



General Assembly

February Session, 2008

***Raised Bill No. 5494***

LCO No. 1537

\*01537\_\_\_\_\_BA\_\*

Referred to Committee on Banks

Introduced by:  
(BA )

***AN ACT ENSURING THE COMPETENCE AND INTEGRITY OF  
MORTGAGE BROKERS AND ORIGINATORS.***

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

1 Section 1. (NEW) (*Effective September 30, 2008*) As used in this section  
2 and sections 2 to 6, inclusive, of this act:

3 (1) "Accredited professional education program" means any  
4 education program or testing for an applicant for a first mortgage  
5 broker license, a second mortgage broker license or an originator  
6 license or for an applicant for renewal of any such license that is  
7 designed to ensure professional competence in mortgage origination  
8 and brokering principles and practices under applicable state and  
9 federal lending laws and ethics that is approved by the commissioner  
10 and is provided by an organization, institution or agency that is  
11 approved by the commissioner.

12 (2) "Accredited professional test" means any test taken by an  
13 applicant for a first mortgage broker license, a second mortgage broker  
14 license or an originator license or for an applicant for renewal of any  
15 such license that is designed to ensure professional competence in

16 mortgage origination and brokering principles and practices under  
17 applicable state and federal lending laws and ethics that is approved  
18 by the commissioner and is administered by an organization,  
19 institution or agency that is approved by the commissioner at a facility  
20 approved by the commissioner.

21 (3) "Certificate of education" means a document issued to an  
22 applicant for or holder of a first mortgage broker license, a second  
23 mortgage broker license or an originator license by an accredited  
24 professional education program that (A) certifies that an applicant for  
25 or holder of a first mortgage broker license, a second mortgage broker  
26 license or an originator license has satisfactorily completed a specified  
27 number of continuing education hours; and (B) bears the name of such  
28 organization, institution or agency, the title of the program, the dates  
29 during which the program was conducted, the number of education  
30 hours satisfactorily completed and the signature of the director of such  
31 organization, institution or agency or the signature of the director's  
32 authorized agent.

33 (4) "Certificate of testing" means a document issued to an applicant  
34 for or a holder of a first mortgage broker license, a second mortgage  
35 broker license or an originator license by an accredited professional  
36 education program that (A) certifies that an applicant for or a holder of  
37 a first mortgage broker license, a second mortgage broker license or an  
38 originator license has satisfactorily completed an accredited  
39 professional test and passed such test by a score of sixty-five per cent  
40 or greater; and (B) bears the name of such organization, institution or  
41 agency, the title of the test, the date the test was taken, and the  
42 signature of the director of such organization, institution or agency or  
43 the signature of the director's authorized agent.

44 (5) "Commissioner" means the Banking Commissioner.

45 Sec. 2. (NEW) (*Effective September 30, 2008*) On and after January 1,  
46 2010, each applicant for a first mortgage broker license pursuant to  
47 sections 36a-485 to 36a-498a, inclusive, of the 2008 supplement to the

48 general statutes, a second mortgage broker license pursuant to sections  
49 36a-510 to 36a-524, inclusive, of the 2008 supplement to the general  
50 statutes and an originator license pursuant to either sections 36a-485 to  
51 36a-489a, inclusive, of the 2008 supplement to the general statutes or  
52 sections 36a-510 to 36a-524, inclusive, of the 2008 supplement to the  
53 general statutes shall prove to the satisfaction of the commissioner that  
54 the applicant has, within one year prior to filing the application: (1)  
55 Obtained a certificate of education from an accredited professional  
56 education program of at least twenty classroom hours of study  
57 comprised of nine classroom hours of study on applicable federal  
58 lending laws, regulations and requirements, nine classroom hours of  
59 study on applicable Connecticut lending laws, regulations and  
60 requirements and two classroom hours on applicable professional  
61 ethics laws, regulations and requirements, all as further determined by  
62 the commissioner; and (2) obtained a certificate of testing.

63 Sec. 3. (NEW) (*Effective September 30, 2008*) Except as provided in  
64 section 4 of this act, for the period from January 1, 2010, to December  
65 31, 2011, inclusive, each applicant for renewal of a first mortgage  
66 broker license pursuant to sections 36a-485 to 36a-498a, inclusive, of  
67 the 2008 supplement to the general statutes, a second mortgage broker  
68 license pursuant to sections 36a-510 to 36a-524, inclusive, of the 2008  
69 supplement to the general statutes and an originator license pursuant  
70 to either sections 36a-485 to 36a-489a, inclusive, of the 2008 supplement  
71 to the general statutes or sections 36a-510 to 36a-524, inclusive, of the  
72 2008 supplement to the general statutes shall prove to the satisfaction  
73 of the commissioner that the applicant has, subsequent to the issuance  
74 of the applicant's current license and prior to filing the renewal  
75 application: (1) Obtained a certificate of education from an accredited  
76 professional education program of at least twenty classroom hours of  
77 study comprised of nine classroom hours of study on applicable  
78 federal lending laws, regulations and requirements, nine classroom  
79 hours of study on applicable Connecticut lending laws, regulations  
80 and requirements and two classroom hours on applicable professional  
81 ethics laws, regulations and requirements, all as determined by the

82 commissioner; and (2) obtained a certificate of testing.

