



General Assembly

Substitute Bill No. 5577

February Session, 2008

* HB05577BA 030508 *

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 July 1, 2008*) As used in sections 1 to 8,
2 inclusive, of 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) "Mortgage assistance program committee" or "committee" means
10 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, intended to be occupied by the borrower
15 as a principal residence. It includes, but is not limited to, a nonprime
16 home loan, as defined in section 9 of this act;

17 (5) "Mortgagor" means the owner-occupant of one or four family
18 residential real property located in this state who is also the borrower
19 under a mortgage encumbering such real property;

20 (6) "Mortgagee" means the original lender under a mortgage, or its
21 successors, or an assignee of a mortgage;

22 (7) "REAL program" or "REfinance to an Affordable Loan program"
23 means the loan program established pursuant to subsection (d) of
24 section 2 of this act;

25 (8) "HERO program" or "Homeowner's Equity Recovery
26 Opportunity Loan program" means the loan program established
27 pursuant to subsection (e) of section 2 of this act; and

28 (9) "EMAP" or "Emergency Mortgage Assistance program" means
29 the loan program established pursuant to subsection (f) of section 2 of
30 this act.

31 Sec. 2. (NEW) (*Effective July 1, 2008*) (a) There is established a
32 mortgage assistance program committee. The mortgage assistance
33 program committee shall be comprised of ten members. One member
34 shall be appointed by each of the following: (1) The Governor, (2) the
35 speaker of the House of Representatives; (3) the majority leader of the
36 House of Representatives; (4) the minority leader of the House of
37 Representatives; (5) the president pro tempore of the Senate; (6) the
38 majority leader of the Senate; (7) the minority leader of the Senate; (8)
39 the Banking Commissioner; (9) the House of Representatives
40 chairperson of the joint standing committee of the General Assembly
41 having cognizance of matters relating to banks; and (10) the Senate
42 chairperson of the joint standing committee of the General Assembly
43 having cognizance of matters relating to banks. The mortgage
44 assistance program committee members shall elect a chairperson from
45 among the members of the committee.

46 (b) The mortgage assistance program committee shall develop
47 written standards for determining eligibility for mortgage assistance

48 under sections 1 to 4, inclusive, of this act and such procedures as
49 necessary to otherwise implement the provisions of sections 1 to 6,
50 inclusive, of this act. Such standards shall, at a minimum, establish: (1)
51 The standards for qualifying mortgages and mortgagors for mortgage
52 assistance available under sections 1 to 4, inclusive, of this act; (2) the
53 scope and nature of the mortgage assistance available under sections 1
54 to 4, inclusive, of this act; and (3) the terms and conditions under
55 which the authority will provide, and be repaid for, mortgage
56 assistance under sections 1 to 4, inclusive, of this act. Procedures
57 necessary to implement the provisions of sections 1 to 6, inclusive, of
58 this act shall, at a minimum, include development of a form for
59 application for relief and procedures for the committee's determination
60 of eligibility. On or before October 1, 2008, the standards and
61 procedures to be developed by the committee under this subsection
62 shall be adopted by the authority in regulations in accordance with
63 chapter 54 of the general statutes.

64 (c) The committee shall evaluate, utilizing the standards and
65 procedures developed by the committee pursuant to subsection (b) of
66 this section, the eligibility of applicants for mortgage assistance in the
67 following programs in the following order: (1) The REfinance to an
68 Affordable Loan program or REAL program as described in subsection
69 (d) of this section; (2) the Homeowners' Equity Recovery Opportunity
70 Loan program or HERO program, as described in subsection (e) of this
71 section; and (3) the emergency mortgage assistance program or EMAP,
72 as described in subsection (f) of this section.

73 (d) The committee shall develop and implement the REAL program
74 in accordance with this subsection. Such program shall offer thirty-
75 year fixed rates at one-quarter of one per cent above the Connecticut
76 Housing Finance Authority's regular rate and shall combine one
77 hundred per cent financing with flexible credit underwriting. The
78 committee shall be responsible for developing written standards for
79 determining eligibility for refinancing under the program and such
80 procedures as necessary to otherwise implement the provisions of this

81 subsection in accordance with subsection (b) of this section. All
82 borrowers approved for the program shall attend in-person financial
83 counseling at a committee-approved agency. The committee shall
84 make refinancing available in accordance with the following criteria:

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

88 (2) A borrower may be no more than fifty-nine days past due on his
89 or her existing mortgage;

90 (3) A borrower has a credit score of at least six hundred twenty or
91 meet all of the following conditions: (A) The borrower's mortgage
92 payment has been adjusted in the past twelve months to a higher
93 interest rate or a fully amortized payment and (i) the borrower has
94 made no more than two, thirty-day late payments since the
95 adjustment, and (ii) the borrower's mortgage payment history twelve
96 months prior to the adjustment shows no history of late payments; and
97 (B) the borrower's credit history of debt other than the mortgage shows
98 no more than three, thirty-day late payments twelve months prior to
99 the adjustment of the mortgage;

100 (4) The borrower with a credit score of six hundred twenty or higher
101 may borrow up to one hundred per cent of his or her home's value
102 based upon a current appraisal, and a borrower with a credit score of
103 less than six hundred twenty may borrow up to ninety-five per cent of
104 his or her home's value;

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

109 (6) For a borrower with a credit score of six hundred twenty or
110 higher, the borrower's total debt costs may not be more than fifty per
111 cent of his or her total gross monthly income, and for a borrower with

112 a credit score of less than six hundred twenty, the total debt costs may
113 not be more than forty-five per cent of his or her total gross monthly
114 income. For purposes of this subdivision, "total debt costs" includes,
115 but is not limited to, credit cards, motor vehicle loans, installment
116 loans, REAL program mortgage payments and student loans.

117 (e) (1) The committee shall develop and implement the HERO
118 program in accordance with this subsection. Such program shall offer
119 up to one hundred per cent financing through the following
120 mechanism: The authority shall purchase loans directly from lenders
121 and then place borrowers on an affordable repayment plan. The
122 committee shall be responsible for developing written standards for
123 determining eligibility for refinancing under this program and such
124 procedures as necessary to otherwise implement the provisions of this
125 subsection in accordance with subsection (b) of this section. The
126 committee shall make the HERO program available to eligible
127 applicants who are not otherwise eligible for the REAL program
128 described in subsection (d) of this section or another mortgage
129 refinance product available in the general market due to credit issues
130 or owing more than the home's current appraised value. All borrowers
131 approved for the program shall attend in-person financial counseling
132 at a committee-approved agency.

133 (2) A HERO loan (A) shall provide a fixed-rate mortgage for up to
134 thirty years in an amount up to one hundred per cent of the current
135 value of the borrower's home; (B) shall provide an interest rate at one-
136 quarter of one per cent above the Connecticut Housing Finance
137 Authority's regular rate; (C) shall provide a loan that is serviced by the
138 authority; (D) shall have property taxes and insurance, including
139 mortgage insurance, homeowner's insurance and, if applicable, flood
140 insurance included in the borrower's monthly payment amount; and
141 (E) may be used to pay off the current mortgage debt, closing costs,
142 prepayment penalties and delinquent property taxes.

