant is a lender or a broker, or
673 both] (6) a financial statement as of a date not more than six months
674 prior to the filing of the application which reflects tangible net worth,
675 and if such financial statement is unaudited, the proprietor, general
676 partner, or duly authorized officer, trustee or member shall swear to its
677 accuracy under oath before a notary public; (7) evidence that the
678 person with supervisory authority over the lending or brokerage
679 activities at the location for which the license is sought meets the
680 experience required by subsection (a) of this section; (8) an application
681 for registration of each originator or prospective originator of the
682 applicant at such location; and (9) such other information pertaining to
683 the applicant, the applicant's background, the background of its
684 principals and employees and the applicant's activities as the
685 commissioner may require.

686 [(c) Upon the filing of the required application and license fee, the
687 commissioner shall investigate the facts and may issue a license if the
688 commissioner finds that the applicant is in all respects properly
689 qualified and of good character and that granting such license would
690 not be against the public interest. Any disapproval of an application by
691 the commissioner shall, when applicable, be subject to the provisions
692 of section 46a-80.]

693 (c) If the commissioner finds, upon the filing of an application for a
694 license, that the applicant meets the requirements of subsection (a) of

695 this section, and that the financial responsibility, character, reputation,
696 integrity and general fitness of the applicant and of the partners
697 thereof if the applicant is a partnership, of the members if the applicant
698 is a limited liability company or association, and of the officers,
699 directors and principal employees if the applicant is a corporation, are
700 such as to warrant belief that the business will be operated soundly
701 and efficiently, in the public interest and consistent with the purposes
702 of sections 36a-510 to 36a-524, inclusive, as amended by this act, the
703 commissioner may thereupon issue the applicant the license. If the
704 commissioner fails to make such findings, or if the commissioner finds
705 that the applicant made any material misstatement in the application,
706 the commissioner shall not issue a license, and shall notify the
707 applicant of the denial and the reasons for such denial. Any denial of
708 an application by the commissioner shall, when applicable, be subject
709 to the provisions of section 46a-80.

710 (d) An application for registration or renewal of such registration
711 shall be made on a form provided by the commissioner.

712 (e) Upon the filing of an application for registration, the
713 commissioner shall register the originator named in the application
714 unless the commissioner finds that the applicant has made any
715 material misstatement in the application or that the financial
716 responsibility, character, reputation, integrity and general fitness of the
717 originator named in the application, are not such as to warrant belief
718 that granting such registration would be in the public interest and
719 consistent with the purposes of sections 36a-510 to 36a-524, inclusive,
720 as amended by this act. If the commissioner denies registration, the
721 commissioner shall notify the originator named in the application and
722 the applicant filing the application of the denial and the reasons for
723 such denial. Any denial of an application by the commissioner shall,
724 when applicable, be subject to the provisions of section 46a-80.

725 Sec. 19. Section 36a-514 of the general statutes is repealed and the
726 following is substituted in lieu thereof (*Effective October 1, 2002*):

727 (a) (1) Each applicant for a [license to be a] secondary mortgage
728 lender license or [to be both] a secondary mortgage correspondent
729 lender [and broker] license, at the time of making such application,
730 shall pay to the commissioner a license fee of eight hundred dollars,
731 provided if such application is filed prior to the date such license will
732 expire, the applicant shall pay to the commissioner a license fee of four
733 hundred dollars, and if such application is for renewal of a license that
734 expires on June 30, 2003, the applicant shall pay to the commissioner a
735 license fee of five hundred dollars. Each applicant for a [license to be a]
736 secondary mortgage broker [, but not a lender] license, at the time of
737 making such application, shall pay to the commissioner a license fee of
738 four hundred dollars, provided if such application is filed prior to the
739 date such license will expire, the applicant shall pay to the
740 commissioner a license fee of two hundred dollars, and if such
741 application is for renewal of a license that expires on June 30, 2003, the
742 applicant shall pay to the commissioner a license fee of two hundred
743 fifty dollars. Each license issued pursuant to this section shall expire at
744 the close of business on [June] September thirtieth of [each year] the
745 even-numbered year following its issuance unless such license is
746 renewed. Each licensee shall, on or before [June] September first of
747 [each year] the year in which the license expires, or in the case of a
748 license that expires on June 30, 2003, on or before June 1, 2003, file a
749 renewal application and pay to the commissioner the appropriate
750 license fee as provided in this section to renew the license. [for the
751 succeeding year, commencing July first.] Any renewal application filed
752 with the commissioner after [June first] September first, or in the case
753 of a license that expires on June 30, 2003, after June 1, 2003, shall be
754 accompanied by a one-hundred-dollar late fee. (2) Whenever an
755 application for a license, other than a renewal application, is filed
756 under this section by any person who was a licensee [under sections
757 36a-510 to 36a-524, inclusive,] and whose license expired less than sixty
758 days prior to the date such application was filed, such application shall
759 be accompanied by a one-hundred-dollar processing fee in addition to
760 the application fee.

761 [(b) Each applicant or licensee shall pay the expenses of any
762 examination or investigation made under sections 36a-510 to 36a-524,
763 inclusive.]

764 (b) A licensee filing an application for registration of an originator
765 shall, at the time of making such application pay to the commissioner a
766 registration fee of one hundred dollars for each originator, provided if
767 such application is filed prior to the date the license of the applicant
768 will expire, the applicant shall pay to the commissioner a registration
769 fee of fifty dollars for each originator. Each registration shall expire at
770 such time as the licensee's license expires unless such registration is
771 renewed. Such licensee shall file an application for renewal of the
772 registration and pay to the commissioner the appropriate registration
773 fee as provided in this subsection for the succeeding two years,
774 commencing October first.

775 (c) No abatement of the license or registration fee shall be made if
776 the license or registration is surrendered, revoked or suspended prior
777 to the expiration of the period for which it was issued. All fees
778 required by this section shall be nonrefundable.

779 Sec. 20. Section 36a-515 of the general statutes is repealed and the
780 following is substituted in lieu thereof (*Effective October 1, 2002*):

781 [No license shall be assignable nor shall any license or certificate be
782 transferable to cover a place of business located in another city or town
783 unless the licensee moves his place of business to another city or town
784 after written notice of such move is given to the commissioner. Each
785 such license shall be kept conspicuously posted in the respective place
786 of business of the licensee for which such license was issued. Every
787 license shall remain in force and effect until the same has been
788 surrendered, revoked or suspended in accordance with the provisions
789 of sections 36a-510 to 36a-524, inclusive. Any license which is revoked
790 or suspended shall be immediately surrendered to the commissioner.
791 If any change occurs in the personnel of the partners, directors or
792 officers of a licensee or, if the licensee is a trust or lead lender in any

793 participation loans, a change in the trustees or other participant
794 lenders, respectively, the licensee shall forthwith notify the
795 commissioner, and the commissioner may require a statement under
796 oath giving such information as he may reasonably require with
797 respect to such change.]

798 (a) Each license shall state the location at which the business is to be
799 conducted and shall state fully the name of the licensee. If the licensee
800 desires to make secondary mortgage loans in more than one location
801 or to act as a mortgage broker in more than one location, the licensee
802 shall procure a license for each location where the business is to be
803 conducted. Each license shall be maintained at the location for which
804 the license was issued and shall be available for public inspection.
805 Such license shall not be transferable or assignable. Any change of
806 location of a licensee shall require only prior written notice to the
807 commissioner. No licensee shall use any name other than the name
808 stated on the license issued by the commissioner.

