



General Assembly

February Session, 2008

Raised Bill No. 5577

LCO No. 2138

02138 _____ BA_

Referred to Committee on Banks

Introduced by:
(BA)

AN ACT CONCERNING RESPONSIBLE LENDING AND ECONOMIC SECURITY.

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

1 Section 1. (NEW) (*Effective from passage*) As used in sections 1 to 8 of
2 this act:

3 (1) "Authority" means the Department of Economic and Community
4 Development;

5 (2) "Commissioner" means the Banking Commissioner and, with
6 respect to any function of the commissioner, includes any person
7 authorized or designated by the commissioner to carry out that
8 function;

9 (3) "Emergency mortgage assistance program committee" or
10 "committee" means the committee established in section 2 of this act.

11 (4) "Mortgage" means a mortgage deed or other instrument which
12 constitutes a first or secondary consensual lien upon any interest in
13 one to four family residential real property located in this state, which
14 is, or when the loan is made, is intended to be occupied by the

15 borrower as a principal residence. It includes, but is not limited to, a
16 nonprime home loan, as defined in section 9 of this act.

17 (5) "Mortgagor" means the owner of a mortgage; and

18 (6) "Mortgagee" means all mortgage lenders required to be licensed
19 under chapter 668 of the general statutes or the 2008 supplement to the
20 general statutes, or their successors or assigns.

21 Sec. 2. (NEW) (*Effective from passage*) (a) There is established an
22 emergency mortgage assistance program committee. The emergency
23 mortgage assistance program committee shall be comprised of ten
24 members. One member shall be appointed by each of the following: (1)
25 The Governor, (2) the speaker of the House of Representatives; (3) the
26 majority leader of the House of Representatives; (4) the minority leader
27 of the House of Representatives; (5) the president pro tempore of the
28 Senate; (6) the majority leader of the Senate; (7) the minority leader of
29 the Senate; (8) the Banking Commissioner; (9) the House of
30 Representatives cochairperson of the joint standing committee of the
31 General Assembly having cognizance of matters relating to banks; and
32 (10) the Senate cochairperson of the joint standing committee of the
33 General Assembly having cognizance of matters relating to banks. The
34 emergency mortgage assistance program committee members shall
35 elect a chairperson from among the members of the committee.

36 (b) The emergency mortgage assistance program committee shall
37 develop written standards for determining eligibility for emergency
38 mortgage assistance under sections 1 to 4, inclusive, of this act and
39 such procedures as necessary to otherwise implement the provisions of
40 sections 1 to 6, inclusive, of this act. Such standards shall, at a
41 minimum, establish: (1) The standards for qualifying mortgages and
42 mortgagors for emergency mortgage assistance available under
43 sections 1 to 4, inclusive, of this act; (2) the scope and nature of the
44 emergency assistance available under sections 1 to 4, inclusive, of this
45 act; and (3) the terms and conditions under which the authority will
46 provide, and be repaid for, emergency mortgage assistance under

47 sections 1 to 4, inclusive, of this act. Procedures necessary to
48 implement the provisions of sections 1 to 6, inclusive, of this act shall,
49 at a minimum, include development of a form for application for relief
50 and procedures for the committee's determination of eligibility. The
51 standards and procedures to be developed by the committee under
52 this subsection shall be promulgated no later than July 1, 2008.

53 (c) The committee shall evaluate, utilizing the standards and
54 procedures developed by the committee pursuant to subsection (b) of
55 this section, the eligibility of applicants for emergency mortgage
56 assistance in the following programs in the following order: (1) The
57 REfinance to an Affordable Loan ("REAL") program as described in
58 subsection (d) of this section; (2) the Homeowners' Equity Recovery
59 Opportunity Loan ("HERO") program, as described in subsection (e) of
60 this section; and (3) the emergency mortgage assistance program
61 ("EMAP"), as described in subsection (f) of this section.

62 (d) The REAL program to be developed and implemented by the
63 committee shall offer thirty-year fixed rates at .25 per cent above the
64 Connecticut Housing Finance Authority's regular rate and shall
65 combine one hundred per cent financing with flexible credit
66 underwriting. The committee shall be responsible for developing
67 written standards for determining eligibility for refinancing under this
68 program and such procedures as necessary to otherwise implement the
69 provisions of this subsection in accordance with subsection (b) of this
70 section. The committee shall make refinancing available according to
71 the following eligibility criteria:

72 (1) The combined gross annual income of all borrowers may not
73 exceed one hundred twenty thousand dollars, unless certain
74 exceptions specified by the committee apply;

75 (2) A borrower can be no more than fifty-nine days past due on his
76 or her existing mortgage;

77 (3) A borrower must have a credit score of at least six hundred

78 twenty or meet all of the following conditions: (A) The borrower's
79 mortgage payment has been adjusted in the past twelve months to a
80 higher interest rate or a fully amortized payment and he or she has
81 made no more than two, thirty-day late payments since the
82 adjustment. The borrower's mortgage payment history twelve months
83 prior to the adjustment must show no history of late payments; and (B)
84 the borrower's credit history of other debt (car loan, credit cards, etc.)
85 shows no more than three, thirty-day late payments twelve months
86 prior to the adjustment of the mortgage;

87 (4) The borrower with a credit score of six hundred twenty or above
88 may borrow up to one hundred per cent of his or her home's value
89 based upon a current appraisal, and a borrower with a credit score of
90 less than six hundred twenty can borrow up to ninety-five per cent of
91 his or her home's value;

92 (5) The REAL loan may be used to finance items such as subordinate
93 mortgages, closing costs, prepayment penalties, delinquent property
94 taxes, and arrearages that have occurred within the past twelve
95 months after the loan reset to a higher monthly payment amount;

96 (6) For a borrower with a credit score of six hundred twenty or
97 more, the borrower's total debt costs may not be more than fifty per
98 cent of his or her total gross monthly income, and for a borrower with
99 a credit score of less than six hundred twenty, the total debt costs may
100 not be more than forty-five per cent of his or her total gross monthly
101 income. For purposes of this subdivision, "total debt costs" includes,
102 but is not limited to, credit cards, car loans, installment loans, REAL
103 program mortgage payments and student loans.

104 (e) The HERO program to be developed and implemented by the
105 committee shall offer up to one hundred per cent financing through
106 the following mechanism: The authority shall purchase loans directly
107 from lenders and then place borrowers on an affordable repayment
108 agreement. The committee shall be responsible for developing written
109 standards for determining eligibility for refinancing under this

110 program and such procedures as necessary to otherwise implement the
111 provisions of this subsection in accordance with subsection (b) of this
112 section. The HERO program is available to eligible applicants who are
113 not otherwise eligible for the REAL program described in subsection
114 (d) of this section or another mortgage refinance product available in
115 the general market due to credit issues or owing more than the home's
116 current appraised value. A HERO loan must: (1) Provide a fixed-rate
117 mortgage for up to thirty years in an amount up to one hundred per
118 cent of the current value of the borrower's home; (2) provide an
119 interest rate at .25 per cent above the Connecticut Housing Finance
120 Authority's regular rate; (3) provide a loan that is serviced by the
121 authority; and (4) have property taxes and insurance (mortgage,
122 homeowner's and flood, if applicable) included in the borrower's
123 monthly payment amount. A HERO loan may be used to pay off the
124 current mortgage debt, closing costs, prepayment penalties and
125 delinquent property taxes. All approved borrowers must attend in-
126 person financial counseling at a committee-approved agency.
127 Eligibility requirements of the HERO loan are the following: (A) The
128 combined gross annual income of all borrowers may not exceed one
129 hundred twenty thousand dollars, unless certain exceptions specified
130 by the committee apply; (B) the borrower must have made an effort to
131 meet his or her financial obligations to the best of his or her ability; (C)
132 the borrower must have sufficient and stable income to support timely
133 repayment of the HERO loan in regular, monthly installments. The
134 borrower must agree to make monthly mortgage payments by
135 automatic payment directly from his or her bank account; (D) the
136 borrower must have legal title to the mortgaged property and reside in
137 it as his or her permanent residence; (E) if the borrower has stopped
138 making monthly payments, he or she must be able to account for his or
139 her cash flow by showing how he or she has escrowed, saved, or
140 redirected those funds; and (F) the HERO loan must be in first lien
141 position.