143 (3) The committee shall make a HERO loan available in accordance
144 with the following criteria: (A) The combined gross annual income of

145 all borrowers may not exceed one hundred twenty thousand dollars,
146 unless certain exceptions specified by the committee apply; (B) the
147 borrower has made an effort to meet his or her financial obligations to
148 the best of his or her ability; (C) the borrower has sufficient and stable
149 income to support timely repayment of the HERO loan in regular,
150 monthly installments and the borrower agrees to make monthly
151 mortgage payments by automatic payment directly from his or her
152 bank account; (D) the borrower has legal title to the mortgaged
153 property and resides in it as his or her permanent residence; (E) if the
154 borrower has stopped making monthly payments, he or she is able to
155 account for his or her cash flow by showing how he or she escrowed,
156 saved or redirected those funds; and (F) the HERO loan shall be in first
157 lien position.

158 (f) The committee shall develop and implement EMAP in
159 accordance with this subsection. Such program shall offer at a
160 minimum, two types of mortgage assistance loans: (1) Noncontinuing
161 mortgage assistance loans, in which a mortgage is brought current to a
162 specific date and the mortgagor is responsible for making all
163 subsequent payments to the mortgagee along with any repayment to
164 EMAP; and (2) continuing mortgage assistance loans, in which the
165 mortgagor remits the mortgagor's designated monthly payment to
166 EMAP, and the authority combines the amount sent by the mortgagor
167 with EMAP funds and forwards the full monthly mortgage payment
168 directly to the mortgagee on the mortgagor's behalf. The committee
169 shall ensure that EMAP includes provision of no-interest loans and
170 prepayment penalty loans. A prepayment penalty loan made by the
171 authority shall permit the authority to secure a secondary lien on the
172 property securing the mortgagor's new loan. The committee shall be
173 responsible for developing written standards for determining
174 eligibility for refinancing under this program and such procedures as
175 necessary to otherwise implement the provisions of this subsection in
176 accordance with subsection (b) of this section. EMAP shall be available
177 to eligible applicants who are not otherwise eligible for the REAL
178 program described in subsection (d) of this section or the HERO

179 program described in subsection (e) of this section. All borrowers
180 approved for the program shall attend in-person financial counseling
181 at a committee-approved agency. For the purposes of this subsection,
182 "prepayment penalty loans" mean loans that involve payment by the
183 authority of any prepayment penalties that a mortgagor may incur in
184 order to terminate its mortgage in connection with the mortgagor
185 securing a more favorable loan.

186 (g) The committee shall establish, no later than October 1, 2008,
187 hotlines or other programs or procedures to provide information about
188 the mortgage assistance programs established by sections 1 to 4,
189 inclusive, of this act, and to assist eligible mortgagors to renegotiate
190 mortgages, to engage foreclosure consultants, or to provide for any
191 other assistance that the committee deems appropriate.

192 (h) The mortgage assistance programs described in sections 1 to 4,
193 inclusive, of this act shall be funded by state bonding and repayment
194 of loans provided by such programs.

195 Sec. 3. (NEW) (*Effective July 1, 2008*) (a) On and after October 1, 2008,
196 the committee shall receive applications for, and make determinations
197 of eligibility for, REAL program, HERO program and EMAP. The
198 committee shall make its determination of eligibility no later than
199 thirty calendar days after receipt of the mortgagor's application.
200 Approved loans shall move to closing no later than forty-five days
201 after the committee's determination of loan eligibility. No mortgage
202 assistance pursuant to said programs shall be provided unless the
203 committee finds that the committee's standards for eligibility are
204 satisfied.

205 (b) The mortgagor shall apply for mortgage assistance pursuant to
206 section 2 of this act on the form prescribed by the committee. The
207 mortgagor shall complete and sign the application subject to the
208 penalty for false statement under section 53a-157b of the general
209 statutes.

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

213 Sec. 4. (NEW) (*Effective July 1, 2008*) (a) If the committee determines
214 that a mortgagor is eligible for REAL program, HERO program or
215 EMAP, the committee shall authorize payments to be made to the
216 mortgagor by the authority in accordance with the applicable program.

217 (b) Any mortgagor who misrepresents any financial or other
218 material information in conjunction with the filing of an application for
219 REAL program, HERO program or EMAP, or any modification of such
220 assistance, may be denied assistance and required to immediately
221 repay any amount of assistance already provided.

222 (c) The authority may take any remedial action permitted under law
223 or equity that it deems appropriate to recover mortgage assistance
224 provided pursuant to section 2 of this act when the mortgagor fails to
225 repay such assistance under the terms and conditions established by
226 the committee.

227 Sec. 5. (NEW) (*Effective July 1, 2008*) (a) On and after October 1, 2008,
228 a mortgagee who desires to foreclose upon a mortgage shall give
229 notice to the mortgagor by registered, or certified mail, postage
230 prepaid at the address of the property that is secured by the mortgage.
231 No such mortgagee may commence a foreclosure of a mortgage for
232 thirty days after mailing such notice. Such notice shall, at a minimum,
233 advise the mortgagor of the mortgagor's delinquency or other default
234 under the mortgage and shall advise the mortgagor of its right to
235 appeal to the authority for assistance under the REAL program, the
236 HERO program, or EMAP. The contents of the notice required by this
237 subsection shall be determined by the committee. Mortgagors who
238 desire to apply for assistance pursuant to said programs shall meet
239 with designated counseling agencies no later than thirty days after
240 receipt of the notice or, if delivery of the notice was refused, no later
241 than thirty days after the date delivery of the notice was refused,

242 whichever is earlier, in order to begin the application process. The
243 counseling agency shall prepare the application and submit the initial
244 paperwork to the authority. Foreclosure actions by mortgagees shall
245 cease as long as the mortgagor files a timely application with the
246 authority in accordance with this section.

247 (b) A mortgagor who (1) received notice under subsection (a) of this
248 section, (2) applied to the authority for relief under sections 1 to 4,
249 inclusive, of this act, and (3) was denied such relief by the authority,
250 shall have a right to seek a continuing moratorium of the foreclosure
251 action pursuant to this subsection and subsection (c) of this section.
252 Such right shall be exercised by the mortgagor by submission of an
253 application to the commissioner under subsection (c) of this section no
254 later than thirty days after the postmark date on the notice of the
255 authority's denial of the mortgagor's request for mortgage assistance
256 pursuant to section 2 of this act.

257 (c) On or before October 1, 2008, the commissioner shall adopt
258 regulations in accordance with chapter 54 of the general statutes to
259 establish criteria for the granting of foreclosure action moratoriums.
260 The commissioner shall grant requests by mortgagors for such
261 moratoriums on a case by case basis.