809 (b) The licensee shall promptly notify the commissioner, in writing,
810 of any change in the information provided in the application for
811 license or most recent renewal of such license.

812 (c) Each license and registration shall remain in force and effect until
813 it has been surrendered, revoked, suspended or expires in accordance
814 with the provisions of sections 36a-510 to 36a-524, inclusive, as
815 amended by this act.

816 Sec. 21. Section 36a-516 of the general statutes is repealed and the
817 following is substituted in lieu thereof (*Effective October 1, 2002*):

818 (a) Each licensee shall maintain adequate records of each loan
819 transaction at the place of business named in the license or shall make
820 such records available at such place of business not later than five
821 business days after requested by the commissioner to do so. Such
822 records shall provide the following information: (1) A copy of any
823 disclosures required under part III of chapter 669; (2) whether the
824 licensee acted as mortgage lender, secondary mortgage broker, or both;

825 (3) in the case of a licensee acting as a mortgage lender, an adequate
826 loan history, itemizing the amount and date of each payment and the
827 unpaid balance at all times; (4) the purpose for which the loan was
828 made; (5) the original or an exact copy of the note, contract or other
829 evidence of indebtedness and the mortgage deed; and (6) the name
830 and address of the mortgage broker, if any, involved in the loan
831 transaction.

832 (b) [Each licensee acting as a lender] For each loan that is made and
833 serviced by a licensee, the licensee shall retain records of [each] such
834 loan transaction as required under subsection (a) of this section, for not
835 less than [one year from the date of] two years following the final
836 payment [to the licensee on such loan transaction] thereon, or the
837 assignment of such loan, whichever occurs first, or such longer period
838 as may be required by any other provision of law.

839 (c) [Each licensee acting as a broker] For each loan transaction in
840 which a licensee acts as a mortgage lender or secondary mortgage
841 broker but does not service the loan, the licensee shall retain the
842 records [required under subsection (a) of this section] of such loan
843 transaction for not less than two years from the date of the transaction
844 or such longer period as may be required by any other provision of
845 law.

846 Sec. 22. Subsection (a) of section 36a-517 of the general statutes is
847 repealed and the following is substituted in lieu thereof (*Effective*
848 *October 1, 2002*):

849 (a) (1) The commissioner may suspend, revoke or refuse to renew
850 any license, in accordance with section 36a-51, as amended, for any
851 reason which would be sufficient grounds for the commissioner to
852 deny an application for a license under sections 36a-510 to 36a-524,
853 inclusive, as amended by this act, or if the commissioner finds that the
854 licensee or any [owner] proprietor, director, officer, member, partner,
855 shareholder, trustee, employee or agent of such licensee has done any
856 of the following: [(1)] (A) Made any material misstatement in the

857 application; [(2)] (B) committed any fraud, misappropriated funds or
858 misrepresented, concealed, suppressed, intentionally omitted or
859 otherwise intentionally failed to disclose any of the material particulars
860 of any secondary mortgage loan transaction, including disclosures
861 required by part III of chapter 669 or regulations adopted pursuant
862 thereto, to anyone entitled to such information; [(3)] (C) violated any of
863 the provisions of [sections 36a-510 to 36a-524, inclusive, parts I, III and
864 V of chapter 669, sections 46a-65 to 46a-67, inclusive, or section 46a-98]
865 title 36a, or of any regulations adopted pursuant thereto or any other
866 law or regulation applicable to the conduct of its business; or [(4)] (D)
867 failed to perform any agreement with a licensee or a borrower.

868 (2) The commissioner may suspend, revoke or refuse to renew any
869 registration of an originator, in accordance with the provisions of
870 section 36a-51, as amended, for any reason which would be sufficient
871 grounds for the commissioner to deny an application for a registration
872 under sections 36a-510 to 36a-524, inclusive, as amended by this act, or
873 if the commissioner finds that the registrant has committed any fraud,
874 misappropriated funds or misrepresented any of the material
875 particulars of any secondary mortgage loan transaction.

876 Sec. 23. Section 36a-519 of the general statutes is repealed and the
877 following is substituted in lieu thereof (*Effective October 1, 2002*):

878 In any transaction subject to part III of chapter 669, no licensee shall
879 impose any charge as a penalty for the prepayment of principal of a
880 [second] secondary mortgage loan which exceeds five per cent of the
881 balance prepaid, provided no penalty shall be imposed for any
882 prepayment occurring more than three years after the date of such
883 loan.

884 Sec. 24. Section 36a-520 of the general statutes is repealed and the
885 following is substituted in lieu thereof (*Effective October 1, 2002*):

886 (a) Each licensee shall deliver to the mortgagor a release of a
887 [second] secondary mortgage: (1) Upon receipt by such licensee of cash
888 or a certified check in the amount of the outstanding balance of the

889 obligation secured by such mortgage; or (2) upon payment by the
890 payor bank, as defined in section 42a-4-105, as amended, of any check
891 which is payable to such licensee or its assignee in the amount of the
892 outstanding balance of the obligation secured by such mortgage.

893 (b) Each licensee shall advise any person designated by the
894 mortgagor of the amount of the outstanding balance of the obligation
895 secured by the [second] secondary mortgage granted to such licensee
896 no later than the second business day after the licensee receives a
897 request for such information.

898 Sec. 25. Section 36a-521 of the general statutes, as amended by
899 section 14 of public act 01-34, is repealed and the following is
900 substituted in lieu thereof (*Effective October 1, 2002*):

901 (a) No person engaged in the secondary mortgage loan business in
902 this state as a mortgage lender, or a secondary mortgage broker,
903 including any licensee under sections 36a-510 to 36a-524, inclusive, as
904 amended by this act, and any person who is exempt from licensing
905 under section 36a-512, as amended by this act, may (1) charge, impose
906 or cause to be paid, directly or indirectly, as an incident to or a
907 condition of the extension of credit in any secondary mortgage loan
908 transaction, any loan fees, points, commissions, transaction fees or
909 similar prepaid finance charges determined in accordance with
910 sections 36a-675 to 36a-685, inclusive, as amended, and regulations
911 adopted thereunder, except the time-price differential, which, when
912 added to any secondary mortgage broker's fee or commission for
913 which the borrower may be obligated, exceed in the aggregate eight
914 per cent of the principal amount of the loan, or (2) include in the loan
915 agreement upon which loan fees, points, commissions, transaction fees
916 or similar prepaid finance charges have been assessed any provision
917 which permits the mortgage lender to demand payment of the entire
918 loan balance prior to the scheduled maturity, except that such loan
919 agreement may contain a provision which permits the mortgage lender
920 to demand payment of the entire loan balance if any scheduled
921 installment is in default for more than sixty days or if any condition of

922 default set forth in the mortgage note exists.

923 (b) Any mortgage lender who fails to comply with the provisions of
924 this section shall be liable to the borrower in an amount equal to the
925 sum of: (1) The amount by which the total of all loan fees, points,
926 commissions, transaction fees, other prepaid finance charges, and
927 secondary mortgage broker's fees and commissions exceeds eight per
928 cent of the principal amount of the loan; (2) eight per cent of the
929 principal amount of the loan or two thousand five hundred dollars,
930 whichever is less; and (3) the costs incurred by the borrower in
931 bringing an action under this section, including reasonable attorney's
932 fees, as determined by the court, provided no such mortgage lender
933 shall be liable for more than the amount specified in this subsection in
934 a secondary mortgage loan transaction involving more than one
935 borrower.