142 (f) The committee shall develop and implement EMAP, which shall
143 offer at a minimum, two types of mortgage assistance loans: (1)

144 noncontinuing mortgage assistance loans, in which a mortgage is
145 brought current to a specific date and the mortgagor is responsible for
146 making all subsequent payments to the mortgagee along with any
147 repayment to the emergency assistance program; and (2) continuing
148 mortgage assistance loans, in which the mortgagor remits the
149 mortgagor's designated monthly payment to the emergency mortgage
150 assistance program, and the emergency mortgage assistance program
151 will combine the amount sent by the mortgagor with emergency
152 mortgage assistance funds and forward the full monthly mortgage
153 payment directly to the mortgagee on the mortgagor's behalf. The
154 committee shall ensure that the available emergency mortgage
155 assistance includes provision of no-interest loans and prepayment
156 penalty loans. For the purposes of this subdivision, "prepayment
157 penalty loans" mean loans that involve payment by the authority of
158 any prepayment penalties that a mortgagor may incur in order to
159 terminate its mortgage in connection with the mortgagor securing a
160 more favorable loan. A prepayment penalty loan made by the
161 authority shall permit the authority to secure a secondary lien on the
162 property securing the mortgagor's new loan. The committee shall be
163 responsible for developing written standards for determining
164 eligibility for refinancing under this program and such procedures as
165 necessary to otherwise implement the provisions of this subsection in
166 accordance with subsection (b) of this section. EMAP shall be available
167 to eligible applicants who are not otherwise eligible for the REAL
168 program described in subsection (d) of this section or the HERO
169 program described in subsection (e) of this section.

170 (g) The committee shall also establish, no later than October 1, 2008,
171 hotlines, programs, or other procedures designed to provide
172 information about the emergency mortgage assistance program
173 created by sections 1 to 4, inclusive, of this act, and to assist eligible
174 mortgagors to renegotiate mortgages, to engage foreclosure
175 consultants, or to provide for any other assistance that the committee
176 deems appropriate.

177 (h) The emergency mortgage assistance programs described in sections
178 1 to 4 inclusive, of this act shall be funded by state bonding and
179 repayment of existing emergency mortgage assistance program loans.
180 By helping to assure steady mortgage payments, the emergency
181 mortgage assistance will allow mortgagors to seek alternative
182 employment, job training, and education.

183 Sec. 3. (NEW) (*Effective from passage*) (a) On and after October 1,
184 2008, the committee shall receive applications for, and make
185 determinations of eligibility for, REAL Program, HERO program and
186 EMAP assistance. The committee shall make its determination of
187 eligibility within thirty calendar days of receipt of the mortgagor's
188 application. Approved loans shall move to closing within forty-five
189 days after the committee's determination of loan eligibility. No
190 emergency mortgage assistance shall be provided unless the
191 committee finds that the mortgage and the mortgagor satisfy the
192 committee's standards for eligibility.

193 (b) The mortgagor shall apply for emergency mortgage assistance
194 on the form developed and provided by the committee. The mortgagor
195 shall complete and sign the application subject to the penalty for false
196 statement under section 53a-157b of the general statutes.

197 (c) The mortgagor shall provide the committee with full disclosure
198 of all assets and liabilities, whether singly or jointly held, and all
199 household income regardless of source.

200 Sec. 4. (NEW) (*Effective from passage*) (a) If the committee determines
201 that a mortgagor is eligible for REAL Program, HERO Program or
202 EMAP assistance, the committee shall authorize payments to be made
203 to the mortgagor by the authority in accordance with the applicable
204 program.

205 (b) Any mortgagor who misrepresents any financial or other
206 material information in conjunction with the filing of an application for
207 REAL Program, HERO Program or EMAP assistance, or any

208 modification of such assistance, may be denied assistance and required
209 to immediately repay any amount of assistance already made.

210 (c) The authority may take any remedial action permitted under law
211 or equity that it deems appropriate to recover emergency mortgage
212 assistance when the mortgagor fails to repay such assistance under the
213 terms and conditions established by the committee.

214 Sec. 5. (NEW) (*Effective from passage*) (a) On or after October 1, 2008,
215 a mortgagee who desires to foreclose upon a mortgage shall give
216 notice to the mortgagor by registered, or certified mail, postage
217 prepaid at the address of the property which is secured by the
218 mortgage. No such mortgagee may commence a foreclosure of a
219 mortgage for thirty days after mailing such notice. Such notice shall, at
220 a minimum, advise the mortgagor of the mortgagor's delinquency or
221 other default under the mortgage and shall advise the mortgagor of its
222 right to appeal to the authority for REAL Program assistance, HERO
223 Program assistance or EMAP assistance. The contents of the notice
224 required by this subsection shall be determined by the committee.
225 Mortgagors who desire to apply to the emergency assistance program
226 must meet with designated counseling agencies within thirty days of
227 receiving the notice in order to begin the application process. The
228 counseling agency shall prepare the application and submit the initial
229 paperwork to the authority. Foreclosure actions by mortgagees shall
230 cease as long as the mortgagor files a timely application with the
231 authority in accordance with this section.

232 (b) A mortgagor who has received notice under subsection (a) and
233 who has applied to the authority for relief under sections 1 to 4,
234 inclusive, of this act, and who has been denied such relief by the
235 authority, shall have a right to seek a continuing moratorium of the
236 foreclosure action. Such right must be exercised by the mortgagor by
237 submission of an application to the commissioner under subsection (c)
238 of this section no later than thirty days after the postmark of the date of
239 the authority's denial of the mortgagor's request for emergency

240 mortgage assistance.

241 (c) The commissioner shall grant such requests by a mortgagor on a
242 case by case basis and in accordance with criteria established in
243 regulations which the commissioner shall adopt, in accordance with
244 chapter 54 of the general statutes, not later than July 1, 2008.

245 (d) If the commissioner grants the mortgagor's request for a
246 moratorium, the commissioner shall notify the mortgagor and the
247 mortgagee in writing, setting forth the basis for the commissioner's
248 determination and the term of the moratorium, and the mortgagee
249 shall not commence a foreclosure action until the end of the term of the
250 moratorium as stated in the notice. The term of the moratorium shall
251 not exceed six months. In addition, the mortgagee and mortgagor shall
252 be required by the terms of the commissioner's notice to meet no later
253 than ninety days after receipt of the commissioner's notice to attempt
254 to renegotiate the terms of the loan. If the mortgagor and the
255 mortgagee are unable to renegotiate the terms of the loan during the
256 term of the moratorium and upon the lapse of the term of the
257 moratorium, the mortgagee may take any legal action to enforce the
258 mortgage without further restrictions or requirements.