262 (d) If the commissioner grants the mortgagor's request for a
263 moratorium, the commissioner shall notify the mortgagor and the
264 mortgagee in writing, setting forth the basis for the commissioner's
265 determination and the term of the moratorium, and the mortgagee
266 shall not commence a foreclosure action until the end of the term of the
267 moratorium as stated in the notice. The term of the moratorium shall
268 not exceed six months. In addition, the mortgagee and mortgagor shall
269 be required by the terms of the commissioner's notice to meet no later
270 than ninety days after receipt of the commissioner's notice to attempt
271 to renegotiate the terms of the loan. If the mortgagor and the
272 mortgagee are unable to renegotiate the terms of the loan during the
273 period of the moratorium, upon the lapse of moratorium, the
274 mortgagee may take any legal action to enforce the mortgage without

275 further restrictions or requirements.

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

279 Sec. 6. (NEW) (*Effective July 1, 2008*) The Department of Banking
280 shall develop a program, using funds available to the authority
281 pursuant to section 8 of this act and transferred by the authority to the
282 Department of Banking for the purposes of implementing this section,
283 to purchase foreclosed residential real property located in this state for
284 resale for the purposes of providing affordable and supportive
285 housing, provided the Department of Banking shall only purchase
286 such foreclosed residential real property if (1) the property is sold at a
287 discount, and (2) the transfer of funds, the purchase of the property
288 and the resale of the property are approved in advance by the
289 mortgage assistance committee established by section 2 of this act.

290 Sec. 7. (NEW) (*Effective July 1, 2008*) All moneys received by the
291 authority under sections 1 to 6, inclusive, of this act shall be deposited
292 in such funds or accounts as the authority may establish from time to
293 time for such purpose and be used solely for the purposes of the
294 programs established pursuant to sections 1 to 6, inclusive, of this act.

295 Sec. 8. (*Effective July 1, 2008*) (a) The Connecticut Housing Finance
296 Authority shall transfer to the authority forty million dollars of the
297 Connecticut Housing Finance Authority's proceeds from bond sales
298 prior to 1986. The authority shall use the forty million dollars
299 transferred to it by the Connecticut Housing Finance Authority for the
300 purpose of funding the REAL program and the HERO program
301 established in section 2 of this act.

302 (b) For the purposes described in subsection (c) of this section, the
303 State Bond Commission shall have the power, from time to time, to
304 authorize the issuance of bonds of the state in one or more series and
305 in principal amounts not exceeding in the aggregate one hundred

306 million dollars, provided (1) thirty-five million dollars shall be
307 effective July 1, 2008, (2) thirty-five million dollars shall be effective
308 July 1, 2009, (3) fifteen million dollars shall be effective July 1, 2010,
309 and (4) fifteen million dollars shall be effective July 1, 2012.

310 (c) The proceeds of the sale of said bonds, to the extent of the
311 amount stated in subsection (b) of this section, shall be used by the
312 authority for EMAP established in section 2 of this act and for the
313 program described in section 6 of this act.

314 (d) All provisions of section 3-20 of the general statutes, or the
315 exercise of any right or power granted thereby, which are not
316 inconsistent with the provisions of this section are hereby adopted and
317 shall apply to all bonds authorized by the State Bond Commission
318 pursuant to this section, and temporary notes in anticipation of the
319 money to be derived from the sale of any such bonds so authorized
320 may be issued in accordance with said section 3-20 and from time to
321 time renewed. Such bonds shall mature at such time or times not
322 exceeding twenty years from their respective dates as may be provided
323 in or pursuant to the resolution or resolutions of the State Bond
324 Commission authorizing such bonds. None of said bonds shall be
325 authorized except upon a finding by the State Bond Commission that
326 there has been filed with it a request for such authorization which is
327 signed by or on behalf of the Secretary of the Office of Policy and
328 Management and states such terms and conditions as said commission,
329 in its discretion, may require. Said bonds issued pursuant to this
330 section shall be general obligations of the state and the full faith and
331 credit of the state of Connecticut are pledged for the payment of the
332 principal of and interest on said bonds as the same become due, and
333 accordingly and as part of the contract of the state with the holders of
334 said bonds, appropriation of all amounts necessary for punctual
335 payment of such principal and interest is hereby made, and the State
336 Treasurer shall pay such principal and interest as the same become
337 due.

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

339 (1) "Commissioner" means the Banking Commissioner and, with
340 respect to any function of the commissioner, includes any person
341 authorized or designated by the commissioner to carry out that
342 function;

343 (2) "Lender" means any person or entity originating a mortgage who
344 is licensed by the Department of Banking under chapter 668 of the
345 general statutes or the 2008 supplement to the general statutes, or their
346 successors or assigns;

347 (3) "Mortgage broker" means any person who (A) for a fee,
348 commission or other valuable consideration, negotiates, solicits,
349 arranges, places or finds a mortgage, and (B) is licensed by the
350 Department of Banking under chapter 668 of the general statutes or the
351 2008 supplement to the general statutes, or their successors or assigns;

352 (4) "Nonprime home loan" means any loan or extension of credit,
353 excluding an open-end line of credit subject to 12 CFR 226.5b, as
354 amended from time to time, and further excluding a reverse mortgage
355 transaction, as defined in 12 CFR 226.33, as amended from time to
356 time:

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

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

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

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

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

368 (i) The difference between the APR for the loan or extension of
369 credit and the yield on United States Treasury securities having
370 comparable periods of maturity is either equal to or greater than (I)
371 three percentage points, if the loan is a first mortgage loan, or (II) five
372 percentage points, if the loan is a secondary mortgage loan. For
373 purposes of such calculation, without regard to whether the loan is
374 subject to or reportable under the provisions of the federal Home
375 Mortgage Disclosure Act, 12 USC 2801 et. seq., the difference between
376 the APR and the yield on United States Treasury securities having
377 comparable periods of maturity shall be determined using the same
378 procedures and calculation methods applicable to loans that are
379 subject to the reporting requirement of the federal Home Mortgage
380 Disclosure Act, as those procedures and calculation methods are
381 amended from time to time, provided the yield on United States
382 Treasury securities is determined as of the fifteenth day of the month
383 prior to the application for the loan; and

384 (ii) The difference between the APR for the loan and the
385 conventional mortgage rate is either equal to or greater than (I) one
386 and three-quarters percentage points, if the loan is a first mortgage
387 loan, or (II) three and three-quarters percentage points if the loan is a
388 secondary mortgage loan. For purposes of such calculation, the
389 "conventional mortgage rate" means the most recent daily contract
390 interest rate on commitments for fixed-rate mortgages published by
391 the board of governors of the federal reserve system in its statistical
392 release H.15, or any publication that may supersede it, during the
393 week in which the interest rate for the loan is set. For the purpose of
394 subparagraphs (E)(i) and (ii) of this subdivision, the dollar amount of
395 any bona fide discount points need not be included when calculating
396 the APR;

397 (5) "Residential property" means improved real property used or
398 occupied, or intended to be used or occupied, for residential purposes;

399 (6) "First mortgage loan" means a loan or an extension of credit,
400 including, but not limited to, an extension of credit pursuant to a

401 contract or an assigned contract for the sale of goods or services, made
402 to a natural person, the proceeds of which are to be used primarily for
403 personal, family or household purposes, and that is secured by a first
404 mortgage upon any interest in one to four family owner-occupied
405 residential property located in this state that is not subject to any prior
406 mortgages and the renewal or refinancing of such a loan;

407 (7) "Secondary mortgage loan" means: (A) A loan or an extension of
408 credit, including, but not limited to, an extension of credit pursuant to
409 a contract or an assigned contract for the sale of goods or services,
410 made to a natural person, the proceeds of which are to be used
411 primarily for personal, family or household purposes, and that is
412 secured in whole or in part by a mortgage upon any interest in one to
413 four family owner-occupied residential property located in this state,
414 provided such property is subject to one or more prior mortgages, and
415 (B) the renewal or refinancing of any existing loan or extension of
416 credit described in subparagraph (A) of this subdivision;

417 (8) "Bona fide discount points" means the points that a borrower
418 agrees to pay for the express purpose of reducing the interest rate
419 applicable to a mortgage loan and that results in a bona fide reduction
420 of the interest rate.