936 (c) Except as provided in subsection (d) of this section, every
937 advance fee shall be refundable.

938 (d) Subsection (c) of this section shall not apply if: (1) The person
939 providing the advance fee and the licensee agree, in writing, that the
940 advance fee shall not be refundable, in whole or in part; and (2) the
941 written agreement complies in all respects with the provisions of
942 subsection (e) of this section.

943 (e) An agreement under subsection (d) of this section shall meet all
944 of the following requirements to be valid and enforceable: (1) The
945 agreement shall be dated, signed by both parties, and be executed
946 prior to the payment of any advance fee; (2) the agreement shall
947 expressly state the total advance fee required to be paid and any
948 amount of the advance fee that shall not be refundable; (3) the
949 agreement shall clearly and conspicuously state any conditions under
950 which the advance fee will be retained by the licensee; (4) the term
951 "nonrefundable" shall be used to describe each advance fee or portion
952 thereof to which the term is applicable and shall appear in boldface
953 type in the agreement each time it is used; and (5) the form of the

954 agreement shall (A) be separate from any other forms, contracts or
955 applications utilized by the licensee, (B) contain a heading printed in a
956 size equal to at least ten-point boldface type that shall title the form
957 "AGREEMENT CONCERNING NONREFUNDABILITY OF
958 ADVANCE FEE", (C) provide for a duplicate copy, which shall be
959 given to the person paying the advance fee at the time of payment of
960 the advance fee, and (D) include such other specifications as the
961 commissioner may by regulation prescribe.

962 (f) An agreement under subsection (d) of this section that does not
963 meet the requirements of subsection (e) of this section shall be voidable
964 at the election of the person paying the advance fee.

965 Sec. 26. Section 36a-523 of the general statutes is repealed and the
966 following is substituted in lieu thereof (*Effective October 1, 2002*):

967 No person engaged in the business of making secondary mortgage
968 [loan business] loans in this state, [as a lender,] whether licensed in
969 accordance with the provisions of sections 36a-510 to 36a-524,
970 inclusive, as amended by this act, or exempt from licensing, shall
971 accept applications or referral of applicants from, or pay a fee to, any
972 secondary mortgage broker who is required to be licensed under said
973 sections but is not licensed to act as such by the commissioner, if the
974 lender has actual knowledge that the broker is not licensed by the
975 commissioner.

976 Sec. 27. Section 36a-524 of the general statutes is repealed and the
977 following is substituted in lieu thereof (*Effective October 1, 2002*):

978 No person licensed pursuant to section 36a-513, as amended by this
979 act, shall:

980 (1) Advertise or cause to be advertised in this state, any secondary
981 mortgage loan in which such person intends to act only as a secondary
982 mortgage broker unless the advertisement includes the following
983 statement, clearly and conspicuously expressed: BROKER ONLY, NOT
984 A LENDER; or

985 (2) In connection with an advertisement in this state, use (A) a
986 simulated check; (B) a comparison between the loan payments under
987 the secondary mortgage loan offered and the loan payments under a
988 hypothetical loan or extension of credit, unless the advertisement
989 includes, with respect to both the hypothetical loan or extension of
990 credit and the secondary mortgage loan being offered, the interest rate,
991 the loan balance, the total amount of finance charges, the total number
992 of payments and the monthly payment amount that would be required
993 to pay off the outstanding loan balance shown; (C) representations
994 such as "verified as eligible", "eligible", "preapproved", "prequalified"
995 or similar words or phrases, without also disclosing, in immediate
996 proximity to and in similar size print, language which sets forth
997 prerequisites to qualify for the secondary mortgage loan, including,
998 but not limited to, income verification, credit check, and property
999 appraisal or evaluation; or (D) any words or symbols in the
1000 advertisement or on the envelope containing the advertisement that
1001 give the appearance that the mailing was sent by a government
1002 agency.

1003 Sec. 28. Section 36a-534a of the general statutes is repealed and the
1004 following is substituted in lieu thereof (*Effective October 1, 2002*):

1005 (a) Any first mortgage broker or mortgage lender, as defined in
1006 section 36a-485, as amended by this act, and licensed pursuant to
1007 section 36a-486, as amended by this act, and any secondary mortgage
1008 broker or mortgage lender, as defined in section 36a-510, as amended
1009 by this act, and licensed pursuant to section 36a-511, as amended by
1010 this act, shall notify the commissioner by written affidavit if any such
1011 broker or lender, as a result of a transaction in which such broker or
1012 lender was involved, reasonably believes that the lending practices of a
1013 financial institution or federal bank violate section 36a-737 or 46a-66.
1014 Such broker or lender shall provide the commissioner with any written
1015 document containing lending restrictions which a financial institution
1016 or federal bank has provided to such broker or lender. In the event the
1017 commissioner finds that there is a reasonable basis for said notification,
1018 the commissioner shall notify the Commission on Human Rights and

1019 Opportunities of said notification and the action the commissioner
1020 plans to take with respect thereto.

1021 (b) The commissioner may suspend, revoke or refuse to renew the
1022 license of any such broker or lender who violates subsection (a) of this
1023 section.

1024 Sec. 29. Subsection (a) of section 36a-539 of the general statutes is
1025 repealed and the following is substituted in lieu thereof (*Effective*
1026 *October 1, 2002*):

1027 (a) Each person applying to the commissioner for a sales finance
1028 company license [under sections 36a-535 to 36a-546, inclusive,] shall
1029 pay a license fee of eight hundred dollars, provided if such application
1030 is filed prior to the date such license will expire, such person shall pay
1031 a license fee of four hundred dollars. Each license issued pursuant to
1032 said sections shall expire at the close of business on [June] September
1033 thirtieth of [each year] the odd-numbered year following its issuance
1034 unless such license is renewed, provided any license that is renewed
1035 effective July 1, 2003, shall expire on September 30, 2005. Whenever an
1036 application for a license is filed under this section by any person who
1037 was a licensee under sections 36a-535 to 36a-546, inclusive, as amended
1038 by this act, and whose license expired less than sixty days prior to the
1039 date such application was filed, such application shall be accompanied
1040 by a one-hundred-dollar processing fee in addition to the application
1041 fee. Not more than one place of business shall be maintained under the
1042 same license, but the commissioner may issue more than one license to
1043 the same licensee upon receipt of an application and the payment of
1044 the appropriate license fee.

1045 Sec. 30. Section 36a-540 of the general statutes is repealed and the
1046 following is substituted in lieu thereof (*Effective October 1, 2002*):

1047 Each license shall specify the location [of the office and shall be
1048 conspicuously displayed there. If such location is changed, the
1049 commissioner shall endorse the change of location on the license
1050 without charge. No other reference to the licensing or supervision by

1051 the commissioner may be made] at which the business is to be
1052 conducted. Each license shall be maintained at the location for which it
1053 was issued and shall be available for public inspection. Such license
1054 shall not be transferable or assignable. Any change of location of a
1055 licensee shall require only prior written notice to the commissioner. No
1056 licensee shall use any name other than the name specified on the
1057 license issued by the commissioner.