259 (e) If the commissioner denies the mortgagor's request for a
260 moratorium, the mortgagee may take any legal action to enforce the
261 mortgage without further restrictions or requirements.

262 Sec. 6. (NEW) (*Effective July 1, 2008*) The Department of Banking
263 shall develop a program, using funds available to the authority under
264 this act and transferred by the authority to the Department of Banking
265 for the purposes of implementing this section, to purchase foreclosed
266 residential real property located in this state for resale for the purposes
267 of providing affordable and supportive housing, provided the
268 Department of Banking shall only purchase such foreclosed residential
269 real property if (1) the property is sold at a discount, and (2) the
270 transfer of funds, the purchase of the property, and the resale of the
271 property are approved in advance by the emergency mortgage

272 assistance committee established by section 2 of this act.

273 Sec. 7. (NEW) (*Effective from passage*) All moneys received by the
274 authority under sections 1 to 6, inclusive, of this act shall be deposited
275 in such funds or accounts as the authority may establish from time to
276 time for such purpose and be used solely for the purposes of the
277 programs established pursuant to sections 1 to 6, inclusive, of this act.

278 Sec. 8. (NEW) (*Effective July 1, 2008*) (a) The authority shall fund the
279 REAL program and the HERO program by using forty million
280 dollars of the Connecticut Housing Finance Authority's proceeds from
281 bond sales prior to 1986, which such money shall be transferred to the
282 authority.

283 (b) For the purposes described in subsection (c) of this section, the
284 State Bond Commission shall have the power, from time to time, to
285 authorize the issuance of bonds of the state in one or more series and
286 in principal amounts not exceeding in the aggregate one hundred
287 million dollars, provided (1) thirty-five million dollars shall be
288 effective July 1, 2008, (2) thirty-five million dollars shall be effective
289 July 1, 2009, (3) fifteen million dollars shall be effective July 1, 2010,
290 and (4) fifteen million dollars shall be effective July 1, 2012.

291 (c) The proceeds of the sale of said bonds, to the extent of the
292 amount stated in subsection (b) of this section, shall be used by the
293 authority for the EMAP program described in subsection (f) of section
294 2 of this act and for the program described in section 6 of this act.

295 (d) All provisions of section 3-20 of the general statutes, or the
296 exercise of any right or power granted thereby, which are not
297 inconsistent with the provisions of this section are hereby adopted and
298 shall apply to all bonds authorized by the State Bond Commission
299 pursuant to this section, and temporary notes in anticipation of the
300 money to be derived from the sale of any such bonds so authorized
301 may be issued in accordance with said section 3-20 and from time to
302 time renewed. Such bonds shall mature at such time or times not

303 exceeding twenty years from their respective dates as may be provided
304 in or pursuant to the resolution or resolutions of the State Bond
305 Commission authorizing such bonds. None of said bonds shall be
306 authorized except upon a finding by the State Bond Commission that
307 there has been filed with it a request for such authorization which is
308 signed by or on behalf of the Secretary of the Office of Policy and
309 Management and states such terms and conditions as said commission,
310 in its discretion, may require. Said bonds issued pursuant to this
311 section shall be general obligations of the state and the full faith and
312 credit of the state of Connecticut are pledged for the payment of the
313 principal of and interest on said bonds as the same become due, and
314 accordingly and as part of the contract of the state with the holders of
315 said bonds, appropriation of all amounts necessary for punctual
316 payment of such principal and interest is hereby made, and the State
317 Treasurer shall pay such principal and interest as the same become
318 due.

319 Sec. 9. (NEW) (*Effective July 1, 2008*) (a) As used in this section:

320 (1) "Borrower" means the owner or potential owner of a mortgage;

321 (2) "Commissioner" means the Banking Commissioner and, with
322 respect to any function of the commissioner, includes any person
323 authorized or designated by the commissioner to carry out that
324 function;

325 (4) "Lender" means any person or entity originating a mortgage who
326 is licensed by the Department of Banking under chapter 668 of the
327 general statutes or the 2008 supplement to the general statutes, or their
328 successors or assigns;

329 (5) "Mortgage broker" means any person who (A) for a fee,
330 commission or other valuable consideration, negotiates, solicits,
331 arranges, places or finds a mortgage, and (B) is licensed by the
332 Department of Banking under chapter 668 of the general statutes or the
333 2008 supplement to the general statutes, or their successors or assigns;

334 (6) "Nonprime home loan" means any loan or extension of credit,
335 excluding an open-end line of credit subject to 12 CFR 226.5b, as
336 amended from time to time, and further excluding a reverse mortgage
337 transaction, as defined in 12 CFR 266.33, as amended from time to
338 time:

339 (A) In which the borrower is a natural person;

340 (B) The proceeds of which are to be used primarily for personal
341 family or household purposes;

342 (C) In which the loan is secured by a mortgage upon any interest in
343 one to four family residential property located in this state which is, or,
344 when the loan is made, is intended to be used or occupied by the
345 borrower as a principal residence;

346 (D) In which the principal amount of the loan does not exceed the
347 then current conforming loan limit as established from time to time by
348 the Federal National Mortgage Association; and

349 (E) In which all of the following apply:

350 (i) The difference between the APR for the loan or extension of
351 credit and the yield on United States Treasury securities having
352 comparable periods of maturity is either equal to or greater than (I)
353 three percentage points, if the loan is a first mortgage loan or (II) five
354 percentage points, if the loan is a secondary mortgage loan. Without
355 regard to whether the loan is subject to or reportable under the
356 provisions of the federal Home Mortgage Disclosure Act, 12 USC.
357 Section 2801, et. seq., the difference between the APR and the yield on
358 United States Treasury securities having comparable periods of
359 maturity shall be determined using the same procedures and
360 calculation methods applicable to loans that are subject to the
361 reporting requirement of the federal Home Mortgage Disclosure Act,
362 as those procedures and calculation methods are amended from time
363 to time, provided the yield on United States Treasury securities shall

364 be determined as of the fifteenth day of the month prior to the
365 application for the loan; and

366 (ii) The difference between the APR for the loan and the
367 conventional mortgage rate is either equal to or greater than (I) one
368 and three-quarters percentage points, if the loan is a first mortgage
369 loan, or (II) three and three-quarters percentage points if the loan is a
370 secondary mortgage loan. For purposes of this calculation, the
371 "conventional mortgage rate" means the most recent daily contract
372 interest rate on commitments for fixed-rate mortgages published by
373 the board of governors of the federal reserve system in its statistical
374 release H.15, or any publication that may supersede it, during the
375 week in which the interest rate for the loan is set;

376 (iii) For the purpose of this subparagraph, the dollar amount of any
377 bona fide discount points does not have to be included when
378 calculating the APR.

379 (7) (A) For purposes of subparagraph (C) of subdivision (6) of this
380 section, "residential property" shall mean improved real property used
381 or occupied, or intended to be used or occupied, for residential
382 purposes.