421 (b) Lenders and mortgage brokers shall have a fiduciary duty to
422 borrowers. The fiduciary duty to borrowers of a nonprime home loan
423 shall include an obligation to ensure that borrowers have sufficient
424 information to clearly understand the terms of the nonprime home
425 loan and the associated risks in order to make an informed nonprime
426 home loan product choice. The fiduciary duty to borrowers of a
427 nonprime home loan shall include, but shall not be limited to, the
428 duties and obligations imposed by this section.

429 (c) The Banking Commissioner shall adopt regulations, in
430 accordance with the provisions of chapter 54 of the general statutes, to
431 establish: (1) A suitability standard that lenders and mortgage brokers
432 shall use to determine which nonprime home loan products are most

433 suitable for borrowers; and (2) the minimum verification and
434 documentation requirements for qualifying borrowers for a nonprime
435 home loan. Such regulations shall include, but shall not be limited to,
436 a mandate that lenders verify income by the best means of
437 documentation available, including, but not limited to, payroll
438 receipts, bank records, tax returns or other similar reliable documents,
439 and that lenders consider the reasonable ability of the borrower to
440 repay the nonprime home loan (A) according to a fully amortizing
441 payment schedule, and (B) taking into account all requirements of the
442 loan, including, but not limited to, principal, interest, real estate taxes,
443 insurance, assessments, any required homeowner or condominium
444 fees, and any subordinate mortgages including those that will be made
445 contemporaneously to the same borrower.

446 (d) When offering a nonprime home loan, lenders shall notify all
447 potential borrowers in writing that they are required to attend a course
448 or courses accredited by the Department of Banking on nonprime
449 home loans and provide evidence of completion of such course before
450 the mortgage may be executed. The commissioner shall adopt
451 regulations, in accordance with the provisions of chapter 54 of the
452 general statutes, to provide procedures for accrediting the courses
453 required by this section and for issuance of written certificates of
454 completion by entities providing such accredited courses.

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

457 "NOTICE TO BORROWER

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

461 Mortgage loan rates and closing costs and fees vary based on many
462 factors, including your particular credit and financial circumstances,
463 your employment history, the loan-to-value requested and the type of

464 property that will secure your loan. The loan rate and fees could also
465 vary based on which lender or broker you select. As an obligor, you
466 should shop around and compare loan rates and fees. You should also
467 consider consulting a qualified independent credit counselor or other
468 experienced financial advisor regarding the rate, fees and provisions of
469 this mortgage loan before you proceed. A list of qualified counselors is
470 available by contacting the Department of Economic and Community
471 Development.

472 You are not required to complete this loan agreement merely
473 because you have received these disclosures or have signed a loan
474 application.

475 Remember, property taxes and homeowner's insurance are your
476 responsibility. Not all lenders provide escrow services for these
477 payments. You should ask your lender about these services. Also, your
478 payments on existing debts contribute to your credit ratings. You
479 should not accept any advice to ignore your regular payments to your
480 existing creditors. The agency has determined that the list it will
481 provide upon request will be the same list of counseling agencies as
482 are approved to participate in the agency's mortgage assistance
483 program."

484 (f) A lender shall not make a nonprime home loan unless:

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

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

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

494 (4) The lender discloses to all potential borrowers a list of nonprofit
495 housing counselors approved by the federal Department of Housing
496 and Urban Development.

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

498 (1) A prepayment penalty provision;

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

500 (3) A provision requiring a borrower, whether acting individually or
501 on behalf of others similarly situated, to assert any claim or defense in
502 a forum that: (A) Does not have to adhere to the rules of evidence; (B)
503 does not have to apply the law as set forth in the general statutes or
504 common law; (C) limits in any way any claim or defense the borrower
505 may have; or (D) is less convenient, more costly, or more dilatory for
506 the resolution of a dispute than a judicial forum established in this
507 state where the borrower may otherwise properly bring a claim or
508 defense.

509 (h) Any nonprime home loan executed in violation of this section
510 shall be a breach of fiduciary duty and an unfair or deceptive trade
511 practice under chapter 735a of the general statutes, unless:

512 (1) Not later than ninety days after the date of the loan closing and
513 prior to the commencement of any action against the lender under this
514 section, the borrower is notified by the lender of the compliance
515 failure, the lender tenders appropriate restitution, and the lender
516 offers, at the borrower's option, either to (A) make the nonprime home
517 loan compliant with this section, or (B) change the terms of the
518 mortgage in a manner beneficial to the borrower so that the mortgage
519 will no longer be considered a nonprime home loan subject to the
520 provisions of this section. A lender shall act within a reasonable period
521 of time following the borrower's election of remedy.

522 (2) The compliance failure is not intentional and results from a bona
523 fide error notwithstanding the maintenance of procedures reasonably

524 adopted to avoid such errors, and not later than one hundred twenty
525 days after the date of discovery of the compliance failure and prior to
526 the commencement of any action against the lender under this section,
527 the borrower is notified of the compliance failure, the lender tenders
528 appropriate restitution, and the lender offers, at the borrower's option,
529 either to (A) make the nonprime home loan comply with this section,
530 or (B) change the terms of the nonprime home loan in a manner
531 beneficial to the borrower so that the mortgage will no longer be
532 considered a nonprime home loan subject to the provisions of this
533 section. A lender shall act within a reasonable period of time following
534 the borrower's election of remedy. For the purposes of this
535 subdivision, the phrase "bona fide error" includes, but is not limited to,
536 a clerical, calculation, printing, computer malfunction or programming
537 error, but does not include an error of legal judgment with respect to a
538 person's obligations under this section.