83       Sec. 4. (NEW) (*Effective September 30, 2008*) On and after January 1,  
84 2010, an applicant for renewal of a first mortgage broker license  
85 pursuant to sections 36a-485 to 36a-498a, inclusive, of the 2008  
86 supplement to the general statutes, a second mortgage broker license  
87 pursuant to sections 36a-510 to 36a-524, inclusive, of the 2008  
88 supplement to the general statutes or an originator license pursuant to  
89 either sections 36a-485 to 36a-489a, inclusive, of the 2008 supplement to  
90 the general statutes or sections 36a-510 to 36a-524, inclusive, of the  
91 2008 supplement to the general statutes, who has continuously held a  
92 license, or in the case of an applicant for renewal of an originator  
93 license, a registration, for a period of ten consecutive years or more,  
94 shall not be required to obtain a certificate of testing in order to renew.

95       Sec. 5. (NEW) (*Effective September 30, 2008*) On and after January 1,  
96 2012, any applicant for renewal of a first mortgage broker license  
97 pursuant to sections 36a-485 to 36a-498a, inclusive, of the 2008  
98 supplement to the general statutes, a second mortgage broker license  
99 pursuant to sections 36a-510 to 36a-524, inclusive, of the 2008  
100 supplement to the general statutes or an originator license pursuant to  
101 either sections 36a-485 to 36a-489a, inclusive, of the 2008 supplement to  
102 the general statutes or sections 36a-510 to 36a-524, inclusive, of the  
103 2008 supplement to the general statutes shall prove to the satisfaction  
104 of the commissioner that the applicant has, within one year prior to  
105 filing the renewal application, obtained a certificate of education from  
106 an accredited professional education program of at least ten classroom  
107 hours of study comprised of four classroom hours of study on  
108 applicable federal lending laws, regulations and requirements, four  
109 classroom hours of study on applicable Connecticut lending laws,  
110 regulations and requirements and two classroom hours on applicable  
111 professional ethics laws, regulations and requirements, all as  
112 determined by the commissioner.

113       Sec. 6. (NEW) (*Effective September 30, 2008*) Not later than January 1,

114 2009, the commissioner shall adopt such regulations, in accordance  
115 with chapter 54 of the general statutes, as the commissioner deems  
116 necessary, to implement the provisions of sections 1 to 5, inclusive, of  
117 this act, including establishment of the requirements for qualifying  
118 criteria for accredited professional education programs and accredited  
119 professional tests and for acceptable certificates of education and  
120 testing.

121 Sec. 7. Section 36a-3 of the 2008 supplement to the general statutes is  
122 repealed and the following is substituted in lieu thereof (*Effective*  
123 *September 30, 2008*):

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

- T1 "Account". Sections 36a-155 and 36a-365.
- T2 "Accredited professional education program". Section 1 of this act.
- T3 "Accredited professional test". Section 1 of this act.
- T4 "Additional proceeds". Section 36a-746e.
- T5 "Administrative expense". Section 36a-237.
- T6 "Advance fee". Sections 36a-485 of the 2008 supplement to  
T7 the general statutes, 36a-510 of the 2008 supplement to  
T8 the general statutes and 36a-615.
- T9 "Advertise" or "advertisement". Sections 36a-485 of the  
T10 2008 supplement to the general statutes and 36a-510 of  
T11 the 2008 supplement to the general statutes.
- T12 "Agency bank". Section 36a-285.
- T13 "Alternative mortgage loan". Section 36a-265.
- T14 "Amount financed". Section 36a-690.
- T15 "Annual percentage rate". Section 36a-690.
- T16 "Annual percentage yield". Section 36a-316.
- T17 "Annuities". Section 36a-455a.
- T18 "Applicant". Section 36a-736.
- T19 "APR". Section 36a-746a.
- T20 "Assessment area". Section 36a-37.

