



General Assembly

February Session, 2008

**Bill No. 21**

LCO No. **686**

\*00686 \_\_\_\_\_ \*

Referred to Committee on Banks

Introduced by:

SEN. MCKINNEY, 28<sup>th</sup> Dist.

REP. CAFERO, 142<sup>nd</sup> Dist.

***AN ACT CONCERNING MORTGAGE LENDING.***

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

1 Section 1. Section 36a-2 of the 2008 supplement to the general  
2 statutes, as amended by section 2 of public act 07-156, is repealed and  
3 the following is substituted in lieu thereof (*Effective September 30, 2008*):

4 As used in this title, unless the context otherwise requires:

5 (1) "Affiliate" of a person means any person controlling, controlled  
6 by, or under common control with, that person;

7 (2) "Applicant" with respect to any license or approval provision  
8 pursuant to this title means a person who applies for that license or  
9 approval;

10 (3) "Automated teller machine" means a stationary or mobile  
11 unattended device, including a satellite device but excluding a point of  
12 sale terminal, at which banking transactions, including, but not limited  
13 to, deposits, withdrawals, advances, payments or transfers, may be

14 conducted;

15 (4) "Bank" means a Connecticut bank or a federal bank;

16 (5) "Bank and trust company" means an institution chartered or  
17 organized under the laws of this state as a bank and trust company;

18 (6) "Bank holding company" has the meaning given to that term in  
19 12 USC Section 1841(a), as amended from time to time, [amended,]  
20 except that the term "bank", as used in 12 USC Section 1841(a) includes  
21 a bank or out-of-state bank that functions solely in a trust or fiduciary  
22 capacity;

23 (7) "Capital stock" when used in conjunction with any bank or out-  
24 of-state bank means a bank or out-of-state bank that is authorized to  
25 accumulate funds through the issuance of its capital stock;

26 (8) "Client" means a beneficiary of a trust for whom the Connecticut  
27 bank acts as trustee, a person for whom the Connecticut bank acts as  
28 agent, custodian or bailee, or other person to whom a Connecticut  
29 bank owes a duty or obligation under a trust or other account  
30 administered by such Connecticut bank, regardless of whether such  
31 Connecticut bank owes a fiduciary duty to the person;

32 (9) "Club deposit" means deposits to be received at regular intervals,  
33 the whole amount deposited to be withdrawn by the owner or repaid  
34 by the bank in not more than fifteen months from the date of the first  
35 deposit, and upon which no interest or dividends need to be paid;

36 (10) "Commissioner" means the Banking Commissioner and, with  
37 respect to any function of the commissioner, includes any person  
38 authorized or designated by the commissioner to carry out that  
39 function;

40 (11) "Company" means any corporation, joint stock company, trust,  
41 association, partnership, limited partnership, unincorporated  
42 organization, limited liability company or similar organization, but

43 does not include (A) any corporation the majority of the shares of  
44 which are owned by the United States or by any state, or (B) any trust  
45 which by its terms shall terminate within twenty-five years or not later  
46 than twenty-one years and ten months after the death of beneficiaries  
47 living on the effective date of the trust;

48 (12) "Connecticut bank" means a bank and trust company, savings  
49 bank or savings and loan association chartered or organized under the  
50 laws of this state;

51 (13) "Connecticut credit union" means a cooperative, nonprofit  
52 financial institution that (A) is organized under chapter 667 and the  
53 membership of which is limited as provided in section 36a-438a, (B)  
54 operates for the benefit and general welfare of its members with the  
55 earnings, benefits or services offered being distributed to or retained  
56 for its members, and (C) is governed by a volunteer board of directors  
57 elected by and from its membership;

58 (14) "Connecticut credit union service organization" means a credit  
59 union service organization that is incorporated under the laws of this  
60 state, located in this state and established by at least one Connecticut  
61 credit union;

62 (15) "Consolidation" means a combination of two or more  
63 institutions into a new institution; all institutions party to the  
64 consolidation, other than the new institution, are "constituent"  
65 institutions; the new institution is the "resulting" institution;

66 (16) "Control" has the meaning given to that term in 12 USC Section  
67 1841(a), as amended from time to time; [amended;]

68 (17) "Credit union service organization" means an entity organized  
69 under state or federal law to provide credit union service organization  
70 services primarily to its members, to Connecticut credit unions, federal  
71 credit unions and out-of-state credit unions other than its members,  
72 and to members of any such other credit unions;

73 (18) "Customer" means any person using a service offered by a  
74 financial institution;

75 (19) "Demand account" means an account into which demand  
76 deposits may be made;

77 (20) "Demand deposit" means a deposit that is payable on demand,  
78 a deposit issued with an original maturity or required notice period of  
79 less than seven days or a deposit representing funds for which the  
80 bank does not reserve the right to require at least seven days' written  
81 notice of the intended withdrawal, but does not include any time  
82 deposit;

83 (21) "Deposit" means funds deposited with a depository;

84 (22) "Deposit account" means an account into which deposits may  
85 be made;

86 (23) "Depositor" includes a member of a mutual savings and loan  
87 association;

88 (24) "Director" means a member of the governing board of a  
89 financial institution;

90 (25) "Equity capital" means the excess of a Connecticut bank's total  
91 assets over its total liabilities, as defined in the instructions of the  
92 federal Financial Institutions Examination Council for consolidated  
93 reports of condition and income;

94 (26) "Executive officer" means every officer of a Connecticut bank  
95 who participates or has authority to participate, otherwise than in the  
96 capacity of a director, in major policy-making functions of such bank,  
97 regardless of whether such officer has an official title or whether that  
98 title contains a designation of assistant and regardless of whether such  
99 officer is serving without salary or other compensation. The president,  
100 vice president, secretary and treasurer of such bank are deemed to be  
101 executive officers, unless, by resolution of the governing board or by

102 such bank's bylaws, any such officer is excluded from participation in  
103 major policy-making functions, otherwise than in the capacity of a  
104 director of such bank, and such officer does not actually participate in  
105 such policy-making functions;

106 (27) "Federal agency" has the meaning given to that term in 12 USC  
107 Section 3101, as amended from time to time; [amended;]

108 (28) "Federal bank" means a national banking association, federal  
109 savings bank or federal savings and loan association having its  
110 principal office in this state;

111 (29) "Federal branch" has the meaning given to that term in 12 USC  
112 Section 3101, as amended from time to time; [amended;]

113 (30) "Federal credit union" means any institution chartered or  
114 organized as a federal credit union pursuant to the laws of the United  
115 States having its principal office in this state;

116 (31) "Fiduciary" means a person undertaking to act alone or jointly  
117 with others primarily for the benefit of another or others in all matters  
118 connected with its undertaking and includes a person acting in the  
119 capacity of trustee, executor, administrator, guardian, assignee,  
120 receiver, conservator, agent, custodian under the Connecticut Uniform  
121 Gifts to Minors Act or the Uniform Transfers to Minors Act, and acting  
122 in any other similar capacity;

123 (32) "Financial institution" means any Connecticut bank,  
124 Connecticut credit union, or other person whose activities in this state  
125 are subject to the supervision of the commissioner, but does not  
126 include a person whose activities are subject to the supervision of the  
127 commissioner solely pursuant to chapter 672a, 672b or 672c or any  
128 combination thereof;

129 (33) "Foreign bank" has the meaning given to that term in 12 USC  
130 Section 3101, as amended from time to time; [amended;]

131 (34) "Foreign country" means any country other than the United  
132 States and includes any colony, dependency or possession of any such  
133 country;

134 (35) "Governing board" means the group of persons vested with the  
135 management of the affairs of a financial institution irrespective of the  
136 name by which such group is designated;

137 (36) "High cost home loan" means any loan or extension of credit,  
138 including an open-end line of credit but excluding a reverse mortgage  
139 transaction, as defined in 12 CFR 226.33, as amended from time to  
140 time:

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

142 (B) The proceeds of which are to be used primarily for personal,  
143 family or household purposes;

144 (C) In which the loan is secured by a mortgage upon any interest in  
145 one to four-family residential property, as defined in section 36a-485 of  
146 the 2008 supplement to the general statutes, as amended by this act,  
147 located in this state that is, or, when the loan is made, intended to be  
148 used or occupied by the borrower as a principal residence;

149 (D) In which, in the case of:

150 (i) A first mortgage loan, as defined in section 36a-485 of the 2008  
151 supplement to the general statutes, as amended by this act, that does  
152 not exceed the conforming loan limit, the APR is greater than three  
153 percentage points above the yield on United States Treasury securities  
154 having comparable periods of maturity, as of the fifteenth day of the  
155 preceding month if the rate is set between the first and the fourteenth  
156 day of the month, and as of the fifteenth day of the current month if  
157 the rate is set on or after the fifteenth day;

158 (ii) A secondary mortgage loan, as defined in section 36a-485 of the  
159 2008 supplement to the general statutes, as amended by this act, that

160 does not exceed the conforming loan limit, the APR is greater than five  
161 percentage points above the yield on United States Treasury securities  
162 having comparable periods of maturity, as of the fifteenth day of the  
163 preceding month if the rate is set between the first and the fourteenth  
164 day of the month, and as of the fifteenth day of the current month if  
165 the rate is set on or after the fifteenth day; or

166 (iii) A mortgage loan, as defined in section 36a-485 of the 2008  
167 supplement to the general statutes, as amended by this act, that  
168 exceeds the conforming loan limit, the APR is greater than four  
169 percentage points above the yield on United States Treasury securities  
170 having comparable periods of maturity, as of the fifteenth day of the  
171 preceding month if the rate is set between the first and the fourteenth  
172 day of the month, and as of the fifteenth day of the current month if  
173 the rate is set on or after the fifteenth day.

174 (iv) As used in this subparagraph, "conforming loan limit" means  
175 the conforming loan limit as established from time to time by Fannie  
176 Mae.

177 (v) For the purpose of this subparagraph, the dollar amount of the  
178 bona fide discount points, as defined in section 36a-485 of the 2008  
179 supplement to the general statutes, as amended by this act, does not  
180 have to be included when calculating the APR;

181 [(36)] (37) "Holding company" means a bank holding company or a  
182 savings and loan holding company, except, as used in sections 36a-180  
183 to 36a-191, inclusive, "holding company" means a company that  
184 controls a bank;

185 [(37)] (38) "Insured depository institution" has the meaning given to  
186 that term in 12 USC Section 1813, as amended from time to time;  
187 [amended;]

188 [(38)] (39) "Licensee" means any person who is licensed or required  
189 to be licensed pursuant to the applicable provisions of this title;

190        [(39)] (40) "Loan" includes any line of credit or other extension of  
191 credit;

192        [(40)] (41) "Merger" means the combination of one or more  
193 institutions with another which continues its corporate existence; all  
194 institutions party to the merger are "constituent" institutions; the  
195 merging institution which upon the merger continues its existence is  
196 the "resulting" institution;

197        [(41)] (42) "Mutual" when used in conjunction with any institution  
198 that is a bank or out-of-state bank means any such institution without  
199 capital stock;

200        [(42)] (43) "Mutual holding company" means a mutual holding  
201 company organized under sections 36a-192 to 36a-199, inclusive, and  
202 unless otherwise indicated, a subsidiary holding company controlled  
203 by a mutual holding company organized under sections 36a-192 to  
204 36a-199, inclusive;

205        [(43)] (44) ["National] "Nation-wide mortgage licensing system"  
206 means the [national] nation-wide mortgage licensing system [to be]  
207 implemented pursuant to a uniform mortgage licensing project under  
208 the auspices of the Conference of State Bank Supervisors and the  
209 American Association of Residential Mortgage Regulators;

210        [(44)] (45) "Out-of-state" includes any state other than Connecticut  
211 and any foreign country;

212        [(45)] (46) "Out-of-state bank" means any institution that engages in  
213 the business of banking, but does not include a bank, Connecticut  
214 credit union, federal credit union or out-of-state credit union;

215        [(46)] (47) "Out-of-state credit union" means any credit union other  
216 than a Connecticut credit union or a federal credit union;

217        [(47)] (48) "Out-of-state trust company" means any company  
218 chartered to act as a fiduciary but does not include a company

219 chartered under the laws of this state, a bank, an out-of-state bank, a  
220 Connecticut credit union, a federal credit union or an out-of-state  
221 credit union;

222 [(48)] (49) "Person" means an individual, company, including a  
223 company described in subparagraphs (A) and (B) of subdivision (11) of  
224 this section, or any other legal entity, including a federal, state or  
225 municipal government or agency or any political subdivision thereof;

226 [(49)] (50) "Point of sale terminal" means a device located in a  
227 commercial establishment at which sales transactions can be charged  
228 directly to the buyer's deposit, loan or credit account, but at which  
229 deposit transactions cannot be conducted;

230 (51) "Principal amount of the loan" means the gross loan amount the  
231 borrower is obligated to repay including any prepaid finance charge as  
232 defined in section 36a-746a, as amended by this act, and other charges  
233 that are financed;

234 [(50)] (52) "Reorganized savings bank" means any savings bank  
235 incorporated and organized in accordance with sections 36a-192 and  
236 36a-193;

237 [(51)] (53) "Reorganized savings and loan association" means any  
238 savings and loan association incorporated and organized in  
239 accordance with sections 36a-192 and 36a-193;