539 Sec. 10. (NEW) (*Effective July 1, 2008*) As used in sections 10 to 15,
540 inclusive, of this act:

541 (1) "Mortgage broker" means any person who (A) for a fee,
542 commission or other valuable consideration, negotiates, solicits,
543 arranges, places or finds a mortgage, and (B) is licensed by the
544 Department of Banking under chapter 668 of the general statutes or the
545 2008 supplement to the general statutes, or their successors or assigns;

546 (2) "Commissioner" means the Banking Commissioner and, with
547 respect to any function of the commissioner, includes any person
548 authorized or designated by the commissioner to carry out that
549 function;

550 (3) "Lender" means any person or entity originating a mortgage who
551 is licensed by the Department of Banking under chapter 668 of the
552 general statutes or the 2008 supplement to the general statutes, or their
553 successors or assigns; and

554 (4) "Mortgage" means a mortgage deed or other instrument that

555 constitutes a first or secondary consensual lien upon any interest in
556 one to four family residential real property located in this state, that is,
557 or when the loan is made, intended to be occupied by the borrower as
558 a principal residence. "Mortgage" includes, but is not limited to, a
559 nonprime home loan, as defined in section 9 of this act.

560 Sec. 11. (NEW) (*Effective July 1, 2008*) (a) For the purposes of this
561 subsection, a "tangible benefit to the borrower" means: (1) Cash back at
562 the closing of the refinanced mortgage, in the amount of no less than
563 five per cent or more of the appraised value of the home securing the
564 mortgage, or (2) a five per cent or more reduction in the borrower's
565 monthly mortgage payment without a significant extension of the term
566 of the loan. A lender shall not offer a refinanced mortgage unless the
567 refinanced mortgage will provide a tangible benefit to the borrower. A
568 lender shall not take any action that recommends or encourages a
569 default on an existing mortgage or other debt prior to and in
570 connection with the closing or planned closing of a new mortgage that
571 refinances all or any portion of the existing loan or debt.

572 (b) A lender may not finance, directly or indirectly in connection
573 with a mortgage, any credit life, credit disability, credit unemployment
574 or credit property insurance or any other life or health insurance or
575 any payments directly or indirectly for any debt cancellation or
576 suspension agreement or contract, except that insurance premiums or
577 debt cancellation or suspension fees calculated and paid on a monthly
578 basis or through regularly scheduled periodic payments shall not be
579 considered financed by the lender for the purposes of this subsection.

580 (c) If all defaults in connection with a residential mortgage are cured
581 no later than ninety days after the initiation of any action to foreclose,
582 the lender shall take steps as necessary to terminate the foreclosure
583 proceeding or other action. The lender may require that the borrower
584 pay any reasonable costs actually incurred by the lender before the
585 curing of the default. The curing of the default reinstates the borrower
586 to the same position as if the default had not occurred and nullifies, as
587 of the date of the cure, any acceleration of any obligation under the

588 security instrument or note arising from the default. For purposes of
589 this subsection, "cure", "cured" or "curing" means payment of
590 arrearages.

591 Sec. 12. (NEW) (*Effective July 1, 2008*) A mortgage broker shall: (1)
592 Use reasonable care, skill and diligence in performing the broker's
593 duties; (2) make reasonable efforts to secure a loan that is in the best
594 interests of the borrower considering all the circumstances, including,
595 but not limited to, the rates, points, fees, charges, costs and product
596 type; and (3) ensure that the cost of credit is appropriate considering
597 the borrower's level of creditworthiness.

598 Sec. 13. (NEW) (*Effective July 1, 2008*) (a) For the purposes of this
599 section, "yield spread premium" means any amount to be paid by the
600 lender to the broker in connection with a mortgage.

601 (b) A mortgage broker shall clearly and conspicuously disclose to
602 the borrower any yield spread premium in accordance with this
603 subsection. In addition to providing the mortgagor with a copy of any
604 written broker agreement, such disclosure shall be made in advance of
605 the execution of a mortgage and shall:

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

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

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

612 Sec. 14. (NEW) (*Effective July 1, 2008*) (a) A mortgage broker shall not
613 influence residential real estate appraisals. For the purposes of this
614 section, "influence residential real estate appraisals" includes, but is not
615 limited to: (1) Refusal, or intentional failure, to pay an appraiser for an
616 appraisal that reflects a fair market value estimate that is less than the
617 sale contract price; or (2) refusal, or intentional failure, to utilize, or

618 encouraging other mortgage brokers not to utilize, an appraiser based
619 solely on the fact that the appraiser provided an appraisal reflecting a
620 fair market value estimate that was less than the sale contract price.

621 (b) The commissioner may, upon a verified complaint in writing of
622 any person, if such complaint or such complaint together with
623 evidence, documentary or otherwise, presented in connection with
624 such complaint, make out a prima facie case of a violation of the
625 provisions of subsection (a) of this section, investigate the actions of a
626 mortgage broker. If a mortgage broker violates the provisions of
627 subsection (a) of this section, the commissioner may temporarily
628 suspend or permanently revoke a license issued under the provisions
629 of chapter 668 of the general statutes or the 2008 supplement to the
630 general statutes after notice and hearing in accordance with section
631 36a-24 and chapter 54 of the general statutes. In addition to or in lieu of
632 such suspension or revocation, the commissioner may impose a civil
633 penalty of not more than one thousand dollars for any violation of the
634 provisions of subsection (a) of this section.

635 Sec. 15. (NEW) (*Effective July 1, 2008*) (a) A real estate broker or real
636 estate salesperson licensed under chapter 392 of the general statutes
637 shall not influence residential real estate appraisals. For the purposes
638 of this section, "influence residential real estate appraisals" includes,
639 but is not limited to, refusal or intentional failure to refer a homebuyer,
640 or encouraging other real estate brokers or real estate agents not to
641 refer a homebuyer, to a mortgage broker or lender based solely on the
642 fact that the mortgage broker or lender uses an appraiser who has
643 provided an appraisal reflecting a fair market value estimate that was
644 less than the sale contract price.

645 (b) The Commissioner of Consumer Protection may, upon a verified
646 complaint in writing of any person, if such complaint, or such
647 complaint together with evidence, documentary or otherwise,
648 presented in connection with such complaint, make out a prima facie
649 case, of a violation of the provisions of subsection (a) of this section,
650 investigate the actions of a real estate broker or real estate sales person.

651 If a real estate broker or real estate sales person violates the provisions
652 of subsection (a) of this section, the commissioner may temporarily
653 suspend or permanently revoke a license issued under the provisions
654 of chapter 392 of the general statutes after notice and hearing in
655 accordance with chapters 392 and 54 of the general statutes. In
656 addition to or in lieu of such suspension or revocation, the
657 commissioner may impose a civil penalty of not more than one
658 thousand dollars for each offense for any violation of the provisions of
659 subsection (a) of this section.

660 Sec. 16. (NEW) (*Effective July 1, 2008*) Not later than January 1, 2009,
661 the Banking Commissioner shall adopt regulations, in accordance with
662 the provisions of chapter 54 of the general statutes, establishing an on-
663 line continuing education program for entities in the mortgage lending
664 business that are required to be licensed under chapter 668 of the
665 general statutes or the 2008 supplement to the general statutes. The
666 Department of Banking shall be solely and exclusively responsible for
667 the provision of such courses. The regulations shall set forth the subject
668 matter and hours of the courses required of such licensees, provided
669 the continuing education program shall not require any licensee to
670 complete more than eight hours of course study over the course of one
671 calendar year, or twelve hours of course study over the course of two
672 calendar years. The licensees shall bear the costs associated with their
673 completion of the on-line continuing education requirement imposed
674 by this section and by the regulations adopted under this section.