- T21 "Assets". Section 36a-70.
- T22 "Associate". Section 36a-184.
- T23 "Associated member". Section 36a-458a.
- T24 "Bank". Section 36a-30.
- T25 "Bankers' bank". Section 36a-70.
- T26 "Banking business". Section 36a-425.
- T27 "Basic services". Section 36a-437a.
- T28 "Billing cycle". Section 36a-565.
- T29 "Bona fide nonprofit organization". Section 36a-655.
- T30 "Branch". Sections 36a-145 of the 2008 supplement to the
- T31 general statutes, 36a-410 of the 2008 supplement to the
- T32 general statutes and 36a-435b.
- T33 "Branch or agency net payment entitlement". Section 36a-428n.
- T34 "Branch or agency net payment obligation". Section 36a-428n.
- T35 "Broker". Section 36a-746a.
- T36 "Business and industrial development corporation". Section 36a-626.
- T37 "Business and property in this state". Section 36a-428n.
- T38 "Capital". Section 36a-435b.
- T39 "Cash advance". Section 36a-564.
- T40 "Cash price". Section 36a-770.
- T41 "Certificate of education". Section 1 of this act.
- T42 "Certificate of incorporation". Section 36a-435b.
- T43 "Certificate of testing". Section 1 of this act.
- T44 "Closely related activities". Sections 36a-250 and 36a-455a.
- T45 "Collective managing agency account". Section 36a-365.
- T46 "Commercial vehicle". Section 36a-770.
- T47 "Community bank". Section 36a-70.
- T48 "Community credit union". Section 36a-37.
- T49 "Community development bank". Section 36a-70.
- T50 "Community reinvestment performance". Section 36a-37.
- T51 "Connecticut holding company". Sections 36a-53 of the
- T52 2008 supplement to the general statutes and 36a-410 of
- T53 the 2008 supplement to the general statutes.
- T54 "Consolidate". Section 36a-145 of the 2008 supplement to

- T55 the general statutes.
- T56 "Construction loan". Section 36a-458a.
- T57 "Consumer". Sections 36a-155, 36a-676 and 36a-695.
- T58 "Consumer Credit Protection Act". Section 36a-676.
- T59 "Consumer debtor" and "debtor". Sections 36a-645 and
- T60 36a-800 of the 2008 supplement to the general statutes.
- T61 "Consumer collection agency". Section 36a-800 of the 2008
- T62 supplement to the general statutes.
- T63 "Consummation". Section 36a-746a.
- T64 "Controlling interest". Section 36a-276.
- T65 "Corporate". Section 36a-435b.
- T66 "Credit". Sections 36a-645 and 36a-676.
- T67 "Credit manager". Section 36a-435b.
- T68 "Creditor". Sections 36a-676, 36a-695 and 36a-800 of the
- T69 2008 supplement to the general statutes.
- T70 "Credit card", "cardholder" and "card issuer". Section 36a-676.
- T71 "Credit clinic". Section 36a-700.
- T72 "Credit rating agency". Section 36a-695.
- T73 "Credit report". Section 36a-695.
- T74 "Credit sale". Section 36a-676.
- T75 "Credit union service organization". Section 36a-435b.
- T76 "Credit union service organization services". Section 36a-435b.
- T77 "De novo branch". Section 36a-410 of the 2008 supplement
- T78 to the general statutes.
- T79 "Debt". Section 36a-645.
- T80 "Debt adjustment". Section 36a-655.
- T81 "Debt mutual fund". Sections 36a-275 and 36a-459a.
- T82 "Debt securities". Sections 36a-275 and 36a-459a.
- T83 "Debtor". Section 36a-655.
- T84 "Deliver". Section 36a-316.
- T85 "Deposit". Section 36a-316.
- T86 "Deposit account". Section 36a-316.
- T87 "Deposit account charge". Section 36a-316.
- T88 "Deposit account disclosures". Section 36a-316.

- T89 "Deposit contract". Section 36a-316.
- T90 "Deposit services". Section 36a-425.
- T91 "Depositor". Section 36a-316.
- T92 "Director". Section 36a-435b.
- T93 "Earning period". Section 36a-316.
- T94 "Electronic payment instrument". Section 36a-596 of the
- T95 2008 supplement to the general statutes.
- T96 "Eligible collateral". Section 36a-330.
- T97 "Equity mutual fund". Sections 36a-276 and 36a-459a.
- T98 "Equity security". Sections 36a-276 and 36a-459a.
- T99 "Executive officer". Sections 36a-263 and 36a-469c.
- T100 "Federal Credit Union Act". Section 36a-435b.
- T101 "Federal Home Mortgage Disclosure Act". Section 36a-736.
- T102 "Fiduciary". Section 36a-365.
- T103 "Filing fee". Section 36a-770.
- T104 "Finance charge". Sections 36a-690 and 36a-770.
- T105 "Financial institution". Sections 36a-41, 36a-44a, 36a-155, 36a-316, 36a-
- T106 330, 36a-435b and 36a-736.
- T107 "Financial records". Section 36a-41.
- T108 "First mortgage broker". Section 36a-485 of the 2008
- T109 supplement to the general statutes.
- T110 "First mortgage correspondent lender". Section 36a-485 of
- T111 the 2008 supplement to the general statutes.
- T112 "First mortgage lender". Section 36a-485 of the 2008
- T113 supplement to the general statutes.
- T114 "First mortgage loan". Sections 36a-485 of the 2008
- T115 supplement to the general statutes, 36a-705 and 36a-715.
- T116 "Foreign banking corporation". Section 36a-425.
- T117 "General facility". Section 36a-580.
- T118 "Global net payment entitlement". Section 36a-428n.
- T119 "Global net payment obligation". Section 36a-428n.
- T120 "Goods". Sections 36a-535 and 36a-770.
- T121 "Graduated payment mortgage loan". Section 36a-265.
- T122 "Guardian". Section 36a-365.