1058 Sec. 31. Section 36a-541 of the general statutes is repealed and the
1059 following is substituted in lieu thereof (*Effective October 1, 2002*):

1060 [(a) Upon the filing of an application for a license as a sales finance
1061 company and receipt of the fee therefor, the commissioner (1) may
1062 refuse to issue the license if the commissioner finds that the applicant,
1063 or any person who at the time of the filing of such application is an
1064 owner, director, officer, member, partner, employee, agent or spouse of
1065 the applicant, has suffered revocation of a license under sections 36a-
1066 535 to 36a-546, inclusive, or has been found to have violated any of the
1067 provisions of sections 36a-535 to 36a-546, inclusive, or part XI of
1068 chapter 669 or of any other law regulating retail installment sales
1069 contracts, or has been responsible for any act or omission in
1070 consequence of which a license issued under sections 36a-535 to 36a-
1071 546, inclusive, to any person was revoked. The commissioner may
1072 likewise refuse to issue a license if the commissioner finds the
1073 experience, character or general fitness of the applicant are not such as
1074 to command the confidence of the community and to warrant the
1075 belief that the business will be conducted honestly and fairly within
1076 the purposes and intent of sections 36a-535 to 36a-546, inclusive. For
1077 the purpose of this subsection, the applicant shall be deemed to
1078 include all the members of the applicant if it is a partnership or an
1079 unincorporated association, and all the trustees, officers and directors
1080 of the applicant if it is a corporation; or (2) shall issue and deliver to
1081 the applicant a nonassignable license to engage in the business of a
1082 sales finance company in accordance with the provisions of sections
1083 36a-535 to 36a-546, inclusive, for a period which shall expire on June
1084 thirtieth next following the date of its issuance.

1085 (b) No licensee shall transact any business provided for by sections
1086 36a-535 to 36a-546, inclusive, under any other name.]

1087 If the commissioner finds, upon the filing of an application for a
1088 license as a sales finance company, that the financial responsibility,
1089 character, reputation, integrity and general fitness of the applicant and
1090 of the partners thereof if the applicant is a partnership, of the members
1091 if the applicant is a limited liability company or association, and of the
1092 officers, directors and principal employees if the applicant is a
1093 corporation, are such as to warrant belief that the business will be
1094 operated soundly and efficiently, in the public interest and consistent
1095 with the purposes of sections 36a-535 to 36a-546, inclusive, as amended
1096 by this act, the commissioner may thereupon issue the applicant the
1097 license. If the commissioner fails to make such findings, or if the
1098 commissioner finds that the applicant has made any material
1099 misstatement in the application, the commissioner shall not issue a
1100 license, and shall notify the applicant of the denial and the reasons for
1101 such denial. Any denial of an application by the commissioner shall,
1102 when applicable, be subject to the provisions of section 46a-80.

1103 Sec. 32. Section 36a-542 of the general statutes is repealed and the
1104 following is substituted in lieu thereof (*Effective October 1, 2002*):

1105 Each person licensed as a sales finance company may renew such
1106 license [for the succeeding year commencing July first] by filing with
1107 the commissioner on or before [June first] September first of the year in
1108 which the license expires or, in the case of a license that expires on
1109 June 30, 2003, on or before June 1, 2003, a renewal application on a
1110 form prescribed by the commissioner [, in writing and] under oath,
1111 together with such exhibits and other pertinent information as the
1112 commissioner may require. The license fee shall be [four] eight
1113 hundred dollars, provided the license fee for renewal of a license that
1114 expires on June 30, 2003, shall be nine hundred dollars. Any renewal
1115 application filed with the commissioner under this section after [June
1116 first] September first, or in the case of a license that expires on June 30,
1117 2003, after June 1, 2003, shall be accompanied by a one-hundred-dollar

1118 late fee.

1119 Sec. 33. Section 36a-543 of the general statutes is repealed and the
1120 following is substituted in lieu thereof (*Effective October 1, 2002*):

1121 (a) The commissioner may suspend, revoke or refuse to renew any
1122 sales finance company license, in accordance with section 36a-51, as
1123 amended, if the commissioner finds that: (1) The licensee, knowingly
1124 or without the exercise of due care to prevent such violation, has
1125 violated any provision of sections 36a-535 to 36a-546, inclusive, as
1126 amended by this act, or of any other law regulating installment sales
1127 financing, or has failed to comply with any demand or requirement,
1128 made by the commissioner under and within the authority of sections
1129 36a-535 to 36a-546, inclusive, as amended by this act; or (2) there has
1130 been any material misstatement or failure to give a true reply to a
1131 question in the application for the license; or (3) the licensee has
1132 defrauded any retail buyer to the buyer's damage; or wilfully failed to
1133 perform any written agreement with any retail buyer; or (4) any fact or
1134 condition exists which, if it had existed at the time of the original
1135 application for such license, would have warranted the commissioner's
1136 [refusal to issue] denial of such license originally; or (5) in the case of a
1137 licensee other than a natural person, (A) any officer, director, trustee,
1138 member or partner of such licensee has been guilty of any act or
1139 omission which would be cause for revoking or suspending a license
1140 of such party as an individual; or (B) any other agent or employee of
1141 such licensee has been guilty of such act or omission and the licensee
1142 has approved or had knowledge thereof and, after such approval or
1143 knowledge, has retained the benefit, proceeds, profit or advantage of
1144 such act or omission or otherwise ratified it.

1145 (b) The commissioner in the commissioner's discretion may revoke
1146 or suspend only the particular license with respect to which grounds
1147 for revocation or suspension are of general application to all [places of
1148 business] locations, or if to more than one [place of business] location,
1149 operated by such licensee, the commissioner shall revoke or suspend
1150 all of the licenses issued to such licensee or those licenses to which the

1151 grounds for revocation or suspension apply, as the case may be.

1152 (c) No suspension, revocation or surrender of any license shall
1153 impair or affect the obligation of any installment contract, obligation or
1154 credit agreement lawfully acquired previously thereto by the licensee.

1155 [(d) The commissioner shall establish rules as to the form of
1156 hearings, findings and orders, which shall be reasonable and in the
1157 public interest.]

1158 [(e)] (d) Whenever it appears to the commissioner that any person
1159 has violated, is violating or is about to violate any provision of sections
1160 36a-535 to 36a-546, inclusive, as amended by this act, or any regulation
1161 adopted under said sections, the commissioner may take action against
1162 such person in accordance with section 36a-50, as amended.

1163 Sec. 34. Section 36a-555 of the general statutes is repealed and the
1164 following is substituted in lieu thereof (*Effective October 1, 2002*):

1165 No person shall engage in the business of making loans of money or
1166 credit in the amount or to the value of fifteen thousand dollars or less
1167 for loans made under section 36a-563 or section 36a-565, and charge,
1168 contract for or receive a greater rate of interest, charge or consideration
1169 than twelve per cent per annum therefor, except (1) a bank, (2) an out-
1170 of-state bank, (3) a Connecticut credit union, (4) a federal credit union,
1171 (5) an out-of-state credit union, (6) a savings and loan association
1172 wholly owned subsidiary service corporation, (7) a person to the extent
1173 that such person makes loans for agricultural, commercial, industrial
1174 or governmental use or extends credit through an open-end credit
1175 plan, as defined in subdivision (8) of section 36a-676, for the retail
1176 purchase of consumer goods or services, (8) a [nondepository first]
1177 mortgage lender licensed pursuant to sections 36a-485 to 36a-498,
1178 inclusive, as amended by this act, (9) a [secondary] mortgage lender
1179 licensed pursuant to sections 36a-510 to 36a-524, inclusive, as amended
1180 by this act, or (10) a licensed pawnbroker, unless licensed to do so by
1181 the commissioner as provided in sections 36a-555 to 36a-573, inclusive.