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

681 Sec. 18. (*Effective July 1, 2008*) (a) The Banking Commissioner shall
682 enforce the provisions of sections 9 to 14, inclusive, 16 and 17 of this
683 act, and shall have the following powers and duties for such purposes:

684 (1) The commissioner may adopt regulations, in accordance with
685 chapter 54 of the general statutes, necessary to carry out sections 9 to
686 14, inclusive, 16 and 17 of this act, and prohibit acts, practices or terms
687 in connection with: (A) Mortgages that the commissioner finds are
688 unfair, deceptive or designed to evade the provisions of sections 9 to
689 14, inclusive, of this act; and (B) mortgages that the commissioner finds
690 are associated with abusive, unfair or deceptive lending practices or
691 that are otherwise not in the interest of the borrowing public.

692 (2) The commissioner shall conduct examinations and investigations
693 and issue subpoenas and orders to enforce the provisions of sections 9
694 to 14, inclusive, 16 and 17 of this act with respect to lenders or brokers.

695 (3) The commissioner may examine any instrument, document,
696 account, book, record, or file of a lender or mortgage broker under
697 sections 9 to 14, inclusive, 16 and 17 of this act. The commissioner shall
698 recover the cost of examinations from the person. A person making or
699 brokering mortgage loans shall maintain its records in a manner that
700 will facilitate the commissioner in determining whether the person is
701 complying with sections 9 to 14, inclusive, 16 and 17 of this act and the
702 regulations adopted under this section. The commissioner shall require
703 the submission of reports by lenders or mortgage brokers that include
704 such information as the commissioner requires in regulation.

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

709 (5) If the commissioner determines that a person has violated a
710 provision of sections 9 to 14, inclusive, or section 16 or 17 of this act,
711 the commissioner may do any combination of the following that the
712 commissioner deems appropriate: (A) Take action against such person
713 in accordance with section 36a-50 of the general statutes. No action
714 taken by the commissioner against a creditor in accordance with
715 section 36a-50 of the general statutes shall otherwise relieve the

716 creditor from civil liability; (B) suspend, revoke or refuse to renew any
717 license issued by the department in accordance with section 36a-51 of
718 the 2008 supplement to the general statutes; (C) prohibit or
719 permanently remove an individual responsible for a violation of
720 sections 9 to 14, inclusive, or section 16 or 17 of this act from working
721 in his present capacity or in any other capacity related to activities
722 regulated by the department; (D) order a person to cease and desist
723 any violation of sections 9 to 14, inclusive, or section 16 or 17 of this act
724 in accordance with section 36a-52 of the 2008 supplement to the
725 general statutes and to make restitution and other appropriate relief,
726 including loan modification or forgiveness, to borrowers; or (E) impose
727 such other conditions as the commissioner deems appropriate.

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

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

735 Sec. 19. (NEW) (*Effective July 1, 2008*) The workforce development
736 boards shall establish a Mortgage Crisis Job Training Team in
737 conjunction with CTWorks One Stop Career Centers to provide rapid,
738 customized employment services, job retraining and placement
739 assistance for those unemployed, underemployed or in need of a
740 second job. The Mortgage Crisis Job Training Team shall also provide
741 financial literacy and credit repair training.

742 Sec. 20. Subsection (a) of section 36a-492 of the 2008 supplement to
743 the general statutes, as amended by section 10 of public act 07-156, is
744 repealed and the following is substituted in lieu thereof (*Effective*
745 *September 30, 2008*):

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

747 renewal thereof, shall be granted unless the applicant has filed a bond
748 with the commissioner written by a surety authorized to write such
749 bonds in this state, in the sum of forty thousand dollars, the form of
750 which shall be approved by the Attorney General, provided effective
751 January 1, 2009, the bond shall be in the amount of sixty thousand
752 dollars. Such bond shall be conditioned upon such licensee faithfully
753 performing any and all written agreements or commitments with or
754 for the benefit of borrowers and prospective borrowers, truly and
755 faithfully accounting for all funds received from a borrower or
756 prospective borrower by the licensee in the licensee's capacity as a
757 mortgage lender or a first mortgage broker, and conducting such
758 mortgage business consistent with the provisions of sections 36a-485 to
759 36a-498a, inclusive. Any borrower or prospective borrower who may
760 be damaged by failure to perform any written agreements or
761 commitments, or by the wrongful conversion of funds paid by a
762 borrower or prospective borrower to a licensee, may proceed on such
763 bond against the principal or surety thereon, or both, to recover
764 damages. The commissioner may proceed on such bond against the
765 principal or surety thereon, or both, to collect any civil penalty
766 imposed upon the licensee pursuant to subsection (a) of section 36a-50.
767 The proceeds of the bond, even if commingled with other assets of the
768 licensee, shall be deemed by operation of law to be held in trust for the
769 benefit of such claimants against the licensee in the event of
770 bankruptcy of the licensee and shall be immune from attachment by
771 creditors and judgment creditors. The bond shall run concurrently
772 with the period of the license granted to the applicant, and the
773 aggregate liability under the bond shall not exceed the penal sum of
774 the bond.

775 Sec. 21. Section 36a-3 of the 2008 supplement to the general statutes
776 is repealed and the following is substituted in lieu thereof (*Effective July*
777 *1, 2008*):

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

- T1 "Account". Sections 36a-155 and 36a-365.
- T2 "Additional proceeds". Section 36a-746e.
- T3 "Administrative expense". Section 36a-237.
- T4 "Advance fee". Sections 36a-485 of the 2008 supplement to
- T5 the general statutes, 36a-510 of the 2008 supplement to
- T6 the general statutes and 36a-615.
- T7 "Advertise" or "advertisement". Sections 36a-485 of the
- T8 2008 supplement to the general statutes and 36a-510 of
- T9 the 2008 supplement to the general statutes.
- T10 "Agency bank". Section 36a-285.
- T11 "Alternative mortgage loan". Section 36a-265.
- T12 "Amount financed". Section 36a-690.
- T13 "Annual percentage rate". Section 36a-690.
- T14 "Annual percentage yield". Section 36a-316.
- T15 "Annuities". Section 36a-455a.
- T16 "Applicant". Section 36a-736.
- T17 "APR". Section 36a-746a.
- T18 "Assessment area". Section 36a-37.
- T19 "Assets". Section 36a-70.
- T20 "Associate". Section 36a-184.
- T21 "Associated member". Section 36a-458a.
- T22 "Authority". Section 1 of this act.
- T23 "Bank". Section 36a-30.
- T24 "Bankers' bank". Section 36a-70.
- T25 "Banking business". Section 36a-425.
- T26 "Basic services". Section 36a-437a.
- T27 "Billing cycle". Section 36a-565.
- T28 "Bona fide nonprofit organization". Section 36a-655.
- T29 "Branch". Sections 36a-145 of the 2008 supplement to the
- T30 general statutes, 36a-410 of the 2008 supplement to the
- T31 general statutes and 36a-435b.
- T32 "Branch or agency net payment entitlement". Section 36a-428n.
- T33 "Branch or agency net payment obligation". Section 36a-428n.