240 [(52)] (54) "Reorganized savings institution" means any reorganized  
241 savings bank or reorganized savings and loan association;

242 [(53)] (55) "Representative office" has the meaning given to that term  
243 in 12 USC Section 3101, as amended from time to time; [amended;]

244 [(54)] (56) "Reserves for loan and lease losses" means the amounts  
245 reserved by a Connecticut bank against possible loan and lease losses  
246 as shown on the bank's consolidated reports of condition and income;

247 [(55)] (57) "Retail deposits" means any deposits made by individuals  
248 who are not "accredited investors", as defined in 17 CFR [Section]  
249 230.501(a);

250 [(56)] (58) "Satellite device" means an automated teller machine  
251 which is not part of an office of the bank, Connecticut credit union or  
252 federal credit union which has established such machine;

253 [(57)] (59) "Savings account" means a deposit account, other than an  
254 escrow account established pursuant to section 49-2a, into which  
255 savings deposits may be made and which account must be evidenced  
256 by periodic statements delivered at least semiannually or by a  
257 passbook;

258 [(58)] (60) "Savings and loan association" means an institution  
259 chartered or organized under the laws of this state as a savings and  
260 loan association;

261 [(59)] (61) "Savings bank" means an institution chartered or  
262 organized under the laws of this state as a savings bank;

263 [(60)] (62) "Savings deposit" means any deposit other than a demand  
264 deposit or time deposit on which interest or a dividend is paid  
265 periodically;

266 [(61)] (63) "Savings and loan holding company" has the meaning  
267 given to that term in 12 USC Section 1467a, as amended from time to  
268 time; [amended;]

269 [(62)] (64) "Share account holder" means a person who maintains a  
270 share account in a Connecticut credit union, federal credit union or  
271 out-of-state credit union that maintains in this state a branch, as  
272 defined in section 36a-435b;

273 [(63)] (65) "State" means any state of the United States, the District of  
274 Columbia, any territory of the United States, Puerto Rico, Guam,  
275 American Samoa, the trust territory of the Pacific Islands, the Virgin

276 Islands and the Northern Mariana Islands;

277 [(64)] (66) "State agency" has the meaning given to that term in 12  
278 USC Section 3101, as amended from time to time; [amended;]

279 [(65)] (67) "State branch" has the meaning given to that term in 12  
280 USC Section 3101, as amended from time to time; [amended;]

281 [(66)] (68) "Subsidiary" has the meaning given to that term in 12  
282 USC Section 1841(d), as amended from time to time; [amended;]

283 [(67)] (69) "Subsidiary holding company" means a stock holding  
284 company, controlled by a mutual holding company, that holds one  
285 hundred per cent of the stock of a reorganized savings institution;

286 [(68)] (70) "Supervisory agency" means: (A) The commissioner; (B)  
287 the Federal Deposit Insurance Corporation; (C) the Resolution Trust  
288 Corporation; (D) the Office of Thrift Supervision; (E) the National  
289 Credit Union Administration; (F) the Board of Governors of the  
290 Federal Reserve System; (G) the United States Comptroller of the  
291 Currency; and (H) any successor to any of the foregoing agencies or  
292 individuals;

293 [(69)] (71) "Time account" means an account into which time  
294 deposits may be made;

295 [(70)] (72) "Time deposit" means a deposit that the depositor or  
296 share account holder does not have a right and is not permitted to  
297 make withdrawals from within six days after the date of deposit,  
298 unless the deposit is subject to an early withdrawal penalty of at least  
299 seven days' simple interest on amounts withdrawn within the first six  
300 days after deposit, subject to those exceptions permissible under 12  
301 CFR Part 204, as amended from time to time; [amended;]

302 [(71)] (73) "Trust bank" means a Connecticut bank organized to  
303 function solely in a fiduciary capacity; and

304 [(72)] (74) "Uninsured bank" means a Connecticut bank that does  
305 not accept retail deposits and for which insurance of deposits by the  
306 Federal Deposit Insurance Corporation or its successor agency is not  
307 required.

308 Sec. 2. Section 36a-3 of the 2008 supplement to the general statutes is  
309 repealed and the following is substituted in lieu thereof (*Effective*  
310 *September 30, 2008*):

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

- T1 "Account". Sections 36a-155 and 36a-365.
- T2 "Additional proceeds". Section 36a-746e, as amended by this act.
- T3 "Administrative expense". Section 36a-237.
- T4 "Advance fee". Sections 36a-485 [36a-510] of the 2008 supplement  
T5 to the general statutes, as amended by this act, and 36a-615.
- T6 "Advertise" or "advertisement". [Sections] Section 36a-485 [and 36a-  
T7 510] of the 2008 supplement to the general statutes, as amended by  
T8 this act.
- T9 "Agency bank". Section 36a-285.
- T10 "Alternative mortgage loan". Section 36a-265.
- T11 "Amount financed". Section 36a-690.
- T12 "Annual percentage rate". Section 36a-690.
- T13 "Annual percentage yield". Section 36a-316.
- T14 "Annuities". Section 36a-455a.
- T15 "Applicant". Section 36a-736, as amended by this act.
- T16 "APR". Section 36a-746a, as amended by this act.
- T17 "Assessment area". Section 36a-37.
- T18 "Assets". Section 36a-70.
- T19 "Associate". Section 36a-184.
- T20 "Associated member". Section 36a-458a.
- T21 "Bank". Section 36a-30.
- T22 "Bankers' bank". Section 36a-70.
- T23 "Banking business". Section 36a-425.

- T24 "Basic services". Section 36a-437a.
- T25 "Billing cycle". Section 36a-565.
- T26 " Bona fide discount points". Section 36a-485 of the 2008 supplement
- T27 to the general statutes, as amended by this act.
- 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, as amended by this act.
- 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, as amended by this act.  
T61 "Controlling interest". Section 36a-276.  
T62 "Corporate". Section 36a-435b.  
T63 "Correspondent lender". Section 36a-485 of the 2008 supplement to  
T64 the general statutes, as amended by this act.  
T65 "Credit". Sections 36a-645 and 36a-676.  
T66 "Credit manager". Section 36a-435b.  
T67 "Creditor". Sections 36a-676, 36a-695 and 36a-800 of the  
T68 2008 supplement to the general statutes.  
T69 "Credit card", "cardholder" and "card issuer". Section 36a-676.  
T70 "Credit clinic". Section 36a-700.  
T71 "Credit rating agency". Section 36a-695.  
T72 "Credit report". Section 36a-695.  
T73 "Credit sale". Section 36a-676.  
T74 "Credit union service organization". Section 36a-435b.  
T75 "Credit union service organization services". Section 36a-435b.  
T76 "De novo branch". Section 36a-410 of the 2008 supplement  
T77 to the general statutes.  
T78 "Debt". Section 36a-645.  
T79 "Debt adjustment". Section 36a-655.  
T80 "Debt mutual fund". Sections 36a-275 and 36a-459a.  
T81 "Debt securities". Sections 36a-275 and 36a-459a.  
T82 "Debtor". Section 36a-655.  
T83 "Deliver". Section 36a-316.  
T84 "Deposit". Section 36a-316.  
T85 "Deposit account". Section 36a-316.  
T86 "Deposit account charge". Section 36a-316.  
T87 "Deposit account disclosures". Section 36a-316.  
T88 "Deposit contract". Section 36a-316.  
T89 "Deposit services". Section 36a-425.  
T90 "Depositor". Section 36a-316.  
T91 "Director". Section 36a-435b.

- T92 "Earning period". Section 36a-316.
- T93 "Electronic payment instrument". Section 36a-596 of the
- T94 2008 supplement to the general statutes.
- T95 "Eligible collateral". Section 36a-330.
- T96 "Equity mutual fund". Sections 36a-276 and 36a-459a.
- T97 "Equity security". Sections 36a-276 and 36a-459a.
- T98 "Executive officer". Sections 36a-263 and 36a-469c.
- T99 "Federal Credit Union Act". Section 36a-435b.
- T100 "Federal Home Mortgage Disclosure Act". Section 36a-736, as
- T101 amended by this act.
- T102 "Fiduciary". Section 36a-365.
- T103 "Filing fee". Section 36a-770.
- T104 "Finance charge". Sections 36a-690 and 36a-770.
- T105 "Financial institution". Sections 36a-41, 36a-44a, 36a-155, 36a-316,
- T106 36a-330, 36a-435b and 36a-736, as amended by this act.
- T107 "Financial records". Section 36a-41.
- T108 ["First mortgage broker". Section 36a-485.
- T109 "First mortgage correspondent lender". Section 36a-485.
- T110 "First mortgage lender". Section 36a-485.]
- T111 "First mortgage loan". Sections 36a-485 of the 2008
- T112 supplement to the general statutes, as amended by this act, 36a-705
- T113 and 36a-715, as amended by this act.
- T114 "Foreign banking corporation". Section 36a-425.
- T115 "General facility". Section 36a-580.
- T116 "Global net payment entitlement". Section 36a-428n.
- T117 "Global net payment obligation". Section 36a-428n.
- T118 "Goods". Sections 36a-535 and 36a-770.
- T119 "Graduated payment mortgage loan". Section 36a-265.
- T120 "Guardian". Section 36a-365.
- 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, as amended by this act.
- T127 "Home purchase loan". Section 36a-736, as amended by this act.
- 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 "Interim interest". Section 36a-746a, as amended by this act.
- T139 "Lender". Sections 36a-485 of the 2008 supplement to the general
- T140 statutes, as amended by this act, 36a-746, as amended by this act,
- T141 and 36a-770.
- T142 "Lessor". Section 36a-676.
- T143 "License". Section 36a-626.
- T144 "Licensee". Sections [36a-510,] 36a-596 of the 2008 supplement to the
- T145 general statutes and 36a-626.
- T146 "Limited branch". Section 36a-145 of the 2008 supplement
- T147 to the general statutes.
- T148 "Limited facility". Section 36a-580.
- T149 "Loan broker". Section 36a-615.
- T150 "Loss". Section 36a-330.
- T151 "Made in this state". Section 36a-770.
- T152 "Managing agent". Section 36a-365.
- T153 "Manufactured home". Section 36a-457b.
- T154 "Material litigation". Section 36a-596 of the 2008
- T155 supplement to the general statutes.
- T156 "Member". Section 36a-435b.
- T157 "Member business loan". Section 36a-458a.
- T158 "Member in good standing". Section 36a-435b.
- T159 "Membership share". Section 36a-435b.

- T160 "Mobile branch". Section 36a-435b.
- T161 "Money order". Section 36a-596 of the 2008 supplement to
- T162 the general statutes.
- T163 "Money transmission". Section 36a-365.
- T164 "Mortgage broker". Section 36a-485 of the 2008 supplement to the
- T165 general statutes, as amended by this act.
- T166 "Mortgage insurance". Section 36a-725, as amended by this act.
- T167 "Mortgage lender". Sections 36a-485 [ 36a-510] of the 2008
- T168 supplement to the general statutes, as amended by this act, and
- T169 36a-705, as amended by this act.
- T170 "Mortgage loan". Sections 36a-261, 36a-265, [and] 36a-457b and 36a-
- T171 485 of the 2008 supplement to the general statutes, as amended by
- T172 this act.
- T173 "Mortgage rate lock-in". Section 36a-705, as amended by this act.
- T174 "Mortgage servicing company". Section 36a-715, as amended by this
- T175 act.
- T176 "Mortgagor". Section 36a-715, as amended by this act.
- T177 "Motor vehicle". Section 36a-770.
- T178 "Multiple common bond membership". Section 36a-435b.
- T179 "Municipality". Section 36a-800 of the 2008 supplement to
- T180 the general statutes.
- T181 "Net outstanding member business loan balance". Section 36a-458a.
- T182 "Net worth". Sections 36a-441a, 36a-458a and 36a-596 of
- T183 the 2008 supplement to the general statutes.
- T184 "Network". Section 36a-155.
- T185 "Nonrefundable". [Sections] Section 36a-498 [and 36a-521] of the
- T186 2008 supplement to the general statutes, as amended by this act.
- T187 "Note account". Sections 36a-301 and 36a-456b.
- T188 "Office". [Section] Sections 36a-316, and 36a-485 of the 2008
- T189 supplement to the general statutes, as amended by this act.
- T190 "Officer". Section 36a-435b.
- T191 "Open-end credit plan". Section 36a-676.
- T192 "Open-end loan". Section 36a-565.
- T193 "Organization". Section 36a-800 of the 2008 supplement to

- T194 the general statutes.
- T195 "Originator". [Sections] Section 36a-485 [and 36a-510] of the 2008
- T196 supplement to the general statutes, as amended by this act.
- T197 "Out-of-state holding company". Section 36a-410 of the
- T198 2008 supplement to the general statutes.
- T199 "Outstanding". Section 36a-596 of the 2008 supplement to
- T200 the general statutes.
- T201 "Passbook savings account". Section 36a-316.
- T202 "Payment instrument". Section 36a-596 of the 2008
- T203 supplement to the general statutes.
- T204 "Periodic statement". Section 36a-316.
- T205 "Permissible investment". Section 36a-596 of the 2008
- T206 supplement to the general statutes.
- T207 "Person". Section 36a-184.
- T208 "Points". Section 36a-485 of the 2008 supplement to the general
- T209 statutes, as amended by this act.
- T210 "Post". Section 36a-316.
- T211 "Prepaid finance charge". Section 36a-746a, as amended by this act.
- T212 "Prepayment penalty". Section 36a-746a, as amended by this act.
- T213 "Prime quality". Section 36a-596 of the 2008 supplement
- T214 to the general statutes.
- T215 ["Principal amount of the loan". Section 36a-510.]
- T216 "Processor". Section 36a-155.
- T217 "Public deposit". Section 36a-330.
- T218 "Purchaser". Section 36a-596 of the 2008 supplement to
- T219 the general statutes.
- T220 "Qualified financial contract". Section 36a-428n.
- T221 "Qualified public depository" and "depository". Section 36a-330.
- T222 "Real estate". Section 36a-457b.
- T223 "Records". Section 36a-17.
- T224 "Related person". Section 36a-53 of the 2008 supplement
- T225 to the general statutes.
- T226 "Relocate". Sections 36a-145 of the 2008 supplement to the
- T227 general statutes and 36a-462a.