- T123 "High cost home loan". Section 36a-746a.
- T124 "Holder". Section 36a-596 of the 2008 supplement to the
- T125 general statutes.
- T126 "Home banking services". Section 36a-170.
- T127 "Home banking terminal". Section 36a-170.
- T128 "Home improvement loan". Section 36a-736.
- T129 "Home purchase loan". Section 36a-736.
- T130 "Home state". Section 36a-410 of the 2008 supplement to
- T131 the general statutes.
- T132 "Immediate family member". Section 36a-435b.
- T133 "Insider". Section 36a-454b.
- T134 "Installment loan contract". Sections 36a-535 and 36a-770.
- T135 "Insurance". Section 36a-455a.
- T136 "Insurance bank". Section 36a-285.
- T137 "Insurance department". Section 36a-285.
- T138 "Interest". Section 36a-316.
- T139 "Interest rate". Section 36a-316.
- T140 "Lender". Sections 36a-746a and 36a-770.
- T141 "Lessor". Section 36a-676.
- T142 "License". Section 36a-626.
- T143 "Licensee". Sections 36a-510 of the 2008 supplement to the
- T144 general statutes, 36a-596 of the 2008 supplement to the
- T145 general statutes and 36a-626.
- T146 "Limited branch". Section 36a-145 of the 2008 supplement
- T147 to the general statutes.
- T148 "Limited facility". Section 36a-580.
- T149 "Loan broker". Section 36a-615.
- T150 "Loss". Section 36a-330.
- T151 "Made in this state". Section 36a-770.
- T152 "Managing agent". Section 36a-365.
- T153 "Manufactured home". Section 36a-457b.
- T154 "Material litigation". Section 36a-596 of the 2008
- T155 supplement to the general statutes.
- T156 "Member". Section 36a-435b.

- T157 "Member business loan". Section 36a-458a.
- T158 "Member in good standing". Section 36a-435b.
- T159 "Membership share". Section 36a-435b.
- T160 "Mobile branch". Section 36a-435b.
- T161 "Money order". Section 36a-596 of the 2008 supplement to
- T162 the general statutes.
- T163 "Money transmission". Section 36a-365.
- T164 "Mortgage insurance". Section 36a-725.
- T165 "Mortgage lender". Sections 36a-485 of the 2008
- T166 supplement to the general statutes, 36a-510 of the 2008
- T167 supplement to the general statutes and 36a-705.
- T168 "Mortgage loan". Sections 36a-261, 36a-265 and 36a-457b.
- T169 "Mortgage rate lock-in". Section 36a-705.
- T170 "Mortgage servicing company". Section 36a-715.
- T171 "Mortgagor". Section 36a-715.
- T172 "Motor vehicle". Section 36a-770.
- T173 "Multiple common bond membership". Section 36a-435b.
- T174 "Municipality". Section 36a-800 of the 2008 supplement to
- T175 the general statutes.
- T176 "Net outstanding member business loan balance". Section 36a-458a.
- T177 "Net worth". Sections 36a-441a, 36a-458a and 36a-596 of
- T178 the 2008 supplement to the general statutes.
- T179 "Network". Section 36a-155.
- T180 "Nonrefundable". Sections 36a-498 of the 2008
- T181 supplement to the general statutes and 36a-521 of
- T182 the 2008 supplement to the general statutes.
- T183 "Note account". Sections 36a-301 and 36a-456b.
- T184 "Office". Section 36a-316.
- T185 "Officer". Section 36a-435b.
- T186 "Open-end credit plan". Section 36a-676.
- T187 "Open-end loan". Section 36a-565.
- T188 "Organization". Section 36a-800 of the 2008 supplement to
- T189 the general statutes.
- T190 "Originator". Sections 36a-485 of the 2008 supplement to

- T191 the general statutes and 36a-510 of the 2008 supplement  
T192 to the general statutes.
- T193 "Out-of-state holding company". Section 36a-410 of the  
T194 2008 supplement to the general statutes.
- T195 "Outstanding". Section 36a-596 of the 2008 supplement to  
T196 the general statutes.
- T197 "Passbook savings account". Section 36a-316.
- T198 "Payment instrument". Section 36a-596 of the 2008  
T199 supplement to the general statutes.
- T200 "Periodic statement". Section 36a-316.
- T201 "Permissible investment". Section 36a-596 of the 2008  
T202 supplement to the general statutes.
- T203 "Person". Section 36a-184.
- T204 "Post". Section 36a-316.
- T205 "Prepaid finance charge". Section 36a-746a.
- T206 "Prepayment penalty". Section 36a-746a.
- T207 "Prime quality". Section 36a-596 of the 2008 supplement  
T208 to the general statutes.
- T209 "Principal amount of the loan". Section 36a-510 of the  
T210 2008 supplement to the general statutes.
- T211 "Processor". Section 36a-155.
- T212 "Public deposit". Section 36a-330.
- T213 "Purchaser". Section 36a-596 of the 2008 supplement to  
T214 the general statutes.
- T215 "Qualified financial contract". Section 36a-428n.
- T216 "Qualified public depository" and "depository". Section 36a-330.
- T217 "Real estate". Section 36a-457b.
- T218 "Records". Section 36a-17.
- T219 "Related person". Section 36a-53 of the 2008 supplement  
T220 to the general statutes.
- T221 "Relocate". Sections 36a-145 of the 2008 supplement to the  
T222 general statutes and 36a-462a.
- T223 "Residential property". Section 36a-485 of the 2008  
T224 supplement to the general statutes.