- T34 "Broker". Section 36a-746a.
- T35 "Business and industrial development corporation". Section 36a-626.
- T36 "Business and property in this state". Section 36a-428n.
- T37 "Capital". Section 36a-435b.
- T38 "Cash advance". Section 36a-564.
- T39 "Cash price". Section 36a-770.
- T40 "Certificate of incorporation". Section 36a-435b.
- T41 "Closely related activities". Sections 36a-250 and 36a-455a.
- T42 "Collective managing agency account". Section 36a-365.
- T43 "Commercial vehicle". Section 36a-770.
- T44 "Community bank". Section 36a-70.
- T45 "Community credit union". Section 36a-37.
- T46 "Community development bank". Section 36a-70.
- T47 "Community reinvestment performance". Section 36a-37.
- T48 "Connecticut holding company". Sections 36a-53 of the
- T49 2008 supplement to the general statutes and 36a-410 of
- T50 the 2008 supplement to the general statutes.
- T51 "Consolidate". Section 36a-145 of the 2008 supplement to
- T52 the general statutes.
- T53 "Construction loan". Section 36a-458a.
- T54 "Consumer". Sections 36a-155, 36a-676 and 36a-695.
- T55 "Consumer Credit Protection Act". Section 36a-676.
- T56 "Consumer debtor" and "debtor". Sections 36a-645 and
- T57 36a-800 of the 2008 supplement to the general statutes.
- T58 "Consumer collection agency". Section 36a-800 of the 2008
- T59 supplement to the general statutes.
- T60 "Consummation". Section 36a-746a.
- T61 "Controlling interest". Section 36a-276.
- T62 "Corporate". Section 36a-435b.
- T63 "Credit". Sections 36a-645 and 36a-676.
- T64 "Credit manager". Section 36a-435b.
- T65 "Creditor". Sections 36a-676, 36a-695 and 36a-800 of the
- T66 2008 supplement to the general statutes.
- T67 "Credit card", "cardholder" and "card issuer". Section 36a-676.

- T68 "Credit clinic". Section 36a-700.
- T69 "Credit rating agency". Section 36a-695.
- T70 "Credit report". Section 36a-695.
- T71 "Credit sale". Section 36a-676.
- T72 "Credit union service organization". Section 36a-435b.
- T73 "Credit union service organization services". Section 36a-435b.
- T74 "De novo branch". Section 36a-410 of the 2008 supplement
- T75 to the general statutes.
- T76 "Debt". Section 36a-645.
- T77 "Debt adjustment". Section 36a-655.
- T78 "Debt mutual fund". Sections 36a-275 and 36a-459a.
- T79 "Debt securities". Sections 36a-275 and 36a-459a.
- T80 "Debtor". Section 36a-655.
- T81 "Deliver". Section 36a-316.
- T82 "Deposit". Section 36a-316.
- T83 "Deposit account". Section 36a-316.
- T84 "Deposit account charge". Section 36a-316.
- T85 "Deposit account disclosures". Section 36a-316.
- T86 "Deposit contract". Section 36a-316.
- T87 "Deposit services". Section 36a-425.
- T88 "Depositor". Section 36a-316.
- T89 "Director". Section 36a-435b.
- T90 "Earning period". Section 36a-316.
- T91 "Electronic payment instrument". Section 36a-596 of the
- T92 2008 supplement to the general statutes.
- T93 "Eligible collateral". Section 36a-330.
- T94 "EMAP" or "Emergency Mortgage Assistance Program". Section 1 of this act.
- T95 "Equity mutual fund". Sections 36a-276 and 36a-459a.
- T96 "Equity security". Sections 36a-276 and 36a-459a.
- T97 "Executive officer". Sections 36a-263 and 36a-469c.
- T98 "Federal Credit Union Act". Section 36a-435b.
- T99 "Federal Home Mortgage Disclosure Act". Section 36a-736.
- T100 "Fiduciary". Section 36a-365.

- T101 "Filing fee". Section 36a-770.
- T102 "Finance charge". Sections 36a-690 and 36a-770.
- T103 "Financial institution". Sections 36a-41, 36a-44a, 36a-155, 36a-316, 36a-330, 36a-435b and 36a-736.
- T104 "Financial records". Section 36a-41.
- T105 "First mortgage broker". Section 36a-485 of the 2008
- T106 supplement to the general statutes.
- T107 "First mortgage correspondent lender". Section 36a-485 of
- T108 the 2008 supplement to the general statutes.
- T109 "First mortgage lender". Section 36a-485 of the 2008
- T110 supplement to the general statutes.
- T111 "First mortgage loan". Sections 36a-485 of the 2008
- T112 supplement to the general statutes, 36a-705, [and] 36a-715, and
section 9 of this act.
- T113 "Foreign banking corporation". Section 36a-425.
- T114 "General facility". Section 36a-580.
- T115 "Global net payment entitlement". Section 36a-428n.
- T116 "Global net payment obligation". Section 36a-428n.
- T117 "Goods". Sections 36a-535 and 36a-770.
- T118 "Graduated payment mortgage loan". Section 36a-265.
- T119 "Guardian". Section 36a-365.
- T120 "HERO program" or "Homeowner's Equity Recovery Opportunity
Loan program". Section 1 of this act.
- T121 "High cost home loan". Section 36a-746a.
- T122 "Holder". Section 36a-596 of the 2008 supplement to the
- T123 general statutes.
- T124 "Home banking services". Section 36a-170.
- T125 "Home banking terminal". Section 36a-170.
- T126 "Home improvement loan". Section 36a-736.
- T127 "Home purchase loan". Section 36a-736.
- T128 "Home state". Section 36a-410 of the 2008 supplement to
- T129 the general statutes.
- T130 "Immediate family member". Section 36a-435b.
- T131 "Insider". Section 36a-454b.

- T132 "Installment loan contract". Sections 36a-535 and 36a-770.
- T133 "Insurance". Section 36a-455a.
- T134 "Insurance bank". Section 36a-285.
- T135 "Insurance department". Section 36a-285.
- T136 "Interest". Section 36a-316.
- T137 "Interest rate". Section 36a-316.
- T138 "Lender". Sections 36a-746a and 36a-770, and sections 9 and 10 of this act.
- T139 "Lessor". Section 36a-676.
- T140 "License". Section 36a-626.
- T141 "Licensee". Sections 36a-510 of the 2008 supplement to the
- T142 general statutes, 36a-596 of the 2008 supplement to the
- T143 general statutes and 36a-626.
- T144 "Limited branch". Section 36a-145 of the 2008 supplement
- T145 to the general statutes.
- T146 "Limited facility". Section 36a-580.
- T147 "Loan broker". Section 36a-615.
- T148 "Loss". Section 36a-330.
- T149 "Made in this state". Section 36a-770.
- T150 "Managing agent". Section 36a-365.
- T151 "Manufactured home". Section 36a-457b.
- T152 "Material litigation". Section 36a-596 of the 2008
- T153 supplement to the general statutes.
- T154 "Member". Section 36a-435b.
- T155 "Member business loan". Section 36a-458a.
- T156 "Member in good standing". Section 36a-435b.
- T157 "Membership share". Section 36a-435b.
- T158 "Mobile branch". Section 36a-435b.
- T159 "Money order". Section 36a-596 of the 2008 supplement to
- T160 the general statutes.
- T161 "Money transmission". Section 36a-365.
- T162 "Mortgage broker". Sections 9 and 10 of this act.
- T163 "Mortgage insurance". Section 36a-725.
- T164 "Mortgage lender". Sections 36a-485 of the 2008