- T228 "Residential property". Section 36a-485 of the 2008  
T229 supplement to the general statutes, as amended by this act.  
T230 "Retail buyer". Sections 36a-535 and 36a-770.  
T231 "Retail credit transaction". Section 42-100b.  
T232 "Retail installment contract". Sections 36a-535 and 36a-770.  
T233 "Retail installment sale". Sections 36a-535 and 36a-770.  
T234 "Retail seller". Sections 36a-535 and 36a-770.  
T235 "Reverse annuity mortgage loan". Section 36a-265.  
T236 "Sales finance company". Sections 36a-535 and 36a-770.  
T237 "Savings department". Section 36a-285.  
T238 "Savings deposit". Section 36a-316.  
T239 ["Secondary mortgage broker". Section 36a-510.  
T240 "Secondary mortgage correspondent lender". Section 36a-510.  
T241 "Secondary mortgage lender". Section 36a-510.]  
T242 "Secondary mortgage loan". Section [36a-510] 36a-485 of the 2008  
T243 supplement to the general statutes, as amended by this act.  
T244 "Security convertible into a voting security". Section 36a-184.  
T245 "Senior management". Section 36a-435b.  
T246 "Share". Section 36a-435b.  
T247 "Simulated check". [Sections] Section 36a-485 [and 36a-510] of the  
T248 2008 supplement to the general statutes, as amended by this act.  
T249 "Single common bond membership". Section 36a-435b.  
T250 "Social purpose investment". Section 36a-277.  
T251 "Standard mortgage loan". Section 36a-265.  
T252 "Table funding agreement". Section 36a-485 of the 2008  
T253 supplement to the general statutes, as amended by this act.  
T254 "Tax and loan account". Sections 36a-301 and 36a-456b.  
T255 "The Savings Bank Life Insurance Company". Section 36a-285.  
T256 "Time account". Section 36a-316.  
T257 "Travelers check". Section 36a-596 of the 2008 supplement  
T258 to the general statutes.  
T259 "Troubled Connecticut credit union". Section 36a-448a.  
T260 "Unsecured loan". Section 36a-615.  
T261 "Warehouse agreement". Section 36a-485 of the 2008

T262 supplement to the general statutes, as amended by this act.

313 Sec. 3. Subsection (d) of section 36a-21 of the 2008 supplement to the  
314 general statutes, as amended by section 3 of public act 07-156, is  
315 repealed and the following is substituted in lieu thereof (*Effective*  
316 *September 30, 2008*):

317 (d) The provisions of this section shall not apply to the disclosure of  
318 (1) any record that is maintained by the commissioner with the  
319 [national] nation-wide mortgage licensing system to any supervisory,  
320 governmental or law enforcement agency that is authorized to access  
321 such record on the system, provided such record shall remain the  
322 property of the Department of Banking and may not be further  
323 disclosed to any person without the consent of the commissioner, or (2)  
324 any record of a licensee that is maintained by the commissioner with  
325 such system to such licensee. No person may obtain information from  
326 the [national] nation-wide mortgage licensing system that could not  
327 otherwise be obtained under state law. No information obtained from  
328 the [national] nation-wide mortgage licensing system shall be  
329 admissible as evidence in, or used to initiate, a civil proceeding in this  
330 state unless such information would otherwise be admissible in such  
331 proceeding under state law.

332 Sec. 4. Section 36a-56 of the general statutes is repealed and the  
333 following is substituted in lieu thereof (*Effective September 30, 2008*):

334 Any person who knowingly makes any false statement or report, or  
335 wilfully overvalues any land, property or security, with intent to  
336 defraud and for the purpose of influencing in any way the action of a  
337 bank, out-of-state bank that maintains in this state a branch as defined  
338 in section 36a-410 of the 2008 supplement to the general statutes,  
339 Connecticut credit union, small loan licensee or any [first or secondary]  
340 person licensed as a mortgage lender or mortgage broker, [licensee,] as  
341 defined in section 36a-485 of the 2008 supplement to the general  
342 statutes, as amended by this act, upon any application, advance,

343 commitment, loan or extension of credit, or any change, extension,  
344 renewal or refinancing thereof, or the acceptance, release or  
345 substitution of security therefor, and upon which such out-of-state  
346 bank, credit union or licensee relies in taking such action, shall be  
347 [fined not more than five hundred dollars or imprisoned not more  
348 than one year, or both] guilty of a class D felony. A finding by the  
349 commissioner as a result of an investigation of any such making or  
350 overvaluing shall be considered a violation of this section for purposes  
351 of the administrative enforcement of sections 36a-50 to 36a-53,  
352 inclusive, of the 2008 supplement to the general statutes. The  
353 commissioner shall refer to the Chief State's Attorney any evidence  
354 found by the commissioner of a criminal violation of the provisions of  
355 this section.

356 Sec. 5. Subdivision (6) of subsection (c) of section 36a-65 of the  
357 general statutes is repealed and the following is substituted in lieu  
358 thereof (*Effective September 30, 2008*):

359 (6) A licensee under section 36a-489 [ , 36a-513] of the 2008  
360 supplement to the general statutes, as amended by this act, 36a-541,  
361 36a-556, 36a-581, 36a-600, 36a-628, 36a-656 or 36a-801 shall pay to the  
362 commissioner the actual cost of any examination of the licensee, as  
363 such cost is determined by the commissioner. If the licensee fails to pay  
364 such cost not later than thirty days after receipt of demand from the  
365 commissioner, the commissioner shall automatically suspend the  
366 license until such costs are paid.

367 Sec. 6. Section 36a-485 of the 2008 supplement to the general  
368 statutes, as amended by section 4 of public act 07-156, is repealed and  
369 the following is substituted in lieu thereof (*Effective September 30, 2008*):

370 As used in this section and sections 36a-486 to 36a-498a, inclusive, of  
371 the 2008 supplement to the general statutes, as amended by this act,  
372 and sections 20 to 26, inclusive, of this act, unless the context otherwise  
373 requires:

374 (1) "Advance fee" means any consideration paid or given, directly or  
375 indirectly, to a mortgage lender [, first] or mortgage broker [or  
376 originator] required to be licensed pursuant to sections 36a-485 to 36a-  
377 498a, inclusive, of the 2008 supplement to the general statutes, as  
378 amended by this act, and sections 20 to 26, inclusive, of this act, prior  
379 to the closing of a [first] mortgage loan to any person, including, but  
380 not limited to, loan fees, points, broker's fees or commissions,  
381 transaction fees or similar prepaid finance charges;

382 (2) "Advertise" or "advertisement" means the use of [media, mail,  
383 computer, telephone, personal contact or any other means to offer the  
384 opportunity for a first mortgage loan] any announcement, statement,  
385 assertion or representation that is placed before the public in a  
386 newspaper, magazine or other publication, or in the form of a notice,  
387 circular, pamphlet, letter or poster or over any radio or television  
388 station, by means of the Internet, or by other electronic means of  
389 distributing information, by personal contact, or in any other way;

390 [(3) "First mortgage broker" means a person who, for a fee,  
391 commission or other valuable consideration, directly or indirectly,  
392 negotiates, solicits, arranges, places or finds a first mortgage loan that  
393 is to be made by a mortgage lender, whether or not the mortgage  
394 lender is required to be licensed under sections 36a-485 to 36a-498a,  
395 inclusive;

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

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

405 (3) "Bona fide discount points" means the points that a borrower  
406 agrees to pay for the express purpose of reducing the interest rate  
407 applicable to a mortgage loan and which results in a bona fide  
408 reduction of the interest rate;

409 (4) "Correspondent lender" means a person engaged in the business  
410 of making mortgage loans in such person's own name where the loans  
411 are not held by such person for more than ninety days and are funded  
412 by another person through a warehouse agreement, table funding  
413 agreement or similar agreement;

414 ~~[(6)]~~ (5) "First mortgage loan" means a loan or an extension of credit,  
415 including, but not limited to, an extension of credit pursuant to a  
416 contract or an assigned contract for the sale of goods or services, made  
417 to a natural person, the proceeds of which are to be used primarily for  
418 personal, family or household purposes, and which is secured by a  
419 first mortgage upon any interest in one-to-four-family [residential]  
420 owner-occupied [real] residential property located in this state which  
421 is not subject to any prior mortgages and includes the renewal or  
422 refinancing of an existing first mortgage loan;

423 (6) "Lender" means a person engaged in the business of making  
424 mortgage loans in such person's own name utilizing such person's own  
425 funds or by funding loans through a warehouse agreement, table  
426 funding agreement or similar agreement;

427 (7) "Mortgage broker" means a person who, for a fee, commission or  
428 other valuable consideration, directly or indirectly, negotiates, solicits,  
429 arranges, places or finds a mortgage loan that is to be made by a  
430 mortgage lender, whether or not the mortgage lender is required to be  
431 licensed under sections 36a-485 to 36a-498a, inclusive, of the 2008  
432 supplement to the general statutes, as amended by this act, and  
433 sections 20 to 26, inclusive, of this act;

434 ~~[(7)]~~ (8) "Mortgage lender" means a [first mortgage] lender, a [first  
435 mortgage] correspondent lender, or both;

436 (9) "Mortgage loan" means a first mortgage loan or secondary  
437 mortgage loan;

438 (10) "Office" means a location at which a licensee or any person, on  
439 behalf of a licensee, acts as a mortgage lender or mortgage broker;

440 ~~[(8)]~~ (11) "Originator" means an individual who is employed or  
441 retained by, or otherwise acts on behalf of, a mortgage lender or [first]  
442 mortgage broker [that is licensed or required to be licensed under  
443 sections 36a-485 to 36a-498a, inclusive] licensee who, for, or with the  
444 expectation of, a fee, commission or other valuable consideration, [to  
445 take] takes an application for or [negotiate, solicit, arrange or find a  
446 first] negotiates, solicits, arranges or finds a mortgage loan.  
447 "Originator" does not include (1) an officer, if the [mortgage lender or  
448 first mortgage broker] licensee is a corporation; a general partner, if the  
449 licensee is a partnership; a member, if the licensee is a limited liability  
450 company; or a sole proprietor, if the licensee is a sole proprietorship, or  
451 (2) an individual whose responsibilities are limited to clerical and  
452 administrative tasks and who does not solicit borrowers, arrange or  
453 find mortgage loans, take applications or negotiate the terms of loans;

454 (12) "Points" means the percentage of the principal amount of a  
455 mortgage loan payable by the borrower in connection with the loan;

456 ~~[(9)]~~ (13) "Residential property" means improved real property used  
457 or occupied, or intended to be used or occupied, for residential  
458 purposes;

459 (14) "Secondary mortgage loan" means (A) a loan or an extension of  
460 credit, including, but not limited to, an extension of credit pursuant to  
461 a contract or an assigned contract for the sale of goods or services,  
462 made to a natural person, the proceeds of which are to be used  
463 primarily for personal, family or household purposes, and that is  
464 secured in whole or in part by a mortgage upon any interest in one to  
465 four-family owner-occupied residential property located in this state,  
466 provided such property is subject to one or more prior mortgages, and

467 (B) the renewal or refinancing of any existing loan or extension of  
468 credit described in subparagraph (A) of this subdivision;

469 [(10)] (15) "Simulated check" means a document that imitates or  
470 resembles a check but is not a negotiable instrument;

471 [(11)] (16) "Table funding agreement" means an agreement wherein  
472 a person agrees to fund mortgage loans to be made in another person's  
473 name and to purchase such loans after they are made; and

474 [(12)] (17) "Warehouse agreement" means an agreement to provide  
475 credit to a person to enable the person to have funds to make mortgage  
476 loans and hold such loans pending sale to other persons.

477 Sec. 7. Section 36a-486 of the 2008 supplement to the general  
478 statutes, as amended by section 5 of public act 07-156, is repealed and  
479 the following is substituted in lieu thereof (*Effective September 30, 2008*):

480 (a) No person shall engage in the business of making [first]  
481 mortgage loans or act as a [first] mortgage broker in this state unless  
482 such person has first obtained the required license for each office  
483 where such business is conducted in accordance with the provisions of  
484 sections 36a-485 to 36a-498a, inclusive, of the 2008 supplement to the  
485 general statutes, as amended by this act, and sections 20 to 26,  
486 inclusive, of this act. A person shall be deemed to be engaged in the  
487 business of making mortgage loans if such person advertises, causes to  
488 be advertised, solicits or offers to make or makes mortgage loans,  
489 either directly or indirectly, provided this provision shall not apply to  
490 a licensed originator acting on behalf of the lender or broker that  
491 employs or retains such originator. A [first mortgage] correspondent  
492 lender shall not be deemed to be acting as a [first mortgage] lender if  
493 such [first mortgage] correspondent lender makes a loan utilizing its  
494 own funds in a situation where another person does not honor such  
495 person's commitment to fund the loan.