1182 Sec. 35. Section 36a-556 of the general statutes is repealed and the
1183 following is substituted in lieu thereof (*Effective October 1, 2002*):

1184 [Before filing an application for a license under sections 36a-555 to
1185 36a-573, inclusive, the applicant shall give public notice of the
1186 applicant's intention to apply for a license by advertising daily, in a
1187 newspaper published or having a circulation in the town where the
1188 applicant's place of business is to be located, for two successive weeks,
1189 in a manner approved by the commissioner, and satisfactory proof of
1190 such advertising shall be filed with the commissioner.] Upon the filing
1191 of the required application and license fee, the commissioner shall
1192 investigate the facts and, if the commissioner finds that (1) the
1193 experience, character and general fitness of the applicant, and of the
1194 members thereof if the applicant is a partnership, limited liability
1195 company or association, and of the officers and directors thereof if the
1196 applicant is a corporation, are satisfactory, (2) a license to such
1197 applicant will be for the convenience and advantage of the community
1198 in which the applicant's business is to be conducted and (3) the
1199 applicant has the capital investment required by this section, the
1200 commissioner shall issue a license to the applicant to make loans in
1201 accordance with sections 36a-555 to 36a-573, inclusive, as amended by
1202 this act. If the commissioner fails to make such findings or finds that
1203 the applicant made a material misstatement in the application, the
1204 commissioner shall not issue a license and shall notify the applicant of
1205 the denial and the reasons for such denial. Any denial of an
1206 application by the commissioner shall, when applicable, be subject to
1207 the provisions of section 46a-80. The capital investment shall be not
1208 less than twenty-five thousand dollars for each licensed [place of
1209 business] location in a city or town with a population of ten thousand
1210 or more inhabitants and ten thousand dollars for each licensed [place
1211 of business] location in a city or town with a smaller population.
1212 Population shall be determined according to the last United States
1213 census at the time a license is granted. [The required capital
1214 investment shall be maintained permanently at the licensed place of
1215 business. The requirement for a capital investment shall not apply to

1216 any person who has been continuously licensed under sections 36a-555
1217 to 36a-573, inclusive, on and after May 14, 1929.]

1218 Sec. 36. Section 36a-557 of the general statutes is repealed and the
1219 following is substituted in lieu thereof (*Effective October 1, 2002*):

1220 An application for such license shall be in writing, under oath and
1221 in the form prescribed by the commissioner. [The application shall
1222 contain the full name and the address, both of the residence and place
1223 of business, of the applicant, and, if the applicant is a partnership, of
1224 each member thereof, or, if a corporation, of each director and officer
1225 thereof. The application shall also contain the county and municipality,
1226 with street and number, if any, where the business is to be conducted
1227 and such other pertinent information as the commissioner may
1228 require.]

1229 Sec. 37. Subsection (a) of section 36a-558 of the general statutes is
1230 repealed and the following is substituted in lieu thereof (*Effective*
1231 *October 1, 2002*):

1232 (a) Each applicant for a small loan lender license, at the time of
1233 making such application, shall pay to the commissioner a license fee of
1234 eight hundred dollars, provided if such application is filed within one
1235 year or less of the date such license will expire, the applicant shall pay
1236 to the commissioner a license fee of four hundred dollars. Each such
1237 license [issued pursuant to sections 36a-555 to 36a-573, inclusive,] shall
1238 expire at the close of business on [June] ~~September~~ thirtieth of [each
1239 year] ~~the odd-numbered year following its issuance,~~ unless such
1240 license is renewed, provided any license that is renewed effective July
1241 1, 2003, shall expire on September 30, 2005. Each licensee shall, on or
1242 before [June first of each year] September first of the year in which the
1243 license expires, or in the case of a license that expires on June 30, 2003,
1244 on or before June 1, 2003, file a renewal application and pay to the
1245 commissioner a [four-hundred-dollar] license fee ~~of eight hundred~~
1246 dollars to renew the license, [for the succeeding year, commencing July
1247 first] ~~provided if such application is for renewal of a license that~~

1248 expires on June 30, 2003, the applicant shall pay the commissioner a
1249 license fee of nine hundred dollars. Any renewal application filed with
1250 the commissioner after ~~[June first]~~ September first, or in the case of a
1251 license that expires on June 30, 2003, after June 1, 2003, shall be
1252 accompanied by a one-hundred-dollar late fee. Whenever an
1253 application for a license, other than a renewal application, is filed
1254 under this section by any person who was a licensee [under sections
1255 36a-555 to 36a-573, inclusive,] and whose license expired less than sixty
1256 days prior to the date such application was filed, such application shall
1257 be accompanied by a one-hundred-dollar processing fee in addition to
1258 the application fee. Each applicant shall pay the expenses of any
1259 examination or investigation made under sections 36a-555 to 36a-573,
1260 inclusive, as amended by this act.

1261 Sec. 38. Section 36a-572 of the general statutes is repealed and the
1262 following is substituted in lieu thereof (*Effective October 1, 2002*):

1263 The commissioner may, in accordance with section 36a-51, as
1264 amended, revoke any license issued under the provisions of section
1265 36a-556 if the commissioner finds that the licensee [has failed to pay
1266 the annual license fee or] has violated any provision of sections 36a-555
1267 to 36a-573, inclusive, as amended by this act, or any regulation or
1268 order lawfully made pursuant to and within the authority of said
1269 sections, or if the commissioner finds that any fact or condition exists
1270 which, if it had existed at the time of the original application for the
1271 license, clearly would have warranted [refusing to issue] a denial of
1272 such license.

1273 Sec. 39. Subsection (a) of section 36a-602 of the general statutes, as
1274 amended by section 9 of public act 01-56, is repealed and the following
1275 is substituted in lieu thereof (*Effective October 1, 2002*):

1276 (a) As a condition for the issuance and retention of the license,
1277 applicants for a license and licensees shall file with the commissioner a
1278 corporate surety bond in a form satisfactory to the commissioner and
1279 issued by a bonding company or insurance company authorized to do

1280 business in this state. The bond shall be in favor of the commissioner,
1281 shall remain in place for two years after such licensee ceases to engage
1282 in business in this state, and shall be in the principal sum of (1) three
1283 hundred thousand dollars for any applicant and any licensee that
1284 engages in the business of issuing Connecticut payment instruments
1285 with an average daily balance of outstanding Connecticut payment
1286 instruments during the two previous reporting quarters of three
1287 hundred thousand dollars or less or any licensee that engages in the
1288 business of money transmission with an average weekly amount of
1289 money or equivalent thereof transmitted during the two previous
1290 reporting quarters of one hundred fifty thousand dollars or less; (2)
1291 five hundred thousand dollars for any licensee that engages in the
1292 business of issuing Connecticut payment instruments with an average
1293 daily balance of outstanding Connecticut payment instruments during
1294 the two previous reporting quarters of greater than three hundred
1295 thousand dollars but less than five hundred thousand dollars or any
1296 licensee that engages in the business of money transmission with an
1297 average weekly amount of money equivalent thereof transmitted
1298 during the two previous reporting quarters of greater than one
1299 hundred fifty thousand dollars but less than two hundred fifty
1300 thousand dollars; and (3) one million dollars for any licensee that
1301 engages in the business of issuing Connecticut payment instruments
1302 with an average daily balance of outstanding Connecticut payment
1303 instruments during the two previous reporting quarters equal to or
1304 greater than five hundred thousand dollars or any licensee that
1305 engages in the business of money transmission with an average weekly
1306 amount of money or equivalent thereof transmitted during the two
1307 previous reporting quarters of two hundred fifty thousand dollars or
1308 greater. The proceeds of the bond, even if commingled with other
1309 assets of the licensee, shall be deemed by operation of law to be held in
1310 trust for the benefit of any claimants against the licensee to serve the
1311 faithful performance of the obligations of the licensee with respect to
1312 the receipt, handling, transmission or payment of money in connection
1313 with the sale and issuance of payment instruments or transmission of
1314 money in the event of the bankruptcy of the licensee, and shall be

1315 immune from attachment by creditors or judgment creditors. The
1316 commissioner may proceed on such bond against the principal or
1317 surety thereon, or both, to collect any civil penalty imposed upon the
1318 licensee pursuant to subsection (a) of section 36a-50, as amended.