- T165 supplement to the general statutes, 36a-510 of the 2008
T166 supplement to the general statutes and 36a-705.
T167 "Mortgage". Sections 1 and 10 of this act.
T168 "Mortgagee". Section 1 of this act.
T169 "Mortgage loan". Sections 36a-261, 36a-265 and 36a-457b.
T170 "Mortgage assistance program committee". Section 1 of this act.
T171 "Mortgage rate lock-in". Section 36a-705.
T172 "Mortgage servicing company". Section 36a-715.
T173 "Mortgagor". Section 36a-715 and section 1 of this act.
T174 "Motor vehicle". Section 36a-770.
T175 "Multiple common bond membership". Section 36a-435b.
T176 "Municipality". Section 36a-800 of the 2008 supplement to
T177 the general statutes.
T178 "Net outstanding member business loan balance". Section 36a-458a.
T179 "Net worth". Sections 36a-441a, 36a-458a and 36a-596 of
T180 the 2008 supplement to the general statutes.
T181 "Network". Section 36a-155.
T182 "Nonprime home loan". Section 9 of this act.
T183 "Nonrefundable". Sections 36a-498 of the 2008
T184 supplement to the general statutes and 36a-521 of
T185 the 2008 supplement to the general statutes.
T186 "Note account". Sections 36a-301 and 36a-456b.
T187 "Office". Section 36a-316.
T188 "Officer". Section 36a-435b.
T189 "Open-end credit plan". Section 36a-676.
T190 "Open-end loan". Section 36a-565.
T191 "Organization". Section 36a-800 of the 2008 supplement to
T192 the general statutes.
T193 "Originator". Sections 36a-485 of the 2008 supplement to
T194 the general statutes and 36a-510 of the 2008 supplement
T195 to the general statutes.
T196 "Out-of-state holding company". Section 36a-410 of the
T197 2008 supplement to the general statutes.
T198 "Outstanding". Section 36a-596 of the 2008 supplement to

- T199 the general statutes.
- T200 "Passbook savings account". Section 36a-316.
- T201 "Payment instrument". Section 36a-596 of the 2008
- T202 supplement to the general statutes.
- T203 "Periodic statement". Section 36a-316.
- T204 "Permissible investment". Section 36a-596 of the 2008
- T205 supplement to the general statutes.
- T206 "Person". Section 36a-184.
- T207 "Post". Section 36a-316.
- T208 "Prepaid finance charge". Section 36a-746a.
- T209 "Prepayment penalty". Section 36a-746a.
- T210 "Prime quality". Section 36a-596 of the 2008 supplement
- T211 to the general statutes.
- T212 "Principal amount of the loan". Section 36a-510 of the
- T213 2008 supplement to the general statutes.
- T214 "Processor". Section 36a-155.
- T215 "Public deposit". Section 36a-330.
- T216 "Purchaser". Section 36a-596 of the 2008 supplement to
- T217 the general statutes.
- T218 "Qualified financial contract". Section 36a-428n.
- T219 "Qualified public depository" and "depository". Section 36a-330.
- T220 "Real estate". Section 36a-457b.
- T221 "REAL program" or "REfinance to an Affordable Loan program".
Section 1 of this act.
- T222 "Records". Section 36a-17.
- T223 "Related person". Section 36a-53 of the 2008 supplement
- T224 to the general statutes.
- T225 "Relocate". Sections 36a-145 of the 2008 supplement to the
- T226 general statutes and 36a-462a.
- T227 "Residential property". Section 36a-485 of the 2008
- T228 supplement to the general statutes and section 9 of this act.
- T229 "Retail buyer". Sections 36a-535 and 36a-770.
- T230 "Retail credit transaction". Section 42-100b.
- T231 "Retail installment contract". Sections 36a-535 and 36a-770.

- T232 "Retail installment sale". Sections 36a-535 and 36a-770.
- T233 "Retail seller". Sections 36a-535 and 36a-770.
- T234 "Reverse annuity mortgage loan". Section 36a-265.
- T235 "Sales finance company". Sections 36a-535 and 36a-770.
- T236 "Savings department". Section 36a-285.
- T237 "Savings deposit". Section 36a-316.
- T238 "Secondary mortgage broker". Section 36a-510 of the 2008
- T239 supplement to the general statutes.
- T240 "Secondary mortgage correspondent lender". Section 36a-
- T241 510 of the 2008 supplement to the general statutes.
- T242 "Secondary mortgage lender". Section 36a-510 of the 2008
- T243 supplement to the general statutes.
- T244 "Secondary mortgage loan". Section 36a-510 of the 2008
- T245 supplement to the general statutes and section 9 of this act.
- T246 "Security convertible into a voting security". Section 36a-184.
- T247 "Senior management". Section 36a-435b.
- T248 "Share". Section 36a-435b.
- T249 "Simulated check". Sections 36a-485 of the 2008
- T250 supplement to the general statutes and 36a-510 of the
- T251 2008 supplement to the general statutes.
- T252 "Single common bond membership". Section 36a-435b.
- T253 "Social purpose investment". Section 36a-277.
- T254 "Standard mortgage loan". Section 36a-265.
- T255 "Table funding agreement". Section 36a-485 of the 2008
- T256 supplement to the general statutes.
- T257 "Tangible benefit to the borrower". Section 11 of this act.
- T258 "Tax and loan account". Sections 36a-301 and 36a-456b.
- T259 "The Savings Bank Life Insurance Company". Section 36a-285.
- T260 "Time account". Section 36a-316.
- T261 "Travelers check". Section 36a-596 of the 2008 supplement
- T262 to the general statutes.
- T263 "Troubled Connecticut credit union". Section 36a-448a.
- T264 "Unsecured loan". Section 36a-615.
- T265 "Warehouse agreement". Section 36a-485 of the 2008

T266 supplement to the general statutes.

T267 "Yield spread premium". Section 13 of this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2008</i>	New section
Sec. 2	<i>July 1, 2008</i>	New section
Sec. 3	<i>July 1, 2008</i>	New section
Sec. 4	<i>July 1, 2008</i>	New section
Sec. 5	<i>July 1, 2008</i>	New section
Sec. 6	<i>July 1, 2008</i>	New section
Sec. 7	<i>July 1, 2008</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>September 30, 2008</i>	36a-492(a)
Sec. 21	<i>July 1, 2008</i>	36a-3

BA *Joint Favorable Subst.*