496 (b) No person licensed as a mortgage lender or [first] mortgage

497 broker shall employ or retain an originator unless such originator is  
498 licensed under sections 36a-485 to 36a-498a, inclusive, [provided such  
499 licensure shall not be required for any originator who is licensed under  
500 sections 36a-510 to 36a-524, inclusive] of the 2008 supplement to the  
501 general statutes, as amended by this act and sections 20 to 26,  
502 inclusive, of this act. No individual may act as an originator without  
503 being licensed, or act as an originator [, as defined in sections 36a-485  
504 and 36a-510,] for more than one person. The license of an originator is  
505 not effective during any period when such originator is not associated  
506 with a licensed mortgage lender or [first] mortgage broker. Both the  
507 originator and the mortgage lender [and first] or mortgage broker shall  
508 promptly notify the commissioner, in writing, of the termination of  
509 employment or [services] retention of an originator.

510 (c) Each [first] mortgage loan negotiated, solicited, arranged, placed,  
511 found or made without a license shall constitute a separate violation  
512 for purposes of section 36a-50.

513 Sec. 8. Section 36a-487 of the general statutes is repealed and the  
514 following is substituted in lieu thereof (*Effective September 30, 2008*):

515 The following are exempt from licensing under sections 36a-485 to  
516 36a-498a, inclusive, of the 2008 supplement to the general statutes, as  
517 amended by this act, and sections 20 to 26, inclusive, of this act:

518 (1) Any bank, out-of-state bank, Connecticut credit union, federal  
519 credit union, or out-of-state credit union, provided subsidiaries of such  
520 institutions other than operating subsidiaries of federal banks and  
521 federally-chartered out-of-state banks are not exempt from licensure;

522 (2) Persons making five or fewer [first] mortgage loans within any  
523 period of twelve consecutive months, provided such mortgage loans  
524 are written in compliance with all applicable laws;

525 (3) Bona fide nonprofit corporations making [first] mortgage loans  
526 to promote home ownership for the economically disadvantaged;

527 (4) Agencies of the federal government, or any state or municipal  
528 government, or any quasi-governmental agency making [first]  
529 mortgage loans under the specific authority of the laws of any state or  
530 the United States;

531 (5) Persons licensed under sections 36a-555 to 36a-573, inclusive,  
532 when making mortgage loans authorized by said sections;

533 (6) Persons [licensed under sections 36a-510 to 36a-524, inclusive,  
534 when making loans authorized by said sections, provided such  
535 licensed mortgage lender makes less than twelve first mortgage loans  
536 within any period of twelve consecutive months] owning real property  
537 who take back from the buyer of such property a secondary mortgage  
538 loan in lieu of any portion of the purchase price of the property;

539 (7) Any corporation or its affiliate which makes [first] mortgage  
540 loans exclusively for the benefit of its employees or agents;

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

544 (9) Persons acting as fiduciaries with respect to any employee  
545 pension benefit plan qualified under the Internal Revenue Code of  
546 1986, or any subsequent corresponding internal revenue code of the  
547 United States, as from time to time amended, who make [first]  
548 mortgage loans solely to plan participants from plan assets; and

549 (10) Persons making secondary mortgage loans to individuals  
550 related to the maker by blood or marriage.

551 Sec. 9. Section 36a-488 of the 2008 supplement to the general  
552 statutes, as amended by section 2 of public act 07-91 and section 6 of  
553 public act 07-156, is repealed and the following is substituted in lieu  
554 thereof (*Effective September 30, 2008*):

555 (a) (1) The commissioner shall not issue a license as a [first

556 mortgage] lender, a [first mortgage] correspondent lender or a [first]  
557 mortgage broker to any person unless such person meets the following  
558 tangible net worth and experience requirements, as applicable: (A) The  
559 minimum tangible net worth requirement for a [first mortgage] lender  
560 shall be two hundred fifty thousand dollars and the minimum tangible  
561 net worth requirement for a [first mortgage] correspondent lender and  
562 a [first] mortgage broker shall be twenty-five thousand dollars,  
563 provided any person that files an application for a license or renewal  
564 of a license as a correspondent lender or mortgage broker on or after  
565 January 1, 2009, shall have a minimum tangible net worth of fifty  
566 thousand dollars, and (B) a mortgage lender or mortgage broker shall  
567 have, at the [location] office for which the license is sought, a person  
568 with supervisory authority over the lending or brokerage activities  
569 who has at least three years' experience in the mortgage [lending]  
570 business within the five years immediately preceding the application  
571 for the license. [and a first mortgage broker shall have, at the location  
572 for which the license is sought, a person with supervisory authority  
573 over the brokerage activities who has at least three years' experience in  
574 the mortgage lending or mortgage brokerage business within the five  
575 years immediately preceding the application for the license.] As used  
576 in this subdivision, "experience in the mortgage business" means paid  
577 experience in the origination, processing or underwriting of mortgage  
578 loans, the marketing of such loans in the secondary market or in the  
579 supervision of such activities, or any other relevant experience as  
580 determined by the commissioner.

581 (2) Each licensee shall maintain the net worth required by this  
582 subsection and shall promptly notify the commissioner if such  
583 licensee's net worth falls below the net worth required by this  
584 subsection.

585 (b) The commissioner may issue a [first mortgage] lender license, a  
586 [first mortgage] correspondent lender license, or a [first] mortgage  
587 broker license. Each [first mortgage] lender licensee may also act as a  
588 [first mortgage] correspondent lender and a [first] mortgage broker,

589 and each [first mortgage] correspondent lender licensee may also act as  
590 a [first] mortgage broker. An application for a license as a mortgage  
591 lender or mortgage broker or renewal of such license shall be made  
592 under oath and on a form provided by the commissioner. The  
593 application shall include: (1) The type of license sought; (2) the name  
594 and main address of the applicant; (3) the [location] address of the  
595 office for which the license is sought; (4) the name and home address  
596 of each member, partner, officer, director, authorized agent and  
597 shareholder owning ten per cent or more of the outstanding stock, as  
598 applicable; (5) if the applicant is a trust or the lead lender in one or  
599 more participation loans, the name and business address of each  
600 trustee or lead lender and each beneficiary of the trust or other  
601 participant lenders in all outstanding participation loans; (6) a financial  
602 statement as of a date not more than six months prior to the filing of  
603 the application which reflects tangible net worth, and if such financial  
604 statement is unaudited, the proprietor, general partner, or duly  
605 authorized officer, trustee or member shall swear to its accuracy under  
606 oath before a notary public; (7) evidence that the person with  
607 supervisory authority over the lending or brokerage activities at the  
608 [location] office for which the license is sought meets the experience  
609 required by subsection (a) of this section; [and] (8) an application for  
610 licensing of each originator of the applicant at such office filed  
611 pursuant to subsection (c) of this section; and (9) such other  
612 information pertaining to the applicant, the applicant's background,  
613 the background of its principals, [and] employees, and originators, and  
614 the applicant's activities as the commissioner may require. For the  
615 purpose of this subsection, evidence of experience of the person having  
616 supervisory authority shall include: (A) A statement specifying the  
617 duties and responsibilities of such person's employment, the term of  
618 employment, including month and year, and the name, address and  
619 telephone number of a supervisor, employer or, if self-employed, a  
620 business reference; (B) copies of W-2 forms, 1099 tax forms or, if self-  
621 employed, 1120 corporate tax returns; and (C) signed letters from the  
622 employer on the employer's letterhead verifying such person's duties

623 and responsibilities and term of employment including month and  
624 year, or if such person is unable to provide such letters, other proof  
625 satisfactory to the commissioner that such person meets the experience  
626 requirement. The commissioner may conduct a criminal history  
627 records check of the applicant, of each member, partner, officer or  
628 director of the applicant and of the person with supervisory authority  
629 at the [location] office for which the license is sought, and require the  
630 applicant to submit the fingerprints of such persons as part of the  
631 application. [The] Effective January 1, 2010, the application shall be  
632 filed with the [national] nation-wide mortgage licensing system [,  
633 which shall process the fingerprints through the Federal Bureau of  
634 Investigation] and the applicant shall submit such fingerprints for  
635 processing with the nation-wide mortgage licensing system.

636 (c) An application for a license as an originator [license] or renewal  
637 of such license shall be made under oath on a form provided by the  
638 commissioner. The commissioner may conduct a criminal history  
639 records check of the applicant and require the applicant to submit  
640 fingerprints as part of the application. [The] Effective January 1, 2010,  
641 the application shall be filed with the [national] nation-wide mortgage  
642 licensing system [, which shall process the fingerprints through the  
643 Federal Bureau of Investigation] and the applicant shall submit such  
644 fingerprints for processing with the nation-wide mortgage licensing  
645 system.

646 Sec. 10. Section 36a-489 of the 2008 supplement to the general  
647 statutes, as amended by section 7 of public act 07-156, is repealed and  
648 the following is substituted in lieu thereof (*Effective September 30, 2008*):

649 (a) If the commissioner finds, upon the filing of an application for a  
650 [mortgage] license as a lender, correspondent lender or [first]  
651 mortgage broker, [license,] that the applicant meets the requirements  
652 of subsection (a) of section 36a-488 of the 2008 supplement to the  
653 general statutes, as amended by this act, and that the financial  
654 responsibility, character, reputation, integrity and general fitness of the

655 applicant and of the partners thereof if the applicant is a partnership,  
656 of the members if the applicant is a limited liability company or  
657 association, and of the officers, directors and principal employees if the  
658 applicant is a corporation, are such as to warrant belief that the  
659 business will be operated soundly and efficiently, in the public interest  
660 and consistent with the purposes of sections 36a-485 to 36a-498a,  
661 inclusive, of the 2008 supplement to the general statutes, as amended  
662 by this act, and sections 20 to 26, inclusive, of this act, the  
663 commissioner may thereupon issue the applicant the license. If the  
664 commissioner fails to make such findings, or if the commissioner finds  
665 that the applicant has made a material misstatement in such  
666 application, the commissioner shall not issue a license, and shall notify  
667 the applicant of the denial and the reasons for such denial. Any denial  
668 of an application by the commissioner shall, when applicable, be  
669 subject to the provisions of section 46a-80.

670 (b) Upon the filing of an application for an originator license, the  
671 commissioner shall license the originator named in the application  
672 unless the commissioner finds that such applicant or originator has  
673 made a material misstatement in the application or that the financial  
674 responsibility, character, reputation, integrity and general fitness of  
675 such originator are not such as to warrant belief that granting such  
676 license would be in the public interest and consistent with the  
677 purposes of sections 36a-485 to 36a-498a, inclusive, of the 2008  
678 supplement to the general statutes, as amended by this act, and  
679 sections 20 to 26, inclusive, of this act. If the commissioner denies an  
680 application for an originator license, the commissioner shall notify  
681 [such] the applicant and the proposed originator of the denial and the  
682 reasons for such denial. Any denial of an application by the  
683 commissioner shall, when applicable, be subject to the provisions of  
684 section 46a-80. [A license shall remain in force and effect until it has  
685 been surrendered, revoked, suspended or expires in accordance with  
686 the provisions of sections 36a-485 to 36a-498a, inclusive.]

687 Sec. 11. Section 36a-490 of the 2008 supplement to the general

688 statutes, as amended by section 3 of public act 07-91 and section 8 of  
689 public act 07-156, is repealed and the following is substituted in lieu  
690 thereof (*Effective September 30, 2008*):

691 (a) Each [mortgage] lender, correspondent lender and [first]  
692 mortgage broker license shall state the [location] address of the office  
693 at which the business is to be conducted and shall state fully the name  
694 of the licensee. If the licensee desires to make [first] mortgage loans in  
695 more than one [location] office or to act as a [first] mortgage broker in  
696 more than one [location] office, the licensee shall procure a license for  
697 each [location where the business is to be conducted] office. Each  
698 license shall be maintained at the [location] office for which the license  
699 was issued and shall be available for public inspection. Such license  
700 shall not be transferable or assignable. No licensee shall use any name  
701 other than the name stated on the license issued by the commissioner.  
702 Any licensee who ceases to engage in the business of making mortgage  
703 loans or acting as a mortgage broker at any time during a license  
704 period for any cause, including, but not limited to, bankruptcy, license  
705 revocation or voluntary dissolution, shall surrender its license for each  
706 office at which the licensee ceases to do business, in person or by  
707 registered or certified mail, to the commissioner not later than fifteen  
708 days after such cessation, provided this requirement shall not apply  
709 when a license has been suspended pursuant to section 36a-51.