383 (B) For purposes of subparagraph (E) of subdivision (6) of this
384 section: (i) "First mortgage loan" means a loan or an extension of credit,
385 including, but not limited to, an extension of credit pursuant to a
386 contract or an assigned contract for the sale of goods or services, made
387 to a natural person, the proceeds of which are to be used primarily for
388 personal, family or household purposes, and which is secured by a
389 first mortgage upon any interest in one to four family owner-occupied
390 residential property located in this state which is not subject to any
391 prior mortgages and includes the renewal or refinancing of an existing
392 first mortgage loan; (ii) "secondary mortgage loan" means: (I) A loan
393 or an extension of credit, including, but not limited to, an extension of
394 credit pursuant to a contract or an assigned contract for the sale of
395 goods or services, made to a natural person, the proceeds of which are

396 to be used primarily for personal, family or household purposes, and
397 which is secured in whole or in part by a mortgage upon any interest
398 in one to four family owner-occupied residential property located in
399 this state, provided such property is subject to one or more prior
400 mortgages, and (II) the renewal or refinancing of any existing loan or
401 extension of credit described in subparagraph (I) of this subdivision;
402 and (iii) "bona fide discount points" means the points that a borrower
403 agrees to pay for the express purpose of reducing the interest rate
404 applicable to a mortgage loan and which results in a bona fide
405 reduction of the interest rate.

406 (b) Lenders and mortgage brokers shall have a fiduciary duty to
407 borrowers. The fiduciary duty to borrowers of a nonprime home loan
408 shall include an obligation to ensure that borrowers have sufficient
409 information to clearly understand the terms of the nonprime home
410 loan and the associated risks to make an informed nonprime home
411 loan product choice. The fiduciary duty to borrowers of a nonprime
412 home loan shall include, but shall not be limited to, the duties and
413 obligations imposed by section 9 of this act.

414 (c) The Banking Commissioner shall adopt regulations, in
415 accordance with the provisions of chapter 54 of the general statutes, to
416 establish: (1) A suitability standard that lenders and mortgage brokers
417 shall use to determine which nonprime home loan products are most
418 suitable for borrowers; and (2) the minimum verification and
419 documentation requirements for qualifying borrowers for a nonprime
420 home loan. Such regulations shall include, but shall not be limited to,
421 a mandate that lenders verify income by the best means of
422 documentation available, including, but not limited to, payroll
423 receipts, bank records, tax returns or other similar reliable documents,
424 and that lenders consider the reasonable ability of the borrower to
425 repay the nonprime home loan (A) according to a fully amortizing
426 payment schedule, and (B) taking into account all requirements of the
427 loan, including, but not limited to, principal, interest, real estate taxes,
428 insurance, assessments, any required homeowner or condominium

429 fees, and any subordinate mortgages including those that will be made
430 contemporaneously to the same borrower.

431 (d) When offering a nonprime home loan, lenders shall notify all
432 potential borrowers in writing that they are required to attend a course
433 or courses accredited by the Department of Banking on nonprime
434 home loans and provide evidence of completion of such course before
435 the mortgage can be executed. The commissioner shall adopt
436 regulations, in accordance with the provisions of chapter 54 of the
437 general statutes, to provide procedures for accrediting the courses
438 required by this section and for issuance of written certificates of
439 completion by entities providing such accredited courses.

440 (e) A lender that offers a nonprime home loan shall give
441 mortgagors a notice which reads as follows:

442 "NOTICE TO BORROWER

443 If you obtain this loan, the lender will have a mortgage on your
444 home. You could lose your home and any money you put into it if you
445 do not meet your obligations under the loan.

446 Mortgage loan rates and closing costs and fees vary based on many
447 factors, including your particular credit and financial circumstances,
448 your employment history, the loan-to-value requested and the type of
449 property that will secure your loan. The loan rate and fees could also
450 vary based on which lender or broker you select. As an obligor, you
451 should shop around and compare loan rates and fees. You should also
452 consider consulting a qualified independent credit counselor or other
453 experienced financial advisor regarding the rate, fees and provisions of
454 this mortgage loan before you proceed. A list of qualified counselors is
455 available by contacting the Department of Economic and Community
456 Development.

457 You are not required to complete this loan agreement merely
458 because you have received these disclosures or have signed a loan

459 application.

460 Remember, property taxes and homeowner's insurance are your
461 responsibility. Not all lenders provide escrow services for these
462 payments. You should ask your lender about these services. Also, your
463 payments on existing debts contribute to your credit ratings. You
464 should not accept any advice to ignore your regular payments to your
465 existing creditors. The agency has determined that the list it will
466 provide upon request will be the same list of counseling agencies as
467 are approved to participate in the agency's Emergency Mortgage
468 Assistance Program."

469 (f) A lender shall not make a nonprime home loan unless and until:

470 (1) The lender documents, to the extent required by and in the form
471 required by the regulations adopted by the commissioner pursuant to
472 subsection (c) of this section, that the mortgagor qualifies for the loan
473 at its highest interest rate over the term of the loan;

474 (2) The lender requires and collects the monthly escrow of property
475 taxes, insurance, and homeowners or condominium fees;

476 (3) The potential mortgagor completes the required courses under
477 subsection (d) of this section, as evidenced by certificates of
478 completion; and

479 (4) The lender disclosed to all potential borrowers a list of nonprofit
480 housing counselors approved by the federal Department of Housing
481 and Urban Development.

482 (g) A lender shall not offer a nonprime home loan that contains:

483 (1) A prepayment penalty provision;

484 (2) A provision that increases the interest rate after default; or

485 (3) A provision requiring a borrower, whether acting individually or
486 on behalf of others similarly situated, to assert any claim or defense in

487 a forum that: (A) Does not have to adhere to the rules of evidence; (B)
488 does not have to apply the law as set forth in the general statutes or
489 common law; (C) limits in any way any claim or defense the borrower
490 may have; or (D) is less convenient, more costly, or more dilatory for
491 the resolution of a dispute than a judicial forum established in this
492 state where the borrower may otherwise properly bring a claim or
493 defense.

494 (h) Any nonprime home loan executed in violation of this section
495 shall be void and unenforceable, a breach of fiduciary duty, and an
496 unfair or deceptive trade practice under chapter 735a of the general
497 statutes, unless:

498 (1) Within ninety days after the loan closing and prior to the
499 commencement of any action against the lender under this section, the
500 borrower is notified by the lender of the compliance failure, the lender
501 tenders appropriate restitution, and the lender offers, at the borrower's
502 option, either to (A) make the nonprime home loan compliant with this
503 section, or (B) change the terms of the mortgage in a manner beneficial
504 to the borrower so that the mortgage will no longer be considered a
505 nonprime home loan subject to the provisions of this section. A lender
506 shall act within a reasonable period of time following the borrower's
507 election of remedy.

508 (2) The compliance failure is not intentional and results from a bona
509 fide error notwithstanding the maintenance of procedures reasonably
510 adopted to avoid such errors, and within one hundred twenty days
511 after the discovery of the compliance failure and prior to the
512 commencement of any action against the lender under this section, the
513 borrower is notified of the compliance failure, the lender tenders
514 appropriate restitution, and the lender offers, at the borrower's option,
515 either to (A) make the nonprime home loan comply with this section,
516 or (B) change the terms of the nonprime home loan in a manner
517 beneficial to the borrower so that the mortgage will no longer be
518 considered a nonprime home loan subject to the provisions of this

519 section. A lender shall act within a reasonable period of time following
520 the borrower's election of remedy. For the purposes of this
521 subdivision, the phrase "bona fide error" includes, but is not limited to,
522 a clerical, calculation, printing, computer malfunction or programming
523 error, but does not include an error of legal judgment with respect to a
524 person's obligations under this section.