1319 Sec. 40. Section 36a-655 of the general statutes is repealed and the
1320 following is substituted in lieu thereof (*Effective October 1, 2002*):

1321 As used in sections 36a-655 to 36a-665, inclusive, as amended by this
1322 act, "bona fide nonprofit organization" means [an individual,
1323 partnership, corporation, limited liability company, association,
1324 organization or other person in the operation of which no shareholder,
1325 member, director, officer, partner, employee, agent or other affiliated
1326 person profits financially other than receiving reasonable salaries if
1327 applicable, and which provides debt adjustment services for
1328 individuals at no cost or at a cost not exceeding that required to defray
1329 necessary, reasonable and bona fide expenses in order to provide such
1330 services; and] any organization that is exempt from taxation under
1331 Section 501(c)(3) of the Internal Revenue Code of 1986, or any
1332 subsequent corresponding internal revenue code of the United States,
1333 as from time to time amended; "debt adjustment" means receiving, as
1334 agent of a debtor, money or evidences thereof for the purpose of
1335 distributing such money or evidences thereof among creditors in full
1336 or partial payment of obligations of the debtor; and "debtor" means
1337 any individual who has incurred indebtedness or owes a debt for
1338 personal, family or household purposes.

1339 Sec. 41. Section 36a-656 of the general statutes is repealed and the
1340 following is substituted in lieu thereof (*Effective October 1, 2002*):

1341 (a) No person, other than a bona fide nonprofit organization, shall
1342 engage in the business of debt adjustment in this state. No bona fide
1343 nonprofit organization shall engage in the business of debt adjustment
1344 in this state without a debt adjuster license. [issued in accordance with
1345 the provisions of sections 36a-655 to 36a-665, inclusive.] Any bona fide
1346 nonprofit organization desiring to obtain such a license shall file with

1347 the commissioner an application [in writing,] under oath, setting forth
1348 such information as the commissioner may require. Each applicant for
1349 a license and each licensee shall notify the commissioner of any
1350 [material changes] change in the applicant's business from that stated
1351 in the application for [a] the license, [including, but not limited to, any
1352 changes in location or additional locations of the business. Except as
1353 provided in section 36a-657, a license issued under sections 36a-655 to
1354 36a-665, inclusive, shall be effective as long as the licensee remains in
1355 the business of debt adjustment.]

1356 (b) If the commissioner finds, upon the filing of an application for a
1357 debt adjuster license, that: (1) The financial responsibility, character,
1358 reputation, integrity and general fitness of the applicant and of the
1359 partners thereof if the applicant is a partnership, of the members if the
1360 applicant is a limited liability company or association, and of the
1361 officers, directors and principal employees if the applicant is a
1362 corporation, are such as to warrant belief that the business will be
1363 operated soundly and efficiently, in the public interest and consistent
1364 with the purposes of sections 36a-655 to 36a-665, inclusive, as
1365 amended; and (2) the applicant is solvent and no proceeding in
1366 bankruptcy, receivership or assignment for the benefit of creditors has
1367 been commenced against the applicant, the commissioner may
1368 thereupon issue the applicant a debt adjuster license. If the
1369 commissioner fails to make such findings, the commissioner shall not
1370 issue a license and shall notify the applicant of the reasons for such
1371 denial. Any denial of an application by the commissioner shall, when
1372 applicable, be subject to the provisions of section 46a-80.

1373 (c) Each applicant for an original debt adjuster license shall, at the
1374 time of making such application, pay to the commissioner an
1375 application fee of two hundred fifty dollars. Each such license shall
1376 expire at the close of business on September thirtieth of the odd-
1377 numbered year following its issuance unless such license is renewed.
1378 Any license issued prior to the effective date of this act shall expire on
1379 September 30, 2003, unless renewed. Each licensee shall, on or before
1380 September first of the year in which the license expires, file such

1381 renewal application as the commissioner may require.

1382 (d) No abatement of the license fee shall be made if the license is
1383 surrendered, revoked or suspended prior to the expiration of the
1384 period for which it was issued. The fee required by subsection (c) of
1385 this section shall be nonrefundable.

1386 Sec. 42. Section 36a-657 of the general statutes is repealed and the
1387 following is substituted in lieu thereof (*Effective October 1, 2002*):

1388 [The commissioner may deny any application for a license under
1389 sections 36a-655 to 36a-665, inclusive. The commissioner may revoke
1390 or suspend any license under said sections in accordance with section
1391 36a-51 for the following causes: (1) Conviction of a crime involving
1392 moral turpitude; (2) violation of any provision of sections 36a-655 to
1393 36a-665, inclusive; (3) fraud or deceit or, if the licensee was not at the
1394 time of application and still is not entitled to obtain a license under
1395 said sections, material error in procuring the issuance of a license
1396 under said sections; (4) the licensee no longer meets the requirements
1397 necessary to obtain a license under said sections; (5) maintenance of a
1398 continuous course of unfair conduct, or (6) insolvency, commencement
1399 of any proceeding in bankruptcy, receivership, or assignment for the
1400 benefit of creditors by any licensee or applicant for a license under said
1401 sections.]

1402 The commissioner may suspend, revoke or refuse to renew any
1403 license, in accordance with the provisions of section 36a-51, as
1404 amended, for any reason which would be sufficient grounds for the
1405 commissioner to deny an application for a license under sections 36a-
1406 655 to 36a-665, inclusive, as amended, or if the commissioner finds that
1407 the licensee or any proprietor, director, officer, member, partner,
1408 shareholder, trustee, employee or agent of such licensee has done any
1409 of the following: (1) Made any material misstatement in the
1410 application; (2) committed any fraud or misappropriated funds; (3)
1411 violated any of the provisions of sections 36a-655 to 36a-665, inclusive,
1412 as amended by this act, or any other law or regulation applicable to the

1413 conduct of its business; or (4) failed to perform any agreement with a
1414 debtor.

1415 Sec. 43. Section 36a-658 of the general statutes is repealed and the
1416 following is substituted in lieu thereof (*Effective October 1, 2002*):

1417 [Each license or a copy thereof shall be posted conspicuously in each
1418 office of the licensee. No license shall be transferable or assignable. The
1419 licensee shall be limited solely to the business of debt adjustment and
1420 any other business which does not conflict with the interests of persons
1421 for whom the licensee is adjusting debts or with the business of debt
1422 adjustment.]