710 (b) A lender, correspondent lender or mortgage broker licensee may  
711 change the name of the licensee or [location] address of the office  
712 specified on its license if (1) at least twenty-one calendar days prior to  
713 such change, the licensee notifies the commissioner, in writing, on a  
714 form satisfactory to the commissioner, and provides a bond rider or  
715 endorsement to the surety bond on file with the commissioner that  
716 reflects the new name or [location] address of the office, and (2) the  
717 commissioner does not disapprove such change, in writing, or request  
718 further information within such twenty-one-day period. The licensee  
719 shall promptly notify the commissioner, in writing, of any other  
720 change in the information provided in the application for license or

721 most recent renewal of such license.

722 (c) The mortgage lender or mortgage broker licensee shall notify the  
723 commissioner promptly, and in writing, of the occurrence of any of the  
724 following developments:

725 (1) Filing for bankruptcy or reorganization of the licensee;

726 (2) Filing of a criminal indictment against the licensee in any way  
727 related to the lending or brokerage activities of the licensee, or the  
728 filing of any criminal felony indictment or conviction of any of the  
729 licensee's officers, directors, members, partners or shareholders  
730 owning ten per cent or more of the outstanding stock;

731 (3) Receiving notification of the institution of license denial, cease  
732 and desist, suspension or revocation procedures, or other formal or  
733 informal regulatory action, in any state against the licensee, and the  
734 reasons therefor;

735 (4) Receiving notification of the initiation of any action by the  
736 Attorney General or the attorney general of any other state, and the  
737 reasons therefor;

738 (5) Expiration, termination or default, technical or otherwise, of any  
739 existing line of credit or warehouse credit agreement;

740 (6) Suspension or termination of the licensee's status as an approved  
741 seller or servicer by the Federal National Mortgage Association,  
742 Federal Home Loan Mortgage Corporation or Government National  
743 Mortgage Association;

744 (7) Exercise of recourse rights by investors or subsequent assignees  
745 of mortgage loans if such loans, in the aggregate, exceed the licensee's  
746 net worth exclusive of real property and fixed assets;

747 (8) Initiation of service of a writ of attachment or any other form of  
748 attachment on any of the licensee's assets;

749 (9) Existence of negative balances, exceeding one hundred dollars,  
750 in any operating or escrow account at any time; or

751 (10) Filing for bankruptcy of any of the licensee's officers, directors,  
752 members, partners or shareholders owning ten per cent or more of the  
753 outstanding stock of the licensee.

754 (d) The mortgage lender or mortgage broker licensee shall notify the  
755 commissioner at least fifteen days prior to any proposed change in  
756 control in the ownership of the licensee, or among the officers,  
757 directors, members or partners of the licensee. A notice shall be  
758 promptly filed with the commissioner who may thereupon cause such  
759 investigation to be made as he deems necessary, as if it were a new  
760 license. The notice shall contain the name, home address and  
761 occupation of each proposed officer, director, member, partner or  
762 shareholder; and provide such other information as the commissioner  
763 may require. In the case of a corporation, "change in control" means a  
764 change of ownership by a person or group acting in concert to acquire  
765 ten per cent or more of any class of voting securities, or the ability of a  
766 person or group acting in concert to elect a majority of the directors or  
767 otherwise effect a change in policy of the corporation.

768 (e) Each originator licensee shall notify the commissioner promptly,  
769 and in writing, of the occurrence of any of the following developments:

770 (1) Filing for bankruptcy of the originator licensee;

771 (2) Filing of a criminal indictment against the originator licensee;

772 (3) Receiving notification of the institution of license or registration  
773 denial, cease and desist, suspension or revocation procedures, or other  
774 formal or informal regulatory action, in any state against the originator  
775 licensee, and the reasons therefor; or

776 (4) Receiving notification of the initiation of any action against the  
777 originator licensee by the Attorney General or the attorney general of  
778 any other state, and the reasons therefor.

779 [(c)] (f) Each lender, correspondent lender, mortgage broker and  
780 originator license shall remain in force and effect until it has been  
781 surrendered, revoked, suspended or expires, or is no longer effective,  
782 in accordance with the provisions of sections 36a-485 to 36a-498a,  
783 inclusive, of the 2008 supplement to the general statutes, as amended  
784 by this act, and sections 20 to 26, inclusive, of this act.

785 Sec. 12. Section 36a-491 of the 2008 supplement to the general  
786 statutes, as amended by section 9 of public act 07-156 is repealed and  
787 the following is substituted in lieu thereof (*Effective September 30, 2008*):

788 (a)(1) Each applicant for [a first mortgage] an initial lender license,  
789 [a first mortgage] correspondent lender license or [a first] mortgage  
790 broker license and each licensee whose license expires on September  
791 30, 2008, who submits a renewal application shall, at the time of  
792 making such application, pay to the [national mortgage licensing  
793 system the required license fee and processing fee for an initial or  
794 renewal application] commissioner a license fee of one thousand  
795 dollars, and each applicant for an initial mortgage broker license and  
796 each licensee whose license expires on September 30, 2008, who  
797 submits a renewal application shall, at the time of making such  
798 application, pay to the commissioner a license fee of five hundred  
799 dollars. Each mortgage lender license or mortgage broker license  
800 issued pursuant to section 36a-489 of the 2008 supplement to the  
801 general statutes, as amended by this act, prior to January 1, 2010, shall  
802 expire at the close of business on [December thirty-first of the year  
803 following its issuance unless such license is renewed] December 31,  
804 2009. Effective January 1, 2010, each applicant for a mortgage lender  
805 license shall pay a license fee of eight hundred dollars and each  
806 applicant for a mortgage broker license shall pay a license fee of four  
807 hundred dollars, and any required processing or other fee to the  
808 nation-wide mortgage licensing system. Each mortgage lender license  
809 or mortgage broker license issued pursuant to section 36a-489 of the  
810 2008 supplement of the general statutes, as amended by this act, on or  
811 after January 1, 2010, shall expire at the close of business on December

812 thirty-first of the year following its issuance unless such license is  
813 renewed.

814 (2) Each [applicant] mortgage lender or mortgage broker applicant  
815 and each mortgage lender licensee or mortgage broker licensee whose  
816 license expires on September 30, 2008, that files an application for an  
817 originator license shall [, at the time of making such application,] pay  
818 to the [national mortgage licensing system the required] commissioner  
819 a license fee [and processing fee for an initial or renewal application] of  
820 sixty-five dollars for each originator. Effective January 1, 2010, each  
821 mortgage lender or mortgage broker filing an application for an  
822 originator license shall pay a license fee of fifty dollars for each  
823 originator and any required processing or other fee to the nation-wide  
824 mortgage licensing system. Each [such] originator license shall expire  
825 at [the close of business on December thirty-first of the year following  
826 its issuance] such time as the license of the mortgage lender or  
827 mortgage broker that currently employs or retains the originator  
828 expires, unless such originator license is renewed.

829 (b) [No abatement of the license fee shall be made if the license is  
830 surrendered, revoked or suspended prior to the expiration of the  
831 period for which it was issued.] All fees [required by] paid pursuant to  
832 this section, including fees paid in connection with an application that  
833 is denied or withdrawn prior to the issuance of the license, shall be  
834 nonrefundable. No fee paid pursuant to this section shall be prorated if  
835 the license is surrendered, revoked or suspended prior to the  
836 expiration of the period for which it was issued.

837 Sec. 13. Section 36a-492 of the 2008 supplement to the general  
838 statutes, as amended by section 10 of public act 07-156, is repealed and  
839 the following is substituted in lieu thereof (*Effective September 30, 2008*):

840 (a) No [mortgage] lender, correspondent lender or [first] mortgage  
841 broker license, and no renewal thereof, shall be granted unless the  
842 applicant has filed a bond with the commissioner written by a surety  
843 authorized to write such bonds in this state, in the sum of forty

844 thousand dollars, the form of which shall be approved by the Attorney  
845 General, provided effective January 1, 2009, the bond shall be in the  
846 sum of sixty thousand dollars. Such bond shall be conditioned upon  
847 such licensee faithfully performing any and all written agreements or  
848 commitments with or for the benefit of borrowers and prospective  
849 borrowers, truly and faithfully accounting for all funds received from a  
850 borrower or prospective borrower by the licensee in the licensee's  
851 capacity as a mortgage lender or a [first] mortgage broker, and  
852 conducting such mortgage business consistent with the provisions of  
853 sections 36a-485 to 36a-498a, inclusive, of the 2008 supplement to the  
854 general statutes, as amended by this act, and sections 20 to 26,  
855 inclusive, of this act. Any borrower or prospective borrower who may  
856 be damaged by failure to perform any written agreements or  
857 commitments, or by the wrongful conversion of funds paid by a  
858 borrower or prospective borrower to a licensee, may proceed on such  
859 bond against the principal or surety thereon, or both, to recover  
860 damages. The commissioner may proceed on such bond against the  
861 principal or surety thereon, or both, to collect any civil penalty  
862 imposed upon the licensee pursuant to subsection (a) of section 36a-50  
863 and any unpaid costs of examination of the licensee as determined  
864 pursuant to section 36a-65. The proceeds of the bond, even if  
865 commingled with other assets of the licensee, shall be deemed by  
866 operation of law to be held in trust for the benefit of such claimants  
867 against the licensee in the event of bankruptcy of the licensee and shall  
868 be immune from attachment by creditors and judgment creditors. The  
869 bond shall run concurrently with the period of the license granted to  
870 the applicant, and the aggregate liability under the bond shall not  
871 exceed the penal sum of the bond.

872 (b) The surety company shall have the right to cancel the bond at  
873 any time by a written notice to the licensee stating the date cancellation  
874 shall take effect. Such notice shall be sent by certified mail to the  
875 licensee at least thirty days prior to the date of cancellation. A surety  
876 bond shall not be cancelled unless the surety company notifies the  
877 commissioner in writing not less than thirty days prior to the effective

878 date of cancellation. [The commissioner shall automatically suspend  
879 the license on the date the cancellation takes effect, unless the surety  
880 bond has been replaced or renewed. The commissioner shall give the  
881 licensee notice of the automatic suspension pending proceedings for  
882 revocation or refusal to renew and an opportunity for a hearing on  
883 such actions in accordance with section 36a-51.]

884 Sec. 14. Section 36a-493 of the 2008 supplement to the general  
885 statutes, as amended by section 11 of public act 07-156, is repealed and  
886 the following is substituted in lieu thereof (*Effective September 30, 2008*):

887 (a) Each mortgage lender and [first] mortgage broker licensee shall  
888 maintain adequate records of each loan transaction at the [location]  
889 office named in the license, or, if requested by the commissioner, shall  
890 make such records available at such [location] office or send such  
891 records to the commissioner by registered or certified mail, return  
892 receipt requested, or by any express delivery carrier that provides a  
893 dated delivery receipt, not later than five business days after requested  
894 by the commissioner to do so. Such records shall provide the following  
895 information: (1) A copy of any disclosures required under part III of  
896 chapter 669; (2) whether the licensee acted as a mortgage lender, a  
897 [first] mortgage broker or both; (3) if the licensee is acting as a  
898 mortgage lender, and retains the [first] mortgage loan or receives  
899 payments thereon, an adequate loan history for those loans retained or  
900 upon which payments are received, itemizing the amount and date of  
901 each payment and the unpaid balance at all times; (4) the purpose for  
902 which the loan was made; (5) the original or an exact copy of the note,  
903 loan agreement or other evidence of indebtedness and mortgage deed;  
904 (6) a statement signed by the [borrowers] borrower acknowledging the  
905 receipt of such statement which discloses the full amount of any fee,  
906 commission or consideration paid to the [first] mortgage lender and  
907 mortgage broker for all services in connection with the mortgage loan;  
908 [and] (7) the name and address of the mortgage lender and the  
909 mortgage broker, if any, involved in the loan transaction; (8) a copy of  
910 every mortgage loan application taken from the borrower; and (9) a

911 copy of all information used in evaluating the application.

912 (b) For each loan that is made and serviced by a licensee, the  
913 licensee shall retain records of such loan transaction for not less than  
914 [two] five years following the final payment thereon, or the assignment  
915 of such loan, whichever occurs first, or such longer period as may be  
916 required by any other provision of law.

917 (c) For each loan transaction in which a licensee acts as a mortgage  
918 lender or [first] mortgage broker but does not service the loan, the  
919 licensee shall retain the records of such loan transaction for not less  
920 than [two] five years from the date of the transaction or such longer  
921 period as may be required by any other provision of law.

922 (d) Any person who furnishes to a licensee any records required to  
923 be maintained under this section or any information necessary to  
924 complete such records may charge a fee to the licensee in an amount  
925 not to exceed fifty dollars.

926 Sec. 15. Section 36a-494 of the 2008 supplement to the general  
927 statutes, as amended by section 17 of public act 07-91 and section 12 of  
928 public act 07-156, is repealed and the following is substituted in lieu  
929 thereof (*Effective September 30, 2008*):

930 (a) (1) The commissioner may suspend, revoke or refuse to renew  
931 any [mortgage] lender, correspondent lender or [first] mortgage broker  
932 license or take any other action, in accordance with the provisions of  
933 section 36a-51 of the 2008 supplement to the general statutes, for any  
934 reason which would be sufficient grounds for the commissioner to  
935 deny an application for such license under sections 36a-485 to 36a-  
936 498a, inclusive, of the 2008 supplement to the general statutes, as  
937 amended by this act, and sections 20 to 26, inclusive, of this act, or if  
938 the commissioner finds that the licensee or any proprietor, director,  
939 officer, member, partner, shareholder, trustee, employee or agent of  
940 such licensee has done any of the following: (A) Made any material  
941 misstatement in the application; (B) committed any fraud,

942 misappropriated funds or misrepresented, concealed, suppressed,  
943 intentionally omitted or otherwise intentionally failed to disclose any  
944 of the material particulars of any [first] mortgage loan transaction,  
945 including disclosures required by subdivision (6) of subsection (a) of  
946 section 36a-493 of the 2008 supplement to the general statutes, as  
947 amended by this act, or part III of chapter 669 or regulations adopted  
948 pursuant thereto, to anyone entitled to such information; (C) violated  
949 any of the provisions of this title or of any regulations adopted  
950 pursuant thereto, or any other law or regulation applicable to the  
951 conduct of its business; or (D) failed to perform any agreement with a  
952 licensee or a borrower.