525 Sec. 10. (NEW) (*Effective July 1, 2008*) As used in sections 10 to 15,
526 inclusive:

527 (1) "Borrower" means the owner or potential owner of a mortgage;

528 (2) "Mortgage broker" means any person who (A) for a fee,
529 commission or other valuable consideration, negotiates, solicits,
530 arranges, places or finds a mortgage, and (B) is licensed by the
531 Department of Banking under chapter 668 of the general statutes or the
532 2008 supplement to the general statutes, or their successors or assigns;

533 (3) "Commissioner" means the Banking Commissioner and, with
534 respect to any function of the commissioner, includes any person
535 authorized or designated by the commissioner to carry out that
536 function;

537 (4) "Lender" means any person or entity originating a mortgage who
538 is licensed by the Department of Banking under chapter 668 of the
539 general statutes or the 2008 supplement to the general statutes, or their
540 successors or assigns; and

541 (5) "Mortgage" means a mortgage deed or other instrument which
542 constitutes a first or secondary consensual lien upon any interest in
543 one to four family residential real property located in this state, which
544 is, or when the loan is made, intended to be occupied by the borrower
545 as a principal residence. It includes, but is not limited to, a nonprime
546 home loan, as defined in section 9 of this act.

547 Sec. 11. (NEW) (*Effective July 1, 2008*) (a) A lender shall not offer a
548 refinance of a mortgage unless the refinanced mortgage will provide a

549 tangible benefit to the borrower. For the purposes of this section, a
550 "tangible benefit to the borrower" shall mean: (1) Cash back at the
551 closing of the refinanced mortgage, in the amount of no less than five
552 per cent or more of the appraised value of the home securing the
553 mortgage, or (2) a five per cent or more reduction in the borrower's
554 monthly mortgage payment without a significant extension of the term
555 of the loan. A lender shall not take any action that recommends or
556 encourages a default on an existing mortgage or other debt prior to
557 and in connection with the closing or planned closing of a new
558 mortgage that refinances all or any portion of the existing loan or debt.

559 (b) A lender may not finance, directly or indirectly in connection
560 with a mortgage, any credit life, credit disability, credit unemployment
561 or credit property insurance or any other life or health insurance or
562 any payments directly or indirectly for any debt cancellation or
563 suspension agreement or contract, except that insurance premiums or
564 debt cancellation or suspension fees calculated and paid on a monthly
565 basis or through regularly scheduled periodic payments shall not be
566 considered financed by the lender for the purposes of this subsection.

567 (c) If all defaults in connection with a residential mortgage are cured
568 after the initiation of any action to foreclose, the lender shall take steps
569 as necessary to terminate the foreclosure proceeding or other action.
570 The lender may require that the borrower pay any reasonable costs
571 actually incurred by the lender before the cure of default. Cure of
572 default reinstates the borrower to the same position as if the default
573 had not occurred and nullifies, as of the date of the cure, any
574 acceleration of any obligation under the security instrument or note
575 arising from the default.

576 Sec. 12. (NEW) (*Effective July 1, 2008*) A mortgage broker shall: (1)
577 Use reasonable care, skill and diligence in performing the broker's
578 duties; (2) make reasonable efforts to secure a loan that is in the best
579 interests of the borrower considering all the circumstances, including,
580 but not limited to, the rates, points, fees, charges, costs and product

581 type; and (3) ensure that the cost of credit is appropriate considering
582 the borrower's level of creditworthiness.

583 Sec. 13. (NEW) (*Effective July 1, 2008*) A mortgage broker shall
584 clearly and conspicuously disclose to the borrower any yield spread
585 premium. For the purposes of this section, "yield spread premium"
586 means any amount to be paid by the lender to the broker in connection
587 with a mortgage. In addition to providing the mortgagor with a copy
588 of any written broker agreement, such disclosure shall be made in
589 advance of the execution of a mortgage and shall:

590 (1) State the presence and amount of a yield spread premium;

591 (2) State the amount of money that the yield spread premium costs
592 the borrower; and

593 (3) Be in writing in a separate document that complies with the
594 plain language requirements set forth in section 42-152 of the general
595 statutes.

596 No other form of disclosure of a yield spread premium shall suffice
597 for purposes of this section.

598 Sec. 14. (NEW) (*Effective July 1, 2008*) (a) A mortgage broker is
599 prohibited from influencing residential real estate appraisals. For the
600 purposes of this section, "influencing residential real estate appraisals"
601 includes, but is not limited to: (1) Refusal, or intentional failure, to pay
602 an appraiser for an appraisal made that reflects a fair market value
603 estimate that is less than the sale contract price; or (2) refusal, or
604 intentional failure, to utilize, or encouraging other mortgage brokers
605 not to utilize, an appraiser based solely on the fact that the appraiser
606 provided an appraisal reflecting a fair market value estimate that was
607 less than the sale contract price.

608 (b) Any person who violates the provisions of subsection (a) of this
609 section shall, upon a verified complaint in writing of any person,
610 provided such complaint, or such complaint together with evidence,

611 documentary or otherwise, presented in connection therewith, make
612 out a prima facie case, to the commissioner, who shall investigate the
613 actions of any mortgage broker. The commissioner shall have the
614 power temporarily to suspend or permanently to revoke any license
615 issued under the provisions of chapter 668 of the general statutes after
616 notice and hearing in accordance with section 36a-24 and chapter 54 of
617 the general statutes. In addition to or in lieu of such suspension or
618 revocation, the commissioner may impose a civil penalty of not more
619 than one thousand dollars for any violation of the provisions of
620 subsection (a) of this section.

621 Sec. 15. (NEW) (*Effective July 1, 2008*) (a) A real estate broker or real
622 estate salesperson licensed under chapter 392 of the general statutes is
623 prohibited from influencing residential real estate appraisals. For the
624 purposes of this section, "influencing residential real estate appraisals"
625 includes, but is not limited to, refusal or intentional failure to refer a
626 homebuyer, or encouraging other real estate brokers or real estate
627 agents not to refer a homebuyer, to a mortgage broker or lender based
628 solely on the fact that the mortgage broker or lender is using an
629 appraiser who has provided an appraisal reflecting a fair market value
630 estimate that was less than the sale contract price.

631 (b) Any person who violates the provisions of subsection (a) of this
632 section shall upon a verified complaint in writing of any person,
633 provided such complaint, or such complaint together with evidence,
634 documentary or otherwise, presented in connection therewith, make
635 out a prima facie case, to the Commissioner of Consumer Protection,
636 who shall investigate the actions of any real estate broker or real estate
637 sales person. The commissioner shall have the power temporarily to
638 suspend or permanently to revoke any license issued under the
639 provisions of chapter 392 of the general statutes after notice and
640 hearing in accordance with chapters 392 and 54 of the general statutes.
641 In addition to or in lieu of such suspension or revocation, the
642 commissioner may impose a civil penalty of not more than one
643 thousand dollars for each offense for any violation of the provisions of

644 subsection (a) of this section.

645 Sec. 16. (NEW) (*Effective July 1, 2008*) Not later than January 1, 2009,
646 the Banking Commissioner shall adopt regulations, in accordance with
647 the provisions of chapter 54 of the general statutes, establishing an on-
648 line continuing education program for entities in the mortgage lending
649 business that are required to be licensed under chapter 668 of the
650 general statutes or the 2008 supplement to the general statutes. The
651 Department of Banking shall be solely and exclusively responsible for
652 the provision of such courses. The regulations shall set forth the subject
653 matter and hours of the courses required of such licensees, provided
654 the continuing education program shall not require any licensee to
655 complete more than eight hours of course study over the course of one
656 calendar year, or twelve hours of course study over the course of two
657 calendar years. The licensees shall bear the costs associated with their
658 completion of the on-line continuing education requirement imposed
659 by this section and by the regulations adopted under this section.