- T225 "Retail buyer". Sections 36a-535 and 36a-770.
- T226 "Retail credit transaction". Section 42-100b.
- T227 "Retail installment contract". Sections 36a-535 and 36a-770.
- T228 "Retail installment sale". Sections 36a-535 and 36a-770.
- T229 "Retail seller". Sections 36a-535 and 36a-770.
- T230 "Reverse annuity mortgage loan". Section 36a-265.
- T231 "Sales finance company". Sections 36a-535 and 36a-770.
- T232 "Savings department". Section 36a-285.
- T233 "Savings deposit". Section 36a-316.
- T234 "Secondary mortgage broker". Section 36a-510 of the 2008
- T235 supplement to the general statutes.
- T236 "Secondary mortgage correspondent lender". Section 36a-
- T237 510 of the 2008 supplement to the general statutes.
- T238 "Secondary mortgage lender". Section 36a-510 of the 2008
- T239 supplement to the general statutes.
- T240 "Secondary mortgage loan". Section 36a-510 of the 2008
- T241 supplement to the general statutes.
- T242 "Security convertible into a voting security". Section 36a-184.
- T243 "Senior management". Section 36a-435b.
- T244 "Share". Section 36a-435b.
- T245 "Simulated check". Sections 36a-485 of the 2008
- T246 supplement to the general statutes and 36a-510 of the
- T247 2008 supplement to the general statutes.
- T248 "Single common bond membership". Section 36a-435b.
- T249 "Social purpose investment". Section 36a-277.
- T250 "Standard mortgage loan". Section 36a-265.
- T251 "Table funding agreement". Section 36a-485 of the 2008
- T252 supplement to the general statutes.
- T253 "Tax and loan account". Sections 36a-301 and 36a-456b.
- T254 "The Savings Bank Life Insurance Company". Section 36a-285.
- T255 "Time account". Section 36a-316.
- T256 "Travelers check". Section 36a-596 of the 2008 supplement
- T257 to the general statutes.
- T258 "Troubled Connecticut credit union". Section 36a-448a.

T259 "Unsecured loan". Section 36a-615.  
T260 "Warehouse agreement". Section 36a-485 of the 2008  
T261 supplement to the general statutes.

126 Sec. 8. Section 36a-486 of the 2008 supplement to the general  
127 statutes, as amended by section 5 of public act 07-156, is repealed and  
128 the following is substituted in lieu thereof (*Effective September 30, 2008*):

129 (a) No person shall engage in the business of making first mortgage  
130 loans or act as a first mortgage broker in this state unless such person  
131 has first obtained the required license in accordance with the  
132 provisions of sections 36a-485 to 36a-498a, inclusive, of the 2008  
133 supplement to the general statutes, and sections 1 to 5, inclusive, of  
134 this act. A first mortgage correspondent lender shall not be deemed to  
135 be acting as a first mortgage lender if such first mortgage  
136 correspondent lender makes a loan utilizing its own funds in a  
137 situation where another person does not honor such person's  
138 commitment to fund the loan.

139 (b) No person licensed as a mortgage lender or first mortgage  
140 broker shall employ or retain an originator unless such originator is  
141 licensed under sections 36a-485 to 36a-498a, inclusive, of the 2008  
142 supplement to the general statutes and sections 1 to 5, inclusive, of this  
143 act provided such licensure shall not be required for any originator  
144 who is licensed under sections 36a-510 to 36a-524, inclusive, of the 2008  
145 supplement to the general statutes. No individual may act as an  
146 originator without being licensed, or act as an originator, as defined in  
147 sections 36a-485 of the 2008 supplement to the general statutes and  
148 36a-510 of the 2008 supplement to the general statutes, for more than  
149 one person. The license of an originator is not effective during any  
150 period when such originator is not associated with a licensed mortgage  
151 lender or first mortgage broker. Both the originator and the mortgage  
152 lender and first mortgage broker shall promptly notify the  
153 commissioner, in writing, of the termination of employment or services

154 of an originator.

155 (c) Each first mortgage loan negotiated, solicited, placed, found or  
156 made without a license shall constitute a separate violation for  
157 purposes of section 36a-50.