953 (2) The commissioner may suspend, revoke or refuse to renew any  
954 originator license or take any other action, in accordance with the  
955 provisions of section 36a-51 of the 2008 supplement to the general  
956 statutes, for any reason which would be sufficient grounds for the  
957 commissioner to deny an application for such license under sections  
958 36a-485 to 36a-498a, inclusive, of the 2008 supplement to the general  
959 statutes, as amended by this act, and sections 20 to 26, inclusive, of this  
960 act, or if the commissioner finds that the licensee has committed any  
961 fraud, misappropriated funds, misrepresented, concealed, suppressed,  
962 intentionally omitted or otherwise intentionally failed to disclose any  
963 of the material particulars of any [first] mortgage loan transaction or  
964 has violated any of the provisions of this title or of any regulations  
965 adopted pursuant to such title or any other law or regulation  
966 applicable to the conduct of such licensee's business.

967 (b) Whenever it appears to the commissioner that any person has  
968 violated, is violating or is about to violate any of the provisions of  
969 sections 36a-485 to 36a-498a, inclusive, of the 2008 supplement to the  
970 general statutes, as amended by this act, and sections 20 to 26,  
971 inclusive, of this act, or any regulation adopted pursuant thereto, or  
972 any licensee has failed to perform any agreement with a borrower,  
973 committed any fraud, misappropriated funds or misrepresented,  
974 concealed, suppressed, intentionally omitted or otherwise intentionally

975 failed to disclose any of the material particulars of any mortgage loan  
976 transaction, including disclosures required by subdivision (6) of  
977 subsection (a) of section 36a-493 of the 2008 supplement to the general  
978 statutes, as amended by this act, or part III of chapter 669 or  
979 regulations adopted pursuant thereto, to anyone entitled to such  
980 information, the commissioner may take action against such person or  
981 licensee in accordance with sections 36a-50 and 36a-52 of the 2008  
982 supplement to the general statutes.

983 Sec. 16. Section 36a-496 of the 2008 supplement to the general  
984 statutes, as amended by section 13 of public act 07-156, is repealed and  
985 the following is substituted in lieu thereof (*Effective September 30, 2008*):

986 No person engaged in the business of making [first] mortgage loans  
987 in this state, whether licensed in accordance with the provisions of  
988 sections 36a-485 to 36a-498a, inclusive, of the 2008 supplement to the  
989 general statutes, as amended by this act, and sections 20 to 26,  
990 inclusive, of this act, or exempt from licensing, shall accept  
991 applications or referral of applicants from, or pay a fee to, any [first]  
992 mortgage broker or originator who is required to be licensed under  
993 said sections but is not licensed to act as such by the commissioner, if  
994 the mortgage lender has actual knowledge that the [first] mortgage  
995 broker or originator is not licensed by the commissioner.

996 Sec. 17. Section 36a-497 of the general statutes is repealed and the  
997 following is substituted in lieu thereof (*Effective September 30, 2008*):

998 No [person licensed pursuant to section 36a-489] mortgage lender  
999 licensee or mortgage broker licensee shall:

1000 (1) Advertise or cause to be advertised in this state, any [first]  
1001 mortgage loan in which such person intends to act only as a [first]  
1002 mortgage broker unless the advertisement includes the following  
1003 statement, clearly and conspicuously expressed: BROKER ONLY, NOT  
1004 A LENDER; [or]

1005 (2) In connection with an advertisement in this state, use (A) a  
1006 simulated check; (B) a comparison between the loan payments under  
1007 the [first] mortgage loan offered and the loan payments under a  
1008 hypothetical loan or extension of credit, unless the advertisement  
1009 includes, with respect to both the hypothetical loan or extension of  
1010 credit and the [first] mortgage loan being offered, the interest rate, the  
1011 loan balance, the total amount of finance charges, the total number of  
1012 payments and the monthly payment amount that would be required to  
1013 pay off the outstanding loan balance shown; (C) representations such  
1014 as "verified as eligible", "eligible", "preapproved", "prequalified" or  
1015 similar words or phrases, without also disclosing, in immediate  
1016 proximity to and in similar size print, language which sets forth  
1017 prerequisites to qualify for the [first] mortgage loan, including, but not  
1018 limited to, income verification, credit check, and property appraisal or  
1019 evaluation; or (D) any words or symbols in the advertisement or on the  
1020 envelope containing the advertisement that give the appearance that  
1021 the mailing was sent by a government agency; or

1022 (3) Make any representation or statement in an advertisement if the  
1023 representation or statement is false or misleading or has the tendency  
1024 or capacity to be misleading, or if the mortgage lender licensee or  
1025 mortgage broker licensee does not have sufficient information upon  
1026 which a reasonable belief in the truth of the representation or  
1027 statement could be based.

1028 Sec. 18. Section 36a-498 of the 2008 supplement to the general  
1029 statutes, as amended by section 1 of public act 07-118 and section 14 of  
1030 public act 07-156, is repealed and the following is substituted in lieu  
1031 thereof (*Effective September 30, 2008*):

1032 (a) Except as provided in subsection (c) of this section, every  
1033 advance fee paid or given, directly or indirectly, to a mortgage lender  
1034 or [first] mortgage broker required to be licensed pursuant to sections  
1035 36a-485 to 36a-498a, inclusive, of the 2008 supplement to the general  
1036 statutes, as amended by this act, and sections 20 to 26, inclusive, of this

1037 act, shall be refundable.

1038 (b) No originator required to be licensed pursuant to sections 36a-  
1039 485 to 36a-498a, inclusive, of the 2008 supplement to the general  
1040 statutes, as amended by this act, and sections 20 to 26, inclusive, of this  
1041 act, shall accept payment of any advance fee except an advance fee on  
1042 behalf of a mortgage lender or [first] mortgage broker licensee.  
1043 Nothing in this subsection shall be construed as prohibiting the  
1044 mortgage lender or [first] mortgage broker licensee from paying an  
1045 originator all or part of an advance fee, provided such advance fee  
1046 paid is not refundable under this section.

1047 (c) Subsection (a) of this section shall not apply if: (1) The person  
1048 providing the advance fee and the mortgage lender or [first] mortgage  
1049 broker agree in writing that the advance fee shall not be refundable, in  
1050 whole or in part; and (2) the written agreement complies in all respects  
1051 with the provisions of subsection (d) of this section.

1052 (d) An agreement under subsection (c) of this section shall meet all  
1053 of the following requirements to be valid and enforceable: (1) The  
1054 agreement shall be dated, signed by both parties, and be executed  
1055 prior to the payment of any advance fee; (2) the agreement shall  
1056 expressly state the total advance fee required to be paid and any  
1057 amount of the advance fee that shall not be refundable; (3) the  
1058 agreement shall clearly and conspicuously state any conditions under  
1059 which the advance fee will be retained by the [licensee] mortgage  
1060 lender or mortgage broker; (4) the term "nonrefundable" shall be used  
1061 to describe each advance fee or portion thereof to which the term is  
1062 applicable, and shall appear in boldface type in the agreement each  
1063 time it is used; and (5) the form of the agreement shall (A) be separate  
1064 from any other forms, contracts, or applications utilized by the  
1065 [licensee] mortgage lender or mortgage broker, (B) contain a heading  
1066 in a size equal to at least ten-point boldface type that shall title the  
1067 form "AGREEMENT CONCERNING NONREFUNDABILITY OF  
1068 ADVANCE FEE", (C) provide for a duplicate copy which shall be

1069 given to the person paying the advance fee at the time of payment of  
1070 the advance fee, and (D) include such other specifications as the  
1071 commissioner may by regulation prescribe.

1072 (e) An agreement under subsection (c) of this section that does not  
1073 meet the requirements of subsection (d) of this section shall be  
1074 voidable at the election of the person paying the advance fee.

1075 (f) (1) No mortgage lender or [first] mortgage broker required to be  
1076 licensed pursuant to sections 36a-485 to 36a-498a, inclusive, of the 2008  
1077 supplement to the general statutes, as amended by this act, and  
1078 sections 20 to 26, inclusive, of this act, shall enter into an agreement  
1079 with or otherwise require any person to pay the mortgage lender or  
1080 [first] mortgage broker for any fee, commission or other valuable  
1081 consideration lost as a result of such person failing to consummate a  
1082 [first] mortgage loan, provided the mortgage lender or [first] mortgage  
1083 broker may collect such fee, commission or consideration as an  
1084 advance fee subject to the requirements of this section.

1085 (2) No [first] mortgage broker required to be licensed pursuant to  
1086 sections 36a-485 to 36a-498a, inclusive, of the 2008 supplement to the  
1087 general statutes, as amended by this act, and sections 20 to 26,  
1088 inclusive, of this act, shall enter into an agreement with or otherwise  
1089 require any person to pay the [first] mortgage broker any fee,  
1090 commission or other valuable consideration for the prepayment of the  
1091 principal of a [first] mortgage loan by such person before the date on  
1092 which the principal is due.

1093 (g) (1) For the purposes of this subsection:

1094 (A) "Unfair or deceptive act or practice" means (i) the failure to  
1095 clearly and conspicuously state in the initial phase of the solicitation  
1096 that the solicitor is not affiliated with the mortgage lender or mortgage  
1097 broker with which the consumer initially applied, (ii) the failure to  
1098 clearly and conspicuously state in the initial phase of the solicitation  
1099 that the solicitation is based on personal information about the

1100 consumer that was purchased, directly or indirectly, from a consumer  
1101 reporting agency without the knowledge or permission of the  
1102 mortgage lender or mortgage broker with which the consumer initially  
1103 applied, (iii) the failure in the initial solicitation to comply with the  
1104 provisions of the federal Fair Credit Reporting Act relating to  
1105 prescreening solicitations that use consumer reports, including the  
1106 requirement to make a firm offer of credit to the consumer, or (iv)  
1107 knowingly or negligently using information from a mortgage trigger  
1108 lead (I) to solicit consumers who have opted out of prescreened offers  
1109 of credit under the federal Fair Credit Reporting Act, or (II) to place  
1110 telephone calls to consumers who have placed their contact  
1111 information on a federal or state Do Not Call list; and

1112 (B) "Mortgage trigger lead" means a consumer report obtained  
1113 pursuant to Section 604 (c)(1)(B) of the federal Fair Credit Reporting  
1114 Act, 15 USC 1681b, where the issuance of the report is triggered by an  
1115 inquiry made with a consumer reporting agency in response to an  
1116 application for credit. "Mortgage trigger lead" does not include a  
1117 consumer report obtained by a mortgage lender that holds or services  
1118 existing indebtedness of the applicant who is the subject of the report.

1119 (2) No mortgage lender, [or first] mortgage broker or originator  
1120 shall engage in an unfair or deceptive act or practice in soliciting an  
1121 application for a [first] mortgage loan when such solicitation is based,  
1122 in whole or in part, on information contained in a mortgage trigger  
1123 lead. Any violation of this subsection shall be deemed an unfair or  
1124 deceptive trade practice under subsection (a) of section 42-110b.

1125 Sec. 19. Section 36a-498a of the 2008 supplement to the general  
1126 statutes, as amended by section 15 of public act 07-156, is repealed and  
1127 the following is substituted in lieu thereof (*Effective September 30, 2008*):

1128 (a) No mortgage lender [or first mortgage broker] licensee under  
1129 section 36a-489 of the 2008 supplement to the general statutes, as  
1130 amended by this act, and no person exempt from licensure under  
1131 subdivisions (1), (2), (5) and (6) of section 36a-487, as amended by this

1132 act, making a first mortgage loan [shall] may charge, impose or cause  
1133 to be paid, directly or indirectly, prepaid finance charges that exceed in  
1134 the aggregate, the greater of five per cent of the principal amount of  
1135 the loan or two thousand dollars. If the proceeds of the loan are used  
1136 to refinance an existing loan, the aggregate of the prepaid finance  
1137 charges for the current refinancing and any previous financings by  
1138 such licensee or exempt person or affiliate of such licensee or exempt  
1139 person within two years of the current refinancing shall not exceed the  
1140 greater of five per cent of the principal amount of the initial loan or  
1141 two thousand dollars. The provisions of this section shall not prohibit  
1142 such licensee or exempt person from charging, imposing or causing to  
1143 be paid, directly or indirectly, prepaid finance charges in addition to  
1144 those permitted by this section in connection with any additional  
1145 proceeds received by the borrower in the refinancing, provided such  
1146 prepaid finance charges on the additional proceeds shall not exceed  
1147 five per cent of the additional proceeds. [For purposes of this section,  
1148 "additional proceeds" has the meaning given to that term in  
1149 subdivision (3) of section 36a-746e and "prepaid finance charge" has  
1150 the meaning given to that term in subdivision (7) of section 36a-746a.]