660 Sec. 17. (NEW) (*Effective July 1, 2008*) Any holder of a mortgage of a
661 residential property inhabited by tenants shall notify the tenants no
662 later than sixty days after the commencement of any foreclosure action
663 instituted against the mortgage holder. A tenant may terminate the
664 tenant's lease without penalty after receipt of the notice required by
665 this section and up to a period of thirty days after receipt of the notice.

666 Sec. 18. (NEW) (*Effective July 1, 2008*) Any court with jurisdiction
667 over a foreclosure action may provide the mortgagor with court
668 appointed counsel upon evidence sufficient to the court that the
669 mortgagor cannot afford such counsel.

670 Sec. 19. (NEW) (*Effective July 1, 2008*) (a) Unless otherwise specified
671 in this act, any violation of sections 9 to 14, inclusive, of this act shall
672 be deemed an unfair or deceptive trade practice. The Banking
673 Commissioner, the Attorney General, or any party to a mortgage may
674 bring suit in a court of competent jurisdiction to enforce the provisions
675 of this act under chapter 735a of the general statutes.

676 (b) An injured party to a mortgage shall have a private right of
677 action, and may bring a claim in a court of competent jurisdiction
678 within six years of the closing for the following: (1) Actual,
679 consequential and incidental damages; (2) statutory damages of five
680 thousand dollars for each violation; and (3) costs and reasonable
681 attorney's fees.

682 (c) In addition, the court shall grant an injured borrower such relief
683 as it deems just and equitable, including, but not limited to: (1) Issuing
684 an injunction rescinding a mortgage; (2) issuing an injunction barring
685 foreclosure; (3) issuing an injunction reforming the terms of the
686 mortgage loan to conform to the provisions of this act; and (4) issuing
687 an injunction ordering the creditor to refrain from engaging in any
688 prohibited conduct.

689 (d) A borrower or mortgagor may assert fraud and any violation of
690 sections 9 to 14, inclusive, of this act as a counterclaim or defense to
691 foreclosure without time limitation.

692 (e) A borrower or mortgagor acting only in an individual capacity
693 may assert claims based on violations of the provisions of sections 9 to
694 14, inclusive, of this act which the borrower could assert against the
695 original lender of a mortgage against any subsequent holder or
696 assignee of the loan in an original action within two years after the
697 closing of the loan. Such claims shall be limited to amounts required to
698 reduce or extinguish the borrower's liability under the loan plus
699 amounts required to recover costs, including reasonable attorney's
700 fees.

701 Sec. 20. (*Effective July 1, 2008*) (a) The Banking Commissioner shall
702 enforce the provisions of sections 9 to 14, inclusive, and 16 to 17,
703 inclusive, of this act, and shall have the following powers and duties
704 for such purposes:

705 (1) The commissioner may adopt regulations, in accordance with
706 chapter 54 of the general statutes necessary to carry out sections 9 to 14

707 inclusive, and 16 to 17, inclusive, of this act, and prohibit acts, practices
708 or terms in connection with: (A) Mortgages that the commissioner
709 finds are unfair, deceptive or designed to evade the provisions of
710 sections 9 to 14, inclusive, of this act; and (B) mortgages that the
711 commissioner finds are associated with abusive, unfair or deceptive
712 lending practices or that are otherwise not in the interest of the
713 borrowing public.

714 (2) The commissioner shall conduct examinations and investigations
715 and issue subpoenas and orders to enforce the provisions of this act
716 with respect to lenders or brokers.

717 (3) The commissioner may examine any instrument, document,
718 account, book, record, or file of a lender or mortgage broker under
719 sections 9 to 14, inclusive, and 16 to 17, inclusive, of this act. The
720 commissioner shall recover the cost of examinations from the person.
721 A person making or brokering mortgage loans shall maintain its
722 records in a manner that will facilitate the commissioner in
723 determining whether the person is complying with sections 9 to 14,
724 inclusive, and 16 to 17, inclusive, of this act and the regulations
725 adopted under this section. The commissioner shall require the
726 submission of reports by lenders or mortgage brokers that include
727 such information as the commissioner requires in regulation.

728 (4) In the event that a person fails to comply with a subpoena for
729 documents or testimony issued by the commissioner, the
730 commissioner may request an order from a court of competent
731 jurisdiction requiring the person to produce the requested information.

732 (5) If the commissioner determines that a person has violated a
733 provision of sections 9 to 14, inclusive, or 16 to 17, inclusive, of this act,
734 the commissioner may do any combination of the following that the
735 commissioner deems appropriate: (A) Take action against such person
736 in accordance with section 36a-50 of the general statutes. No action
737 taken by the commissioner against a creditor in accordance with
738 section 36a-50 of the general statutes shall otherwise relieve the

739 creditor from civil liability; (B) suspend, revoke, or refuse to renew any
740 license issued by the department in accordance with section 36a-51 of
741 the general statutes; (C) prohibit or permanently remove an individual
742 responsible for a violation of sections 9 to 14, inclusive, or 16 to 17,
743 inclusive, of this act from working in his present capacity or in any
744 other capacity related to activities regulated by the department; (D)
745 order a person to cease and desist any violation of sections 9 to 14,
746 inclusive, or 16 to 17, inclusive, of this act in accordance with section
747 36a-52 of the general statutes and to make restitution and other
748 appropriate relief, including loan modification or forgiveness, to
749 borrowers; or (E) impose such other conditions as the commissioner
750 deems appropriate.

751 (b) Nothing contained in this section shall be construed as a
752 limitation upon the power or authority of the state, the Attorney
753 General or the commissioner to seek administrative, legal or equitable
754 relief pursuant to any provision of the general statutes or at common
755 law.

756 (c) The remedies provided in this section are cumulative and do not
757 restrict any other right or remedy otherwise available to the borrower.

758 Sec. 21. (NEW) (*Effective July 1, 2008*) There shall be established a
759 Mortgage Crisis Job Training Team within CTWorks One Stop Career
760 Centers to provide rapid, customized employment services, job
761 retraining and placement assistance for those unemployed,
762 underemployed or in need of a second job. The Mortgage Crisis Job
763 Training Team shall also provide financial literacy and credit repair
764 training.

765 Sec. 22. Subsection (a) of section 36a-492 of the 2008 supplement to
766 the general statutes, as amended by section 10 of public act 07-156, is
767 repealed and the following is substituted in lieu thereof (*Effective*
768 *September 30, 2008*):

769 (a) No mortgage lender or first mortgage broker license, and no

770 renewal thereof, shall be granted unless the applicant has filed a bond
771 with the commissioner written by a surety authorized to write such
772 bonds in this state, in the sum of forty thousand dollars, the form of
773 which shall be approved by the Attorney General, provided effective
774 January 1, 2009, the bond shall be in the amount of sixty thousand
775 dollars. Such bond shall be conditioned upon such licensee faithfully
776 performing any and all written agreements or commitments with or
777 for the benefit of borrowers and prospective borrowers, truly and
778 faithfully accounting for all funds received from a borrower or
779 prospective borrower by the licensee in the licensee's capacity as a
780 mortgage lender or a first mortgage broker, and conducting such
781 mortgage business consistent with the provisions of sections 36a-485 to
782 36a-498a, inclusive, of the 2008 supplement to the general statutes. Any
783 borrower or prospective borrower who may be damaged by failure to
784 perform any written agreements or commitments, or by the wrongful
785 conversion of funds paid by a borrower or prospective borrower to a
786 licensee, may proceed on such bond against the principal or surety
787 thereon, or both, to recover damages. The commissioner may proceed
788 on such bond against the principal or surety thereon, or both, to collect
789 any civil penalty imposed upon the licensee pursuant to subsection (a)
790 of section 36a-50. The proceeds of the bond, even if commingled with
791 other assets of the licensee, shall be deemed by operation of law to be
792 held in trust for the benefit of such claimants against the licensee in the
793 event of bankruptcy of the licensee and shall be immune from
794 attachment by creditors and judgment creditors. The bond shall run
795 concurrently with the period of the license granted to the applicant,
796 and the aggregate liability under the bond shall not exceed the penal
797 sum of the bond.