1423 Each license shall state the location at which the business is to be
1424 conducted and shall state fully the name of the licensee. If the licensee
1425 desires to engage in the business of debt adjustment in more than one
1426 location, the licensee shall procure a license for each location where the
1427 business is to be conducted. Each license shall be maintained at the
1428 location for which the license was issued and shall be available for
1429 public inspection. Such license shall not be transferable or assignable,
1430 provided any change of location of a licensee shall require only prior
1431 written notice to the commissioner. No licensee shall use any name
1432 other than the name stated on the license issued by the commissioner.

1433 Sec. 44. Section 36a-659 of the general statutes is repealed and the
1434 following is substituted in lieu thereof (*Effective October 1, 2002*):

1435 Each licensee shall maintain a separate bank account for the benefit
1436 of debtors in which all payments received from debtors who are
1437 residents of Connecticut for the benefit of creditors shall be deposited,
1438 [and in which all payments shall remain until a remittance is made to
1439 either a debtor or a creditor.] Every licensee shall keep [,] and use in
1440 [the licensee's] its business, books, accounts and records which will
1441 enable the commissioner to determine whether such licensee is
1442 complying with the provisions of sections 36a-655 to 36a-665, inclusive,
1443 as amended by this act, and with the regulations [of the commissioner]
1444 adopted pursuant thereto. Every licensee shall preserve such books,

1445 accounts and records for at least seven years after making the final
1446 entry on any transaction recorded therein.

1447 Sec. 45. Section 36a-664 of the general statutes is repealed and the
1448 following is substituted in lieu thereof (*Effective October 1, 2002*):

1449 (a) No such license, and no renewal thereof, shall be granted unless
1450 the applicant has filed a bond with the commissioner written by a
1451 surety authorized to write such bonds in this state, the form of which
1452 shall be approved by the Attorney General, provided any applicant
1453 that files applications for licenses for more than one location shall file a
1454 single bond. For every applicant, the principal amount of the bond
1455 shall be the greater of (1) forty thousand dollars, or (2) twice the
1456 amount of the highest total payments received by the applicant from
1457 Connecticut debtors in connection with the applicant's debt adjustment
1458 activity in any month during the preceding twelve months ending July
1459 thirty-first of each year. The licensee shall submit to the commissioner
1460 such bond or renewal thereof by September first of each year. Such
1461 bond shall be conditioned upon such licensee faithfully performing
1462 any and all written agreements with debtors, truly and faithfully
1463 accounting for all funds received by the licensee in the licensee's
1464 capacity as a debt adjuster, and conducting such business consistent
1465 with the provisions of sections 36a-655 to 36a-665, inclusive. Any
1466 debtor who may be damaged by failure to perform any written
1467 agreements, or by the wrongful conversion of funds paid to a licensee,
1468 may proceed on such bond against the principal or surety thereon, or
1469 both, to recover damages. The commissioner may proceed on such
1470 bond against the principal or surety thereon, or both, to collect any
1471 civil penalty imposed upon the licensee pursuant to subsection (a) of
1472 section 36a-50, as amended. The proceeds of the bond, even if
1473 commingled with other assets of the licensee, shall be deemed by
1474 operation of law to be held in trust for the benefit of such claimants
1475 against the licensee in the event of bankruptcy of the licensee and shall
1476 be immune from attachment by creditors and judgment creditors. The
1477 bond shall be maintained during the entire period of the license
1478 granted to the applicant, and the aggregate liability under the bond

1479 shall not exceed the penal sum of the bond.

1480 (b) No licensee shall use, attempt to use or make reference to, either
1481 directly or indirectly, any word or phrase which states or implies that
1482 the licensee is [bonded, approved,] endorsed, sponsored,
1483 recommended or bonded by the state. [or approved by the state.]

1484 Sec. 46. Section 36a-801 of the general statutes, as amended by
1485 section 4 of public act 01-207, is repealed and the following is
1486 substituted in lieu thereof (*Effective October 1, 2002*):

1487 (a) No person shall act within this state as a consumer collection
1488 agency [unless such person holds a license then in force from the
1489 commissioner authorizing such person so to act] without a consumer
1490 collection agency license. A consumer collection agency is acting
1491 within this state if it (1) has its place of business located within this
1492 state; (2) has its place of business located outside this state and collects
1493 from consumer debtors who reside within this state for creditors who
1494 are located within this state; (3) has its place of business located
1495 outside this state and regularly collects from consumer debtors who
1496 reside within this state for creditors who are located outside this state;
1497 or (4) has its place of business located outside this state and is engaged
1498 in the business of collecting child support for creditors located within
1499 this state from consumer debtors who are located outside this state.

1500 (b) (1) Any person desiring to act within this state as a consumer
1501 collection agency shall make a written application to the commissioner
1502 for such license in such form as the commissioner prescribes. Such
1503 application shall be accompanied by (A) a financial statement prepared
1504 by a certified public accountant or a public accountant, the accuracy of
1505 which is sworn to under oath before a notary public by the proprietor,
1506 a general partner or a corporate officer or a member duly authorized to
1507 execute such documents, (B) a license fee of eight hundred dollars, or
1508 in the case of an application that is filed prior to the date such license
1509 will expire, a license fee of four hundred dollars, and (C) an
1510 investigation fee of one hundred dollars. The commissioner shall cause

1511 to be made such inquiry and examination as to the qualifications of
1512 each such applicant as the commissioner deems necessary. Each
1513 applicant shall furnish satisfactory evidence to the commissioner that
1514 the applicant is a person of good moral character and is financially
1515 responsible. If the commissioner is satisfied that such applicant is in all
1516 respects properly qualified and trustworthy and that the granting of
1517 such license is not against the public interest, the commissioner may
1518 issue to such applicant a license, in such form as the commissioner
1519 may adopt, to act within this state as a consumer collection agency.
1520 Any such license issued by the commissioner shall expire at the close
1521 of business on ~~[April]~~ September thirtieth of [each year, but may be
1522 renewed by the] the odd-numbered year following its issuance, unless
1523 such license is renewed, provided any license that is renewed effective
1524 May 1, 2003, shall expire on September 30, 2005. The commissioner
1525 may renew such application, in the commissioner's discretion, and
1526 upon filing of a proper renewal application accompanied by a license
1527 fee of [four] eight hundred dollars, or in the case of an application for
1528 renewal of a license that expires on April 30, 2003, a license fee of one
1529 thousand dollars, and satisfactory proof that such applicant at that
1530 time possesses the required qualifications for the license. Such renewal
1531 application shall be filed with the commissioner [prior to April] on or
1532 before September first of [each year] the year in which the license
1533 expires, or in the case of a license that expires on April 30, 2003, on or
1534 before April 1, 2003. Any renewal application filed with the
1535 commissioner after [April first] September first, or in the case of a
1536 license that expires on April 30, 2003, after April 1, 2003, shall be
1537 accompanied by a one-hundred-dollar late fee. Whenever an
1538 application for a license, other than a renewal application, is filed
1539 under sections 36a-800 to 36a-810, inclusive, as amended by this act, by
1540 any person who was a licensee under said sections 36a-800 to 36a-810,
1541 inclusive, and whose license expired less than sixty days prior to the
1542 date such application was filed, such application shall be accompanied
1543 by a one-hundred-dollar processing fee in addition to the application
1544 fee. To further the enforcement of this section and to determine the
1545 eligibility of any person holding a license, the commissioner may, as

1546 often as the commissioner deems necessary, examine the licensee's
1547 books and records, and may, at any time, require the licensee to submit
1548 such a financial statement for the examination of the commissioner, so
1549 that the commissioner may determine whether the licensee is
1550 financially responsible to carry on a consumer collection agency
1551 business within the intents and purposes of sections 36a-800 to 36a-
1552 810, inclusive, as amended by this act. Any financial statement
1553 submitted by a licensee shall be confidential and shall not be a public
1554 record unless introduced in evidence at a hearing conducted by the
1555 commissioner.