158 Sec. 9. Section 36a-488 of the 2008 supplement to the general  
159 statutes, as amended by section 2 of public act 07-92 and section 6 of  
160 public act 07-156, is repealed and the following is substituted in lieu  
161 thereof (*Effective September 30, 2008*):

162 (a) (1) The commissioner shall not issue a license as a first mortgage  
163 lender, a first mortgage correspondent lender or a first mortgage  
164 broker to any person unless such person meets the educational and  
165 testing requirements specified in sections 1 to 5, inclusive, of this act  
166 and the following tangible net worth and experience requirements, as  
167 applicable: (A) The minimum tangible net worth requirement for a first  
168 mortgage lender shall be two hundred fifty thousand dollars and the  
169 minimum tangible net worth requirement for a first mortgage  
170 correspondent lender and a first mortgage broker shall be twenty-five  
171 thousand dollars, and (B) a mortgage lender shall have, at the location  
172 for which the license is sought, a person with supervisory authority  
173 over the lending activities who has at least three years' experience in  
174 the mortgage lending business within the five years immediately  
175 preceding the application for the license and a first mortgage broker  
176 shall have, at the location for which the license is sought, a person with  
177 supervisory authority over the brokerage activities who has at least  
178 three years' experience in the mortgage lending or mortgage brokerage  
179 business within the five years immediately preceding the application  
180 for the license.

181 (2) Each licensee shall maintain the net worth required by this  
182 subsection and shall promptly notify the commissioner if such  
183 licensee's net worth falls below the net worth required by this  
184 subsection.

185 (b) The commissioner may issue a first mortgage lender license, a  
186 first mortgage correspondent lender license, or a first mortgage broker  
187 license. Each first mortgage lender licensee may also act as a first  
188 mortgage correspondent lender and a first mortgage broker, and each  
189 first mortgage correspondent lender licensee may also act as a first  
190 mortgage broker. An application for a license or renewal of such  
191 license shall be made under oath and on a form provided by the  
192 commissioner. The application shall include: (1) The type of license  
193 sought; (2) the name and address of the applicant; (3) the location for  
194 which the license is sought; (4) the name and address of each member,  
195 partner, officer, director, authorized agent and shareholder owning ten  
196 per cent or more of the outstanding stock, as applicable; (5) if the  
197 applicant is a trust or the lead lender in one or more participation  
198 loans, the name and address of each trustee or lead lender and each  
199 beneficiary of the trust or other participant lenders in all outstanding  
200 participation loans; (6) a financial statement as of a date not more than  
201 six months prior to the filing of the application which reflects tangible  
202 net worth, and if such financial statement is unaudited, the proprietor,  
203 general partner, or duly authorized officer, trustee or member shall  
204 swear to its accuracy under oath before a notary public; (7) evidence  
205 that the person with supervisory authority over the lending or  
206 brokerage activities at the location for which the license is sought  
207 meets the experience required by subsection (a) of this section; [and]  
208 (8) on and after January 1, 2010, any applicable certificate of education  
209 or certificate of testing required under sections 1 to 5, inclusive, of this  
210 act; and (9) such other information pertaining to the applicant, the  
211 applicant's background, the background of its principals and  
212 employees, and the applicant's activities as the commissioner may  
213 require. The commissioner may conduct a criminal history records  
214 check of the applicant, of each member, partner, officer or director of  
215 the applicant and of the person with supervisory authority at the  
216 location for which the license is sought, and require the applicant to  
217 submit the fingerprints of such persons as part of the application. The  
218 application shall be filed with the national mortgage licensing system,

219 which shall process the fingerprints through the Federal Bureau of  
220 Investigation.

221 (c) An application for an originator license or renewal of such  
222 license shall be made on a form provided by the commissioner. On and  
223 after January 1, 2010, such application shall be accompanied by any  
224 applicable certificate of education or certificate of testing required  
225 under sections 1 to 5, inclusive, of this act. The commissioner may  
226 conduct a criminal history records check of the applicant and require  
227 the applicant to submit fingerprints as part of the application. The  
228 application shall be filed with the national mortgage licensing system,  
229 which shall process the fingerprints through the Federal Bureau of  
230 Investigation.

231 Sec. 10. Subsection (b) of section 36a-489 of the 2008 supplement to  
232 the general statutes, as amended by section 7 of public act 07-156, is  
233 repealed and the following is substituted in lieu thereof (*Effective*  
234 *September 30, 2008*):

235 (b) Upon the filing of an application for an originator license, the  
236 commissioner shall license the originator named in the application  
237 unless the commissioner finds that such (i) application fails to comply  
238 with any of the requirements for an originator license, or (ii) applicant  
239 has made a material misstatement in the application or that the  
240 financial responsibility, character, reputation, integrity and general  
241 fitness of such originator are not such as to warrant belief that granting  
242 such license would be in the public interest and consistent with the  
243 purposes of sections 36a-485 to 36a-498a, inclusive, of the 2008  
244 supplement to the general statutes. If the commissioner denies an  
245 application for an originator license, the commissioner shall notify  
246 such applicant of the denial and the reasons for such denial. Any  
247 denial of an application by the commissioner shall, when applicable,  
248 be subject to the provisions of section 46a-80. A license shall remain in  
249 force and effect until it has been surrendered, revoked, suspended or  
250 expires in accordance with the provisions of sections 36a-485 to 36a-

251 498a, inclusive, of the 2008 supplement to the general statutes.