798 Sec. 23. Section 36a-3 of the 2008 supplement to the general statutes
799 is repealed and the following is substituted in lieu thereof (*Effective July*
800 *1, 2008*):

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

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

"Additional proceeds". Section 36a-746e.

"Administrative expense". Section 36a-237.

"Advance fee". Sections 36a-485 of the 2008 supplement to the general statutes, 36a-510 of the 2008 supplement to the general statutes and 36a-615.

"Advertise" or "advertisement". Sections 36a-485 of the 2008 supplement to the general statutes and 36a-510 of the 2008 supplement to the general statutes.

"Agency bank". Section 36a-285.

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

"Amount financed". Section 36a-690.

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

"Annual percentage yield". Section 36a-316.

"Annuities". Section 36a-455a.

"Applicant". Section 36a-736.

"APR". Section 36a-746a.

"Assessment area". Section 36a-37.

"Assets". Section 36a-70.

"Associate". Section 36a-184.

"Associated member". Section 36a-458a.

"Authority." Section 1 of this act.

"Bank". Section 36a-30.

"Bankers' bank". Section 36a-70.

"Banking business". Section 36a-425.

"Basic services". Section 36a-437a.

"Billing cycle". Section 36a-565.

"Bona fide nonprofit organization". Section 36a-655.

"Borrower". Sections 9 and 10 of this act.

"Branch". Sections 36a-145 of the 2008 supplement to the general statutes, 36a-410 of the 2008 supplement to the general statutes and 36a-435b.

"Branch or agency net payment entitlement". Section 36a-428n.
"Branch or agency net payment obligation". Section 36a-428n.
"Broker". Section 36a-746a.
"Business and industrial development corporation". Section 36a-626.
"Business and property in this state". Section 36a-428n.
"Capital". Section 36a-435b.
"Cash advance". Section 36a-564.
"Cash price". Section 36a-770.
"Certificate of incorporation". Section 36a-435b.
"Closely related activities". Sections 36a-250 and 36a-455a.
"Collective managing agency account". Section 36a-365.
"Commercial vehicle". Section 36a-770.
"Community bank". Section 36a-70.
"Community credit union". Section 36a-37.
"Community development bank". Section 36a-70.
"Community reinvestment performance". Section 36a-37.
"Connecticut holding company". Sections 36a-53 of the 2008 supplement to the general statutes and 36a-410 of the 2008 supplement to the general statutes.
"Consolidate". Section 36a-145 of the 2008 supplement to the general statutes.
"Construction loan". Section 36a-458a.
"Consumer". Sections 36a-155, 36a-676 and 36a-695.
"Consumer Credit Protection Act". Section 36a-676.
"Consumer debtor" and "debtor". Sections 36a-645 and 36a-800 of the 2008 supplement to the general statutes.
"Consumer collection agency". Section 36a-800 of the 2008 supplement to the general statutes.
"Consummation". Section 36a-746a.
"Controlling interest". Section 36a-276.
"Corporate". Section 36a-435b.
"Credit". Sections 36a-645 and 36a-676.
"Credit manager". Section 36a-435b.
"Creditor". Sections 36a-676, 36a-695 and 36a-800 of the

2008 supplement to the general statutes.

"Credit card", "cardholder" and "card issuer". Section 36a-676.

"Credit clinic". Section 36a-700.

"Credit rating agency". Section 36a-695.

"Credit report". Section 36a-695.

"Credit sale". Section 36a-676.

"Credit union service organization". Section 36a-435b.

"Credit union service organization services". Section 36a-435b.

"De novo branch". Section 36a-410 of the 2008 supplement to the general statutes.

"Debt". Section 36a-645.

"Debt adjustment". Section 36a-655.

"Debt mutual fund". Sections 36a-275 and 36a-459a.

"Debt securities". Sections 36a-275 and 36a-459a.

"Debtor". Section 36a-655.

"Deliver". Section 36a-316.

"Deposit". Section 36a-316.

"Deposit account". Section 36a-316.

"Deposit account charge". Section 36a-316.

"Deposit account disclosures". Section 36a-316.

"Deposit contract". Section 36a-316.

"Deposit services". Section 36a-425.

"Depositor". Section 36a-316.

"Director". Section 36a-435b.

"Earning period". Section 36a-316.

"Electronic payment instrument". Section 36a-596 of the 2008 supplement to the general statutes.

"Eligible collateral". Section 36a-330.

"Emergency mortgage assistance program committee". Section 1 of this act.

"Equity mutual fund". Sections 36a-276 and 36a-459a.

"Equity security". Sections 36a-276 and 36a-459a.

"Executive officer". Sections 36a-263 and 36a-469c.

"Federal Credit Union Act". Section 36a-435b.

"Federal Home Mortgage Disclosure Act". Section 36a-736.

"Fiduciary". Section 36a-365.

"Filing fee". Section 36a-770.

"Finance charge". Sections 36a-690 and 36a-770.

"Financial institution". Sections 36a-41, 36a-44a, 36a-155, 36a-316,
36a-

330, 36a-435b and 36a-736.

"Financial records". Section 36a-41.

"First mortgage broker". Section 36a-485 of the 2008
supplement to the general statutes.

"First mortgage correspondent lender". Section 36a-485 of
the 2008 supplement to the general statutes.

"First mortgage lender". Section 36a-485 of the 2008
supplement to the general statutes.

"First mortgage loan". Sections 36a-485 of the 2008
supplement to the general statutes, 36a-705 and 36a-715.

"Foreign banking corporation". Section 36a-425.

"General facility". Section 36a-580.

"Global net payment entitlement". Section 36a-428n.

"Global net payment obligation". Section 36a-428n.

"Goods". Sections 36a-535 and 36a-770.

"Graduated payment mortgage loan". Section 36a-265.

"Guardian". Section 36a-365.

"High cost home loan". Section 36a-746a.

"Holder". Section 36a-596 of the 2008 supplement to the
general statutes.

"Home banking services". Section 36a-170.

"Home banking terminal". Section 36a-170.

"Home improvement loan". Section 36a-736.

"Home purchase loan". Section 36a-736.

"Home state". Section 36a-410 of the 2008 supplement to
the general statutes.

"Immediate family member". Section 36a-435b.

"Insider". Section 36a-454b.

"Installment loan contract". Sections 36a-535 and 36a-770.

"Insurance". Section 36a-455a.

"Insurance bank". Section 36a-285.

"Insurance department". Section 36a-285.

"Interest". Section 36a-316.

"Interest rate". Section 36a-316.

"Lender". Sections 36a-746a and 36a-770, and sections 9 and 10 of this act.

"Lessor". Section 36a-676.