1556 (2) No abatement of the license fee shall be made if the license is
1557 surrendered, revoked or suspended prior to the expiration of the
1558 period for which it was issued. All fees required by this section shall be
1559 nonrefundable.

1560 (c) No person, licensed to act within this state as a consumer
1561 collection agency shall do so under any other name or at any other
1562 place of business than that named in the license. Any change of
1563 location of a place of business of a licensee shall require prior written
1564 notice to the commissioner. Not more than one place of business shall
1565 be maintained under the same license but the commissioner may issue
1566 more than one license to the same licensee upon compliance with the
1567 provisions of sections 36a-800 to 36a-810, inclusive, as amended by this
1568 act as to each new licensee. A license shall not be transferable or
1569 assignable. Any licensee holding, applying for, or seeking renewal of
1570 more than one license may, at its option, file the bond required under
1571 section 36a-802, as amended by this act, separately for each place of
1572 business licensed, or to be licensed, or a single bond, naming each
1573 place of business, in an amount equal to five thousand dollars for each
1574 place of business.

1575 Sec. 47. Section 36a-802 of the general statutes is repealed and the
1576 following is substituted in lieu thereof (*Effective October 1, 2002*):

1577 No such license and no renewal thereof shall be granted unless the

1578 applicant has filed with the commissioner a bond to the people of the
1579 state in the penal sum of five thousand dollars, approved by the
1580 Attorney General as to form and by the commissioner as to sufficiency
1581 of the security thereof. Such bond shall be conditioned that such
1582 licensee shall well and truly and faithfully account for all funds
1583 entrusted to [him] the licensee and collected and received by [him in
1584 his] the licensee in the licensee's capacity as a consumer collection
1585 agency. Any person who may be damaged by the wrongful conversion
1586 of any [trust] creditor or consumer debtor funds held by such
1587 consumer collection agency may proceed on such bond against the
1588 principal or surety thereon, or both, to recover damages. The
1589 commissioner may proceed on such bond against the principal or
1590 surety thereon, or both, to collect any civil penalty imposed upon the
1591 licensee pursuant to subsection (a) of section 36a-50, as amended. The
1592 proceeds of the bond, even if commingled with other assets of the
1593 licensee, shall be deemed by operation of law to be held in trust for the
1594 benefit of such claimants against the licensee in the event of
1595 bankruptcy of the licensee and shall be immune from attachment by
1596 creditors and judgment creditors. The bond shall run concurrently
1597 with the period of the license granted to the applicant, and the
1598 aggregate liability under the bond shall not exceed the penal sum of
1599 the bond.

1600 Sec. 48. Section 36a-804 of the general statutes is repealed and the
1601 following is substituted in lieu thereof (*Effective October 1, 2002*):

1602 [The commissioner may suspend or revoke such license for cause
1603 shown, in accordance with section 36a-51.]

1604 (a) The commissioner may suspend, revoke or refuse to renew any
1605 license, in accordance with the provisions of section 36a-51, as
1606 amended, for any reason which would be sufficient grounds for the
1607 commissioner to deny an application for a license under sections 36a-
1608 800 to 36a-810, inclusive, as amended by this act, or if the
1609 commissioner finds that the licensee or any proprietor, director, officer,
1610 member, partner, shareholder, trustee, employee or agent of such

1611 licensee has done any of the following: (1) Made any material
 1612 misstatement in the application; (2) committed any fraud or
 1613 misrepresentation or misappropriated funds; or (3) violated any of the
 1614 provisions of sections 36a-800 to 36a-810, inclusive, as amended by this
 1615 act, or of any regulations adopted pursuant thereto, or any other law
 1616 or regulation applicable to the conduct of its business.

1617 (b) Whenever it appears to the commissioner that any person has
 1618 violated, is violating or is about to violate any of the provisions of
 1619 sections 36a-800 to 36a-810, inclusive, as amended by this act, or any
 1620 regulation adopted pursuant thereto, the commissioner may take
 1621 action against such person or licensee in accordance with section 36a-
 1622 50, as amended.

1623 Sec. 49. (*Effective October 1, 2002*) Sections 36a-495, 36a-518, 36a-571
 1624 and 36a-803 of the general statutes are repealed.

This act shall take effect as follows:	
Section 1	<i>October 1, 2002</i>
Sec. 2	<i>October 1, 2002</i>
Sec. 3	<i>October 1, 2002</i>
Sec. 4	<i>October 1, 2002</i>
Sec. 5	<i>October 1, 2002</i>
Sec. 6	<i>October 1, 2002</i>
Sec. 7	<i>October 1, 2002</i>
Sec. 8	<i>October 1, 2002</i>
Sec. 9	<i>October 1, 2002</i>
Sec. 10	<i>October 1, 2002</i>
Sec. 11	<i>October 1, 2002</i>
Sec. 12	<i>October 1, 2002</i>
Sec. 13	<i>October 1, 2002</i>
Sec. 14	<i>October 1, 2002</i>
Sec. 15	<i>October 1, 2002</i>
Sec. 16	<i>October 1, 2002</i>
Sec. 17	<i>October 1, 2002</i>
Sec. 18	<i>October 1, 2002</i>
Sec. 19	<i>October 1, 2002</i>
Sec. 20	<i>October 1, 2002</i>

Sec. 21	<i>October 1, 2002</i>
Sec. 22	<i>October 1, 2002</i>
Sec. 23	<i>October 1, 2002</i>
Sec. 24	<i>October 1, 2002</i>
Sec. 25	<i>October 1, 2002</i>
Sec. 26	<i>October 1, 2002</i>
Sec. 27	<i>October 1, 2002</i>
Sec. 28	<i>October 1, 2002</i>
Sec. 29	<i>October 1, 2002</i>
Sec. 30	<i>October 1, 2002</i>
Sec. 31	<i>October 1, 2002</i>
Sec. 32	<i>October 1, 2002</i>
Sec. 33	<i>October 1, 2002</i>
Sec. 34	<i>October 1, 2002</i>
Sec. 35	<i>October 1, 2002</i>
Sec. 36	<i>October 1, 2002</i>
Sec. 37	<i>October 1, 2002</i>
Sec. 38	<i>October 1, 2002</i>
Sec. 39	<i>October 1, 2002</i>
Sec. 40	<i>October 1, 2002</i>
Sec. 41	<i>October 1, 2002</i>
Sec. 42	<i>October 1, 2002</i>
Sec. 43	<i>October 1, 2002</i>
Sec. 44	<i>October 1, 2002</i>
Sec. 45	<i>October 1, 2002</i>
Sec. 46	<i>October 1, 2002</i>
Sec. 47	<i>October 1, 2002</i>
Sec. 48	<i>October 1, 2002</i>
Sec. 49	<i>October 1, 2002</i>

BA *Joint Favorable Subst.*