



# House of Representatives

General Assembly

**File No. 156**

January Session, 2003

Substitute House Bill No. 5123

*House of Representatives, April 2, 2003*

The Committee on Banks reported through REP. DOYLE of the 28th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING PAYMENT OF SECONDARY MORTGAGE LOAN PROCEEDS BY WIRE TRANSFER.**

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

1 Section 1. Section 36a-758a of the general statutes is repealed and  
2 the following is substituted in lieu thereof (*Effective October 1, 2003*):

3 (a) Any person or entity engaged in the business of (1) making first  
4 mortgage loans in this state and licensed in accordance with [sections  
5 36a-485 to 36a-498, inclusive] part I(A) of chapter 668, or (2) making  
6 secondary mortgage loans in the state and licensed in accordance with  
7 part I(B) of chapter 668, that chooses to utilize a wire transfer to send  
8 the loan proceeds to the mortgagee's attorney, shall transfer the loan  
9 proceeds to the bank which holds the account of the mortgagee's  
10 attorney by a wire transfer in a timely manner, but in any event not  
11 later than the scheduled date and time of the closing of the loan, except  
12 that in the case of a mortgage refinancing where any right of rescission  
13 under 12 CFR 226.23 has terminated, any such wire transfer shall be in

14 a timely manner, but in any event not later than the disbursement date.  
 15 In the case of a person or entity engaged in the business of making  
 16 secondary mortgage loans in this state, the provisions of this  
 17 subsection shall apply only to secondary mortgage loans to finance the  
 18 acquisition or initial construction of the mortgagor's principal  
 19 dwelling.

20 (b) The Commissioner of Banking may suspend, revoke or refuse to  
 21 renew a license pursuant to section 36a-51 issued to a person or entity  
 22 engaged in the business of making first mortgage loans or secondary  
 23 mortgage loans in this state and licensed in accordance with [sections  
 24 36a-485 to 36a-498, inclusive] part I(A) or I(B) of chapter 668, that fails  
 25 to comply with subsection (a) of this section.

This act shall take effect as follows:	
Section 1	October 1, 2003

**BA**      *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:**

<b>Agency Affected</b>	<b>Fund-Type</b>	<b>FY 04 \$</b>	<b>FY 05 \$</b>
Banking Dept.	BF - None	None	None

Note: BF=Banking Fund

**Municipal Impact:** None

**Explanation**

The bill expands the use of wire transfers in second mortgage loans in certain cases and does not result in a fiscal impact on the state.

**OLR Bill Analysis**

sHB 5123

**AN ACT CONCERNING PAYMENT OF SECONDARY MORTGAGE  
LOAN PROCEEDS BY WIRE TRANSFER**

**SUMMARY:**

This bill extends to secondary mortgage lenders sending loan proceeds by wire transfer a provision requiring lenders including first mortgage lenders, to transfer those proceeds to the bank holding the mortgagee's attorney's account in a timely manner, but no later than the scheduled date and time of the mortgage closing. For a mortgage refinancing where the three-day right-of-rescission period has ended, the law requires the transfer to be made in a timely manner, but no later than the disbursement date. The bill limits the wire transfer provision's applicability to second mortgage loans for financing the mortgagee's purchase or initial construction of his principal dwelling.

The bill authorizes the banking commissioner to suspend, revoke, or refuse to renew secondary mortgage lenders' licenses, as he already can for first mortgage lenders, if they fail to comply with the wire transfer requirements.

EFFECTIVE DATE: October 1, 2003

**COMMITTEE ACTION**

Banks Committee

Joint Favorable Substitute

Yea 19      Nay 0