1151 (b) (1) No mortgage lender making a secondary mortgage loan may  
1152 (A) charge, impose or cause to be paid, directly or indirectly, in  
1153 connection with any secondary mortgage loan transaction, prepaid  
1154 finance charges that exceed in the aggregate eight per cent of the  
1155 principal amount of the loan, or (B) include in the loan agreement,  
1156 under which prepaid finance charges have been assessed, any  
1157 provision that permits the mortgage lender to demand payment of the  
1158 entire loan balance prior to the scheduled maturity, except that such  
1159 loan agreement may contain a provision that permits the mortgage  
1160 lender to demand payment of the entire loan balance if any scheduled  
1161 installment is in default for more than sixty days or if any condition of  
1162 default set forth in the mortgage note exists.

1163 (2) Any mortgage lender or mortgage broker who fails to comply  
1164 with the provisions of this subsection shall be liable to the borrower in

1165 an amount equal to the sum of: (A) The amount by which the total of  
1166 all prepaid finance charges exceeds eight per cent of the principal  
1167 amount of the loan; (B) eight per cent of the principal amount of the  
1168 loan or two thousand five hundred dollars, whichever is less; and (C)  
1169 the costs incurred by the borrower in bringing an action under this  
1170 subsection, including reasonable attorney's fees, as determined by the  
1171 court, provided no such mortgage lender or mortgage broker shall be  
1172 liable for more than the amount specified in this subsection in a  
1173 secondary mortgage loan transaction involving more than one  
1174 borrower.

1175 (c) For purposes of this section, "additional proceeds" has the  
1176 meaning as provided in subdivision (2) of section 36a-746e, as  
1177 amended by this act, and "prepaid finance charge" has the meaning as  
1178 provided in subdivision (6) of section 36a-746a, as amended by this act,  
1179 except that the term "broker" shall mean "mortgage broker" and the  
1180 term "lender" shall mean "mortgage lender".

1181 Sec. 20. (NEW) (*Effective September 30, 2008*) No mortgage loan, as  
1182 defined in section 36a-485 of the 2008 supplement to the general  
1183 statutes, as amended by this act, shall provide for or include the  
1184 following:

1185 (1) A payment schedule that consolidates more than two periodic  
1186 payments and pays them in advance from the proceeds, unless such  
1187 payments are required to be escrowed by a governmental agency;

1188 (2) An increase in the interest rate after default or default charges in  
1189 excess of five per cent of the amount in default;

1190 (3) A refund calculated by a method less favorable than the actuarial  
1191 method, as defined by the Housing and Community Development Act  
1192 of 1992, 15 USC 1615(d), as amended from time to time, for rebates of  
1193 interest arising from a loan acceleration due to default;

1194 (4) (A) A prepayment penalty, as defined in section 36a-746a of the

1195 general statutes, as amended by this act, except as allowed by this  
1196 subdivision. A mortgage loan other than a high cost home loan may  
1197 provide for or include a prepayment penalty, including a refund  
1198 calculated according to the rule of 78s, as such term is used in 12 CFR  
1199 226.32, as amended from time to time, if:

1200 (i) The penalty can be exercised only for the first three years  
1201 following consummation. No prepayment penalty shall exceed three  
1202 per cent of the balance prepaid for any payment occurring earlier than  
1203 one year after consummation of the loan, two per cent of the balance  
1204 prepaid for any payment occurring between one and two years after  
1205 consummation of the loan, and one per cent of the balance prepaid for  
1206 any payment occurring between two and three years after  
1207 consummation of the loan;

1208 (ii) The prepayment penalty is based on a legitimate financial reason  
1209 such as a verifiable reduction of the loan interest rate or closing costs  
1210 paid by the borrower; and

1211 (iii) The mortgage lender or mortgage broker has offered the  
1212 borrower a similar mortgage loan that does not have a prepayment  
1213 penalty provision and provided the borrower, in writing, the reason  
1214 for the prepayment penalty provision and an itemization of the  
1215 differences between the two loans offered.

1216 (B) Notwithstanding the provisions of subparagraph (A) of this  
1217 subdivision, no mortgage lender may impose, charge or collect a  
1218 prepayment penalty where the loan is refinanced with the mortgage  
1219 lender or affiliate of the mortgage lender; or

1220 (5) A call provision that permits the lender, in its sole discretion, to  
1221 accelerate the indebtedness, except for cases when repayment of the  
1222 loan is accelerated by bona fide default, pursuant to a due-on-sale  
1223 clause provision, or pursuant to another provision of the loan  
1224 agreement unrelated to the payment schedule including, but not  
1225 limited to, bankruptcy or receivership.

1226       Sec. 21. (NEW) (*Effective September 30, 2008*) In the making of a  
1227 mortgage loan, as defined in section 36a-485 of the 2008 supplement to  
1228 the general statutes, as amended by this act, no mortgage lender, as  
1229 defined in section 36a-485 of the 2008 supplement to the general  
1230 statutes, as amended by this act, shall:

1231       (1) Pay a contractor under a home improvement contract from the  
1232 proceeds of the loan, other than:

1233       (A) By an instrument payable to the borrower or jointly to the  
1234 borrower and the contractor; or

1235       (B) At the election of the borrower, through a third-party escrow  
1236 agent in accordance with terms established in a written agreement  
1237 signed by the borrower, the lender and the contractor prior to the  
1238 disbursement;

1239       (2) Make such mortgage loan unless the lender reasonably believes  
1240 at the time the loan is consummated that the borrower will be able to  
1241 make the scheduled payments to repay the loan based upon a  
1242 consideration of the borrower's current and expected income, current  
1243 obligations, employment status and other financial resources,  
1244 excluding the borrower's equity in the dwelling that secures  
1245 repayment of the loan. The lender may not make a mortgage loan  
1246 without: (A) Sufficient documentation to verify the borrower's income  
1247 if the income information provided by the borrower contradicts  
1248 information previously obtained by the lender, unless the lender  
1249 documents a change in the borrower's circumstances or other  
1250 explanation for the discrepancy, or (B) first verifying the employment  
1251 or income of the borrower if the amount of the income provided is not  
1252 reasonable for the occupation or experience of the borrower, or if the  
1253 borrower's employment or income information is not reasonable in  
1254 light of the borrower's circumstances;

1255       (3) Charge and retain fees paid by the borrower for services that are  
1256 not actually performed or that are not bona fide and reasonable; and

1257 (4) Offer the borrower the opportunity to pay bona fide discount  
1258 points, as defined in section 36a-485 of the 2008 supplement to the  
1259 general statutes, as amended by this act, unless:

1260 (A) The lender provides the borrower, in writing, the following  
1261 information: (i) The reduced interest rate or rates offered with the  
1262 corresponding bona fide discount points and the dollar amounts of  
1263 such points; (ii) any conditions that are applicable to the offer,  
1264 including the date by which the borrower's acceptance of an offer must  
1265 be received by the lender; and (iii) the nondiscounted rate and points,  
1266 if any;

1267 (B) The lender receives the written acceptance of the offer from the  
1268 borrower; and

1269 (C) The lender sends the borrower written confirmation of the  
1270 reduced rate, the bona fide discount points and the dollar amount of  
1271 the bona fide discount points, no later than three business days after  
1272 receipt of the acceptance from the borrower.

1273 Sec. 22. (NEW) (*Effective September 30, 2008*) No mortgage broker, as  
1274 defined in section 36a-485 of the 2008 supplement to the general  
1275 statutes, as amended by this act, shall:

1276 (1) Submit an application for a mortgage loan, as defined in section  
1277 36a-485 of the 2008 supplement to the general statutes, as amended by  
1278 this act, to a mortgage lender unless the mortgage broker reasonably  
1279 believes that the borrower will be able to make the scheduled  
1280 payments to repay the loan based upon a consideration of the  
1281 borrower's current and expected income, current obligations,  
1282 employment status and other financial resources, excluding the  
1283 borrower's equity in the dwelling that secures repayment of the loan.  
1284 A mortgage broker may not submit an application for a mortgage loan  
1285 to a mortgage lender without: (A) Sufficient documentation to verify  
1286 the borrower's income if the income information provided by the  
1287 borrower contradicts information previously obtained by the mortgage

1288 broker, unless the mortgage broker documents a change in the  
1289 borrower's circumstances or other explanation for the discrepancy, or  
1290 (B) first verifying the employment or income of the borrower if the  
1291 amount of the income provided is not reasonable for the occupation or  
1292 experience of the borrower, or if the borrower's employment or income  
1293 information provided is not reasonable in light of the borrower's  
1294 circumstances;

1295 (2) Charge and retain fees paid by the borrower for services that are  
1296 not actually performed or that are not bona fide and reasonable; and

1297 (3) Offer the borrower the opportunity to pay bona fide discount  
1298 points unless the offer has been authorized by a lender. Any such offer  
1299 shall be in writing and shall include: (A) The name of the lender; (B)  
1300 the reduced interest rate or rates offered with the corresponding bona  
1301 fide discount points and the dollar amounts of such points; (C) any  
1302 conditions that are applicable to the offer, including the date by which  
1303 the borrower's acceptance of an offer must be received by the lender;  
1304 and (D) the nondiscounted rate and points, if any. Upon receipt of the  
1305 borrower's written acceptance of the offer, the mortgage broker shall  
1306 send the acceptance to the lender in a timely manner.

1307 Sec. 23. (NEW) (*Effective September 30, 2008*) (a) Any mortgage  
1308 lender, as defined in section 36a-485 of the 2008 supplement to the  
1309 general statutes, as amended by this act, that makes a mortgage loan,  
1310 as defined in section 36a-485 of the 2008 supplement to the general  
1311 statutes, as amended by this act, other than a high cost home loan, to a  
1312 borrower and offers such borrower the option to purchase an  
1313 individual or group credit life, accident, health, disability or  
1314 unemployment insurance product on a prepaid single premium basis  
1315 shall also offer such borrower the option of purchasing such insurance  
1316 product on a monthly premium basis. If the borrower purchases such  
1317 product on a prepaid single premium basis, the lender may not,  
1318 directly or indirectly, finance the premium.

1319 (b) If a borrower purchases from the lender an individual or group

1320 credit life, accident, health, disability or unemployment insurance  
1321 product, such borrower shall have the right to cancel such insurance  
1322 product at any time and receive a refund of any unearned premiums  
1323 paid. The notice of the right to cancel shall be in not less than twelve-  
1324 point type and sent separately by mail to such borrower by the  
1325 mortgage lender no earlier than ten days and no later than thirty days  
1326 after consummation. Such notice shall also disclose the type of  
1327 insurance product purchased, the cost of such product and the  
1328 procedure for canceling such product.

1329       Sec. 24. (NEW) (*Effective September 30, 2008*) (a) Each mortgage  
1330 lender, as defined in section 36a-485 of the 2008 supplement to the  
1331 general statutes, as amended by this act, that is licensed under section  
1332 36a-489 of the 2008 supplement to the general statutes, as amended by  
1333 this act, and each mortgage broker, as defined in section 36a-485 of the  
1334 2008 supplement to the general statutes, as amended by this act, that is  
1335 licensed under section 36a-489 of the 2008 supplement to the general  
1336 statutes, as amended by this act, shall deliver to the mortgagor a  
1337 release of a secondary mortgage: (1) Upon receipt by such licensee of  
1338 cash or a certified check in the amount of the outstanding balance of  
1339 the obligation secured by such mortgage; or (2) upon payment by the  
1340 payor bank, as defined in section 42a-4-105 of the general statutes, of  
1341 any check that is payable to such licensee or its assignee in the amount  
1342 of the outstanding balance of the obligation secured by such mortgage.

1343       (b) Each such licensee shall advise any person designated by the  
1344 mortgagor of the amount of the outstanding balance of the obligation  
1345 secured by the secondary mortgage granted to such licensee no later  
1346 than the second business day after the licensee receives a request for  
1347 such information.

1348       Sec. 25. (NEW) (*Effective September 30, 2008*) Any mortgage deed to  
1349 secure a secondary mortgage loan, as defined in section 36a-485 of the  
1350 2008 supplement to the general statutes, as amended by this act, that is  
1351 recorded in the land records of any town shall contain the word

1352 "mortgage" in the heading, either in capital letters or underscored and  
1353 shall contain the principal amount of the loan.

1354 Sec. 26. (NEW) (*Effective September 30, 2008*): At least once a year,  
1355 each mortgage lender, as defined in section 36a-485 of the 2008  
1356 supplement to the general statutes, as amended by this act, that is  
1357 licensed under section 36a-489 of the 2008 supplement to general  
1358 statutes, as amended by this act, shall adopt a mortgage loan policy  
1359 based on and consistent with the most current version of the  
1360 Conference of State Bank Supervisors, American Association of  
1361 Residential Mortgage Regulators and National Association of  
1362 Consumer Credit Administrators Statement on Subprime Mortgage  
1363 Lending, and the Conference of State Bank Supervisors and American  
1364 Association of Residential Mortgage Regulators Guidance on  
1365 Nontraditional Mortgage Product Risks. Such licensee shall comply  
1366 with such policy and develop and implement internal controls that are  
1367 reasonably designed to ensure such compliance. The mortgage loan  
1368 policy and any mortgage loan, as defined in section 36a-485 of the 2008  
1369 supplement to the general statutes, as amended by this act, made  
1370 pursuant to the policy shall be subject to examination concerning  
1371 prudent lending practices by the Banking Commissioner.