252 Sec. 11. Section 36a-511 of the 2008 supplement to the general  
253 statutes, as amended by section 17 of public act 07-156 and section 6 of  
254 public act 07-156, is repealed and the following is substituted in lieu  
255 thereof (*Effective September 30, 2008*):

256 (a) No person shall engage in the business of making secondary  
257 mortgage loans or act as a secondary mortgage broker unless such  
258 person has first obtained the required license under sections 36a-510 to  
259 36a-524, inclusive, of the 2008 supplement to the general statutes and  
260 sections 1 to 5, inclusive, of this act. A person shall be deemed to be  
261 engaged in the business of making secondary mortgage loans if such  
262 person advertises, causes to be advertised, solicits, offers to make or  
263 makes secondary mortgage loans, either directly or indirectly. A  
264 secondary mortgage correspondent lender shall not be deemed to be  
265 acting as a secondary mortgage lender if such secondary mortgage  
266 correspondent lender makes a loan utilizing its own funds in a  
267 situation where another person does not honor such person's  
268 commitment to fund the loan.

269 (b) No person licensed as a mortgage lender or secondary mortgage  
270 broker shall employ or retain an originator unless such originator is  
271 licensed under sections 36a-510 to 36a-524, inclusive, of the 2008  
272 supplement to the general statutes, and sections 1 to 5, inclusive of this  
273 act, provided such license shall not be required for any originator who  
274 is licensed under sections 36a-485 to 36a-498a, inclusive, of the 2008  
275 supplement to the general statutes. No individual may act as an  
276 originator without being licensed, or act as an originator, as defined in  
277 sections 36a-485 of the 2008 supplement to the general statutes and  
278 36a-510 of the 2008 supplement to the general statutes, for more than  
279 one person. The license of an originator is not effective during any  
280 period when such originator is not associated with a licensed mortgage  
281 lender or secondary mortgage broker. Both the originator and the  
282 mortgage lender and secondary mortgage broker shall promptly notify

283 the commissioner, in writing, of the termination of employment or  
284 services of an originator.

285 (c) Each secondary mortgage loan negotiated, solicited, placed,  
286 found or made without a license shall constitute a separate violation  
287 for purposes of section 36a-50.

288 Sec. 12. Section 36a-513 of the 2008 supplement to the general  
289 statutes, as amended by section 5 of public act 07-91 and section 18 of  
290 public act 07-156, is repealed and the following is substituted in lieu  
291 thereof (*Effective September 30, 2008*):

292 (a) (1) The commissioner shall not issue a license as a secondary  
293 mortgage lender, a secondary mortgage correspondent lender or a  
294 secondary mortgage broker to any person unless such person meets  
295 educational and testing requirements specified in sections 1 to 5,  
296 inclusive, of this act and the following tangible net worth and  
297 experience requirements, as applicable: (A) The minimum tangible net  
298 worth requirement for a secondary mortgage lender shall be one  
299 hundred thousand dollars and the minimum tangible net worth  
300 requirement for a secondary mortgage correspondent lender and a  
301 secondary mortgage broker shall be twenty-five thousand dollars, and  
302 (B) a mortgage lender shall have at the location for which the license is  
303 sought, a person with supervisory authority over the lending activities  
304 who has had at least three years' experience in the mortgage lending  
305 business within the five years immediately preceding the application  
306 for the license, and a secondary mortgage broker shall have, at the  
307 location for which the license is sought, a person with supervisory  
308 authority over the brokerage activities who has at least three years'  
309 experience in the mortgage lending or mortgage brokerage business  
310 within the five years immediately preceding the application for the  
311 license.

312 (2) Each licensee shall maintain the net worth required by this  
313 subsection and shall promptly notify the commissioner if such  
314 licensee's net worth falls below the net worth required by this

315 subsection.

316 (b) The commissioner may issue a secondary mortgage lender  
317 license, a secondary mortgage correspondent lender license or a  
318 secondary mortgage broker license. Each secondary mortgage lender  
319 licensee may also act as a secondary mortgage correspondent lender  
320 and a secondary mortgage broker, and each secondary mortgage  
321 correspondent lender licensee may also act as a secondary mortgage  
322 broker. Any application for a license or renewal of such license shall be  
323 under oath and on a form provided by the commissioner. The  
324 application shall include: (1) The type of license sought; (2) the name  
325 and address of the applicant; (3) the location for which the license is  
326 sought; (4) the name and address of each member, partner, officer,  
327 director, authorized agent and shareholder owning ten per cent or  
328 more of the outstanding stock, as applicable; (5) if the applicant is a  
329 trust or the lead lender in one or more participation loans, the name  
330 and address of each trustee or lead lender and each beneficiary of the  
331 trust or other participant lenders in all outstanding participation loans;  
332 (6) a financial statement as of a date not more than six months prior to  
333 the filing of the application which reflects tangible net worth, and if  
334 such financial statement is unaudited, the proprietor, general partner,  
335 or duly authorized officer, trustee or member shall swear to its  
336 accuracy under oath before a notary public; (7) evidence that the  
337 person with supervisory authority over the lending or brokerage  
338 activities at the location for which the license is sought meets the  
339 experience required by subsection (a) of this section; [and] (8) on and  
340 after January 1, 2010, any applicable certificate of education or  
341 certificate of testing required under sections 1 to 5, inclusive, of this  
342 act; and (9) such other information pertaining to the applicant, the  
343 applicant's background, the background of its principals and  
344 employees and the applicant's activities as the commissioner may  
345 require. The commissioner may conduct a criminal history records  
346 check of the applicant, of each member, partner, officer or director of  
347 the applicant and of the person with supervisory authority at the  
348 location for which the license is sought, and require the applicant to