"License". Section 36a-626.

"Licensee". Sections 36a-510 of the 2008 supplement to the general statutes, 36a-596 of the 2008 supplement to the general statutes and 36a-626.

"Limited branch". Section 36a-145 of the 2008 supplement to the general statutes.

"Limited facility". Section 36a-580.

"Loan broker". Section 36a-615.

"Loss". Section 36a-330.

"Made in this state". Section 36a-770.

"Managing agent". Section 36a-365.

"Manufactured home". Section 36a-457b.

"Material litigation". Section 36a-596 of the 2008 supplement to the general statutes.

"Member". Section 36a-435b.

"Member business loan". Section 36a-458a.

"Member in good standing". Section 36a-435b.

"Membership share". Section 36a-435b.

"Mobile branch". Section 36a-435b.

"Money order". Section 36a-596 of the 2008 supplement to the general statutes.

"Money transmission". Section 36a-365.

"Mortgage broker". Sections 9 and 10 of this act.

"Mortgage insurance". Section 36a-725.

"Mortgage lender". Sections 36a-485 of the 2008

supplement to the general statutes, 36a-510 of the 2008 supplement to the general statutes and 36a-705.

"Mortgage." Sections 1 and 10 of this act.

"Mortgagee." Section 1 of this act.

"Mortgage loan". Sections 36a-261, 36a-265 and 36a-457b.

"Mortgage rate lock-in". Section 36a-705.

"Mortgage servicing company". Section 36a-715.

"Mortgagor". Section 36a-715 and section 1 of this act.

"Motor vehicle". Section 36a-770.

"Multiple common bond membership". Section 36a-435b.

"Municipality". Section 36a-800 of the 2008 supplement to the general statutes.

"Net outstanding member business loan balance". Section 36a-458a.

"Net worth". Sections 36a-441a, 36a-458a and 36a-596 of the 2008 supplement to the general statutes.

"Network". Section 36a-155.

"Nonprime home loan". Section 9 of this act.

"Nonrefundable". Sections 36a-498 of the 2008 supplement to the general statutes and 36a-521 of the 2008 supplement to the general statutes.

"Note account". Sections 36a-301 and 36a-456b.

"Office". Section 36a-316.

"Officer". Section 36a-435b.

"Open-end credit plan". Section 36a-676.

"Open-end loan". Section 36a-565.

"Organization". Section 36a-800 of the 2008 supplement to the general statutes.

"Originator". Sections 36a-485 of the 2008 supplement to the general statutes and 36a-510 of the 2008 supplement to the general statutes.

"Out-of-state holding company". Section 36a-410 of the 2008 supplement to the general statutes.

"Outstanding". Section 36a-596 of the 2008 supplement to the general statutes.

"Passbook savings account". Section 36a-316.

"Payment instrument". Section 36a-596 of the 2008 supplement to the general statutes.

"Periodic statement". Section 36a-316.

"Permissible investment". Section 36a-596 of the 2008 supplement to the general statutes.

"Person". Section 36a-184.

"Post". Section 36a-316.

"Prepaid finance charge". Section 36a-746a.

"Prepayment penalty". Section 36a-746a.

"Prime quality". Section 36a-596 of the 2008 supplement to the general statutes.

"Principal amount of the loan". Section 36a-510 of the 2008 supplement to the general statutes.

"Processor". Section 36a-155.

"Public deposit". Section 36a-330.

"Purchaser". Section 36a-596 of the 2008 supplement to the general statutes.

"Qualified financial contract". Section 36a-428n.

"Qualified public depository" and "depository". Section 36a-330.

"Real estate". Section 36a-457b.

"Records". Section 36a-17.

"Related person". Section 36a-53 of the 2008 supplement to the general statutes.

"Relocate". Sections 36a-145 of the 2008 supplement to the general statutes and 36a-462a.

"Residential property". Section 36a-485 of the 2008 supplement to the general statutes.

"Retail buyer". Sections 36a-535 and 36a-770.

"Retail credit transaction". Section 42-100b.

"Retail installment contract". Sections 36a-535 and 36a-770.

"Retail installment sale". Sections 36a-535 and 36a-770.

"Retail seller". Sections 36a-535 and 36a-770.

"Reverse annuity mortgage loan". Section 36a-265.

"Sales finance company". Sections 36a-535 and 36a-770.

"Savings department". Section 36a-285.

"Savings deposit". Section 36a-316.

"Secondary mortgage broker". Section 36a-510 of the 2008 supplement to the general statutes.

"Secondary mortgage correspondent lender". Section 36a-510 of the 2008 supplement to the general statutes.

"Secondary mortgage lender". Section 36a-510 of the 2008 supplement to the general statutes.

"Secondary mortgage loan". Section 36a-510 of the 2008 supplement to the general statutes.

"Security convertible into a voting security". Section 36a-184.

"Senior management". Section 36a-435b.

"Share". Section 36a-435b.

"Simulated check". Sections 36a-485 of the 2008 supplement to the general statutes and 36a-510 of the 2008 supplement to the general statutes.

"Single common bond membership". Section 36a-435b.

"Social purpose investment". Section 36a-277.

"Standard mortgage loan". Section 36a-265.

"Table funding agreement". Section 36a-485 of the 2008 supplement to the general statutes.

"Tax and loan account". Sections 36a-301 and 36a-456b.

"The Savings Bank Life Insurance Company". Section 36a-285.

"Time account". Section 36a-316.

"Travelers check". Section 36a-596 of the 2008 supplement to the general statutes.

"Troubled Connecticut credit union". Section 36a-448a.

"Unsecured loan". Section 36a-615.

"Warehouse agreement". Section 36a-485 of the 2008 supplement to the general statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>from passage</i>	New section
Sec. 4	<i>from passage</i>	New section
Sec. 5	<i>from passage</i>	New section
Sec. 6	<i>July 1, 2008</i>	New section
Sec. 7	<i>from passage</i>	New section
Sec. 8	<i>July 1, 2008</i>	New section
Sec. 9	<i>July 1, 2008</i>	New section
Sec. 10	<i>July 1, 2008</i>	New section
Sec. 11	<i>July 1, 2008</i>	New section
Sec. 12	<i>July 1, 2008</i>	New section
Sec. 13	<i>July 1, 2008</i>	New section
Sec. 14	<i>July 1, 2008</i>	New section
Sec. 15	<i>July 1, 2008</i>	New section
Sec. 16	<i>July 1, 2008</i>	New section
Sec. 17	<i>July 1, 2008</i>	New section
Sec. 18	<i>July 1, 2008</i>	New section
Sec. 19	<i>July 1, 2008</i>	New section
Sec. 20	<i>July 1, 2008</i>	New section
Sec. 21	<i>July 1, 2008</i>	New section
Sec. 22	<i>September 30, 2008</i>	36a-492(a)
Sec. 23	<i>July 1, 2008</i>	36a-3

Statement of Purpose:

To create and fund a multitiered mortgage assistance program within the Department of Economic and Community Development; to create a right to appeal to the Banking Commissioner for a six-month moratorium on bank action; to prohibit certain lending and brokering practices; to prohibit influence of appraisals; to establish on-line continuing education requirements for certain entities in the mortgage lending industry; to permit tenants to terminate leases on foreclosed homes; to provide for court appointment of counsel in a foreclosure action; to establish a Mortgage Crisis Job Training Team within CTWorks One Stop Career Centers; and to increase surety bond requirements for mortgage lenders and brokers.

[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.]