349 submit the fingerprints of such persons as part of the application. The  
350 application shall be filed with the national mortgage licensing system,  
351 which shall process the fingerprints through the Federal Bureau of  
352 Investigation.

353 (c) If the commissioner finds, upon the filing of an application for a  
354 mortgage lender or secondary mortgage broker license, that the  
355 applicant meets the requirements of subsection (a) of this section, and  
356 that the financial responsibility, character, reputation, integrity and  
357 general fitness of the applicant and of the partners thereof if the  
358 applicant is a partnership, of the members if the applicant is a limited  
359 liability company or association, and of the officers, directors and  
360 principal employees if the applicant is a corporation, are such as to  
361 warrant belief that the business will be operated soundly and  
362 efficiently, in the public interest and consistent with the purposes of  
363 sections 36a-510 to 36a-524, inclusive, of the 2008 supplement to the  
364 general statutes the commissioner may thereupon issue the applicant  
365 the license. If the commissioner fails to make such findings, or if the  
366 commissioner finds that the applicant made any material misstatement  
367 in such application, the commissioner shall not issue a license, and  
368 shall notify the applicant of the denial and the reasons for such denial.  
369 Any denial of an application by the commissioner shall, when  
370 applicable, be subject to the provisions of section 46a-80.

371 (d) An application for an originator license or renewal of such  
372 license shall be made on a form provided by the commissioner. On or  
373 after January 1, 2010, such application shall be accompanied by any  
374 applicable certificate of education or certificate of testing required  
375 under sections 1 to 5, inclusive, of this act. The commissioner may  
376 conduct a criminal history records check of the applicant and require  
377 the applicant to submit fingerprints as part of the application. The  
378 application shall be filed with the national mortgage licensing system,  
379 which shall process the fingerprints through the Federal Bureau of  
380 Investigation.

381 (e) Upon the filing of an application for an originator license, the  
 382 commissioner shall license the originator named in the application  
 383 unless the commissioner finds that such (i) application fails to comply  
 384 with any of the requirements for an originators license, or (ii) applicant  
 385 has made any material misstatement in the application or that the  
 386 financial responsibility, character, reputation, integrity and general  
 387 fitness of such originator, are not such as to warrant belief that  
 388 granting such license would be in the public interest and consistent  
 389 with the purposes of sections 36a-510 to 36a-524, inclusive, of the 2008  
 390 supplement to the general statutes. If the commissioner denies an  
 391 application for an originator license, the commissioner shall notify  
 392 such applicant of the denial and the reasons for such denial. Any  
 393 denial of an application by the commissioner shall, when applicable,  
 394 be subject to the provisions of section 46a-80. Each license shall remain  
 395 in force and effect until it has been surrendered, revoked or suspended  
 396 or expires in accordance with the provisions of sections 36a-510 to 36a-  
 397 524, inclusive, of the 2008 supplement to the general statutes.

398 Sec. 13. (*Effective July 1, 2008*) (a) The sum of \_\_\_\_ dollars is  
 399 appropriated to the Department of Banking, from the General Fund,  
 400 for the fiscal year ending June 30, 2009, for the purposes of sections 1 to  
 401 6, inclusive, of this act.

402 (b) The sum of \_\_\_\_ dollars is appropriated to the Department of  
 403 Banking, from the General Fund, for the fiscal year ending June 30,  
 404 2010, for the purposes of sections 1 to 6, inclusive, of this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>September 30, 2008</i>	New section
Sec. 2	<i>September 30, 2008</i>	New section
Sec. 3	<i>September 30, 2008</i>	New section
Sec. 4	<i>September 30, 2008</i>	New section
Sec. 5	<i>September 30, 2008</i>	New section
Sec. 6	<i>September 30, 2008</i>	New section
Sec. 7	<i>September 30, 2008</i>	36a-3

Sec. 8	<i>September 30, 2008</i>	36a-486
Sec. 9	<i>September 30, 2008</i>	36a-488
Sec. 10	<i>September 30, 2008</i>	36a-489(b)
Sec. 11	<i>September 30, 2008</i>	36a-511
Sec. 12	<i>September 30, 2008</i>	36a-513
Sec. 13	<i>July 1, 2008</i>	New section

***Statement of Purpose:***

To require applicants for first mortgage brokers licenses, second mortgage broker licenses and originator licenses to complete certain examination and education requirements for licensure and for renewal of licensure.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*