1372 Sec. 27. Subsection (a) of section 36a-534a of the general statutes is  
1373 repealed and the following is substituted in lieu thereof (*Effective*  
1374 *September 30, 2008*):

1375 (a) Any [first] mortgage broker, [or mortgage lender,] as defined in  
1376 section 36a-485 of the 2008 supplement to the general statutes, as  
1377 amended by this act, and licensed pursuant to section [36a-486] 36a-  
1378 489 of the 2008 supplement to the general statutes, as amended by this  
1379 act, and any [secondary mortgage broker or] mortgage lender, as  
1380 defined in section [36a-510] 36a-485 of the 2008 supplement to the  
1381 general statutes, as amended by this act, and licensed pursuant to  
1382 section [36a-511] 36a-489 of the 2008 supplement to the general  
1383 statutes, as amended by this act, shall notify the commissioner by

1384 written affidavit if any such broker or lender, as a result of a  
1385 transaction in which such broker or lender was involved, reasonably  
1386 believes that the lending practices of a financial institution or federal  
1387 bank violate section 36a-737 or 46a-66. Such broker or lender shall  
1388 provide the commissioner with any written document containing  
1389 lending restrictions which a financial institution or federal bank has  
1390 provided to such broker or lender. In the event the commissioner finds  
1391 that there is a reasonable basis for said notification, the commissioner  
1392 shall notify the Commission on Human Rights and Opportunities of  
1393 said notification and the action the commissioner plans to take with  
1394 respect thereto.

1395 Sec. 28. Section 36a-555 of the general statutes is repealed and the  
1396 following is substituted in lieu thereof (*Effective September 30, 2008*):

1397 No person shall engage in the business of making loans of money or  
1398 credit in the amount or to the value of fifteen thousand dollars or less  
1399 for loans made under section 36a-563 of the 2008 supplement to the  
1400 general statutes or section 36a-565, and charge, contract for or receive a  
1401 greater rate of interest, charge or consideration than twelve per cent  
1402 per annum therefor, unless licensed to do so by the commissioner  
1403 pursuant to sections 36a-555 to 36a-573, inclusive. The provisions of  
1404 this section shall not apply to (1) a bank, (2) an out-of-state bank, (3) a  
1405 Connecticut credit union, (4) a federal credit union, (5) an out-of-state  
1406 credit union, (6) a savings and loan association wholly owned  
1407 subsidiary service corporation, (7) a person to the extent that such  
1408 person makes loans for agricultural, commercial, industrial or  
1409 governmental use or extends credit through an open-end credit plan,  
1410 as defined in subdivision (8) of section 36a-676, for the retail purchase  
1411 of consumer goods or services, (8) a mortgage lender licensed pursuant  
1412 to sections 36a-485 to 36a-498a, inclusive, of the 2008 supplement to the  
1413 general statutes, as amended by this act, and sections 20 to 26,  
1414 inclusive, of this act, when making first mortgage loans, as defined in  
1415 section 36a-485, [(9) a mortgage lender licensed pursuant to sections  
1416 36a-510 to 36a-524, inclusive, when making secondary mortgage loans,

1417 as defined in section 36a-510] of the 2008 supplement to the general  
1418 statutes, as amended by this act, or [(10)] (9) a licensed pawnbroker.

1419 Sec. 29. Section 36a-705 of the general statutes is repealed and the  
1420 following is substituted in lieu thereof (*Effective September 30, 2008*):

1421 As used in this section and sections 36a-706, 36a-707 and 36a-708,  
1422 unless the context otherwise requires:

1423 (1) "First mortgage loan" means "first mortgage loan", as defined in  
1424 section 36a-485 of the 2008 supplement to the general statutes, as  
1425 amended by this act;

1426 (2) "Mortgage broker" [means "first mortgage broker", as defined]  
1427 has the same meaning as provided in section 36a-485 of the 2008  
1428 supplement to the general statutes, as amended by this act, who is  
1429 licensed or required to be licensed under sections 36a-485 to 36a-498a,  
1430 inclusive, of the 2008 supplement to the general statutes, as amended  
1431 by this act, and sections 20 to 26, inclusive, of this act;

1432 (3) "Mortgage lender" [means "mortgage lender", as defined] has the  
1433 same meaning as provided in section 36a-485 of the 2008 supplement  
1434 to the general statutes, as amended by this act, who is required to be  
1435 licensed under sections 36a-485 to 36a-498a, inclusive, of the 2008  
1436 supplement to the general statutes, as amended by this act, and  
1437 sections 20 to 26, inclusive, of this act, except that the term shall  
1438 include a bank, out-of-state bank, Connecticut credit union, federal  
1439 credit union and out-of-state credit union; and

1440 (4) "Mortgage rate lock-in" means a written or electronically  
1441 transmitted confirmation issued to a mortgage applicant or the  
1442 representative of such applicant by a mortgage lender or the lender's  
1443 representative, prior to the issuance of a first mortgage loan  
1444 commitment, stating that a particular rate, number of points or  
1445 variable rate terms will be the rate, number of points, or variable rate  
1446 terms at which the lender will make the loan, provided the first

1447 mortgage loan is closed by a specified date, and the applicant qualifies  
1448 for the loan in accordance with the lender's standards of  
1449 creditworthiness.

1450 Sec. 30. Subdivision (1) of section 36a-715 of the general statutes is  
1451 repealed and the following is substituted in lieu thereof (*Effective*  
1452 *September 30, 2008*):

1453 (1) "First mortgage loan" has the same meaning as provided in  
1454 subdivision [(6)] (5) of section 36a-485 of the 2008 supplement to the  
1455 general statutes, as amended by this act.

1456 Sec. 31. Section 36a-725 of the general statutes is repealed and the  
1457 following is substituted in lieu thereof (*Effective September 30, 2008*):

1458 As used in this section and section 36a-726, unless the context  
1459 otherwise requires:

1460 (1) "First mortgage loan" means any loan made to an individual, the  
1461 proceeds of which are to be used primarily for personal, family or  
1462 household purposes, which loan is secured by a mortgage upon any  
1463 interest in one-to-four-family residential, owner-occupied real  
1464 property located in this state which is not subject to any prior  
1465 mortgages. The term includes the renewal or refinancing of an existing  
1466 first mortgage loan;

1467 (2) "Mortgage insurance" means insurance written by an  
1468 independent mortgage insurance company to protect the mortgage  
1469 lender against loss incurred in the event of a default by a borrower  
1470 under the mortgage loan;

1471 (3) "Mortgage lender" means any person engaged in the business of  
1472 making first mortgage loans, including, but not limited to, banks, out-  
1473 of-state banks, Connecticut credit unions, federal credit unions, out-of-  
1474 state credit unions, and [first] mortgage lenders required to be licensed  
1475 under sections 36a-485 to 36a-498a, inclusive, of the 2008 supplement  
1476 to the general statutes, as amended by this act, and sections 20 to 26,

1477 inclusive, of this act.

1478 Sec. 32. Section 36a-736 of the general statutes is repealed and the  
1479 following is substituted in lieu thereof (*Effective September 30, 2008*):

1480 As used in sections 36a-735 to 36a-744, inclusive, unless the context  
1481 otherwise requires:

1482 (1) "Applicant" means any person who applies for a home purchase  
1483 loan, home improvement loan or other mortgage loan as defined in  
1484 sections 36a-735 to 36a-744, inclusive, whether or not the loan is  
1485 granted;

1486 (2) "Federal Home Mortgage Disclosure Act" means the Home  
1487 Mortgage Disclosure Act of 1975 (12 USC Section 2801 et seq.), as  
1488 amended from time to time, [amended,] and any regulations  
1489 promulgated by the Federal Reserve Board pursuant to that act,  
1490 except, for purposes of sections 36a-735 to 36a-744, inclusive, the  
1491 supervisory agency shall be the commissioner;

1492 (3) "Financial institution" means any Connecticut bank or  
1493 Connecticut credit union which makes home purchase loans or home  
1494 improvement loans or any for profit mortgage lending institution  
1495 other than a Connecticut bank or Connecticut credit union, whose  
1496 home purchase loan originations equaled or exceeded ten per cent of  
1497 its loan origination volume, measured in dollars, in the preceding  
1498 calendar year, if such mortgage lending institution is licensed under  
1499 sections 36a-485 to 36a-498a, inclusive, [or 36a-510 to 36a-524,  
1500 inclusive,] of the 2008 supplement to the general statutes, as amended  
1501 by this act, and sections 20 to 26, inclusive, of this act;

1502 (4) "Home improvement loan" has the same meaning as provided in  
1503 the federal Home Mortgage Disclosure Act;

1504 (5) "Home purchase loan" has the same meaning as provided in the  
1505 federal Home Mortgage Disclosure Act; and

1506 (6) "Mortgage loan" means a loan which is secured by residential  
1507 real property.

1508 Sec. 33. Section 36a-746a of the general statutes is repealed and the  
1509 following is substituted in lieu thereof (*Effective September 30, 2008*):

1510 As used in this section and sections 36a-746b to 36a-746g, inclusive,  
1511 as amended by this act:

1512 (1) "APR" means the annual percentage rate for the loan calculated  
1513 according to the provisions of the federal Truth-in-Lending Act, 15  
1514 USC Section 1601 et seq., as from time to time amended, and the  
1515 regulations promulgated thereunder. For open-end lines of credit,  
1516 "APR" means the highest corresponding annual percentage rate  
1517 required to be disclosed under 12 CFR [Sections] 226.6(a)(2) and  
1518 226.14(b), as amended from time to time, [amended,] excluding any  
1519 maximum rates required to be disclosed or stated pursuant to 12 CFR  
1520 [Sections] 226.6(a)(2) or 226.30, as amended from time to time,  
1521 [amended.] For closed-end loans, "APR" means the annual percentage  
1522 rate required to be disclosed under 12 CFR [Section] 226.18(e), as  
1523 amended from time to time, [amended,] excluding any maximum rates  
1524 required to be disclosed or stated pursuant to 12 CFR [Sections]  
1525 226.18(f) or 226.30, as amended from time to time. [amended.] For  
1526 purposes of this subdivision, any variable rate calculation shall use an  
1527 index value in effect within forty-five days prior to consummation;

1528 (2) "Broker" means a person who, for a fee, commission or other  
1529 valuable consideration, negotiates, solicits, arranges, places or finds a  
1530 high cost home loan that is to be made by a lender;

1531 (3) "Consummation" means the time that a borrower becomes  
1532 contractually obligated on a loan or extension of credit;

1533 [(4) "High cost home loan" means any loan or extension of credit,  
1534 including an open-end line of credit but excluding a reverse mortgage  
1535 transaction, as defined in 12 CFR Section 226.33, as from time to time

1536 amended:

1537 (A) In which the borrower is a natural person;

1538 (B) The proceeds of which are to be used primarily for personal,  
1539 family or household purposes;

1540 (C) In which the loan is secured by a mortgage upon any interest in  
1541 one-to-four family residential real property located in this state which  
1542 is, or, when the loan is made, is intended to be occupied by the  
1543 borrower as a principal residence; and

1544 (D) In which the APR at consummation will exceed the yield on  
1545 Treasury securities having comparable periods of maturity to the loan  
1546 maturity as of the fifteenth day of the month immediately preceding  
1547 the month in which the application for the loan or extension of credit is  
1548 received by the lender, by more than the number of percentage points  
1549 specified in 12 CFR 226.32(a)(1)(i), as from time to time amended;]

1550 [(5)] (4) "Interim interest" means interest for the period from  
1551 funding to the start of amortization paid by a borrower at or before  
1552 consummation of a closed-end loan where such amortization begins  
1553 sixty-two days or less after funding;

1554 [(6)] (5) "Lender" means any person who originates one or more  
1555 high cost home loans;

1556 [(7)] (6) "Prepaid finance charge" means any finance charge  
1557 determined in accordance with 12 CFR [Section] 226.4, as amended  
1558 from time to time, [amended,] that is paid separately in cash or by  
1559 check before or at consummation of a loan or extension of credit or  
1560 withheld from the proceeds of such transaction at any time, except the  
1561 term includes any fees or commissions payable to the lender or broker  
1562 in connection with the sale of credit life, accident, health, disability or  
1563 unemployment insurance products or unrelated goods or services sold  
1564 in conjunction with the loan or extension of credit when the cost of  
1565 such insurance products or goods or services is prepaid with the

1566 proceeds of the loan or extension of credit and financed as part of the  
1567 principal amount of the loan or extension of credit, and excludes  
1568 premiums, fees and any other amounts paid to a governmental agency,  
1569 any amounts required to be escrowed by a governmental agency and  
1570 interim interest; and

1571 [(8)] (Z) "Prepayment penalty" means any charge or penalty for  
1572 paying all or part of the principal before the date on which the  
1573 principal is due and includes computing a refund of unearned interest  
1574 by a method that is less favorable to the borrower than the actuarial  
1575 method, as defined by Section 933(d) of the Housing and Community  
1576 Development Act of 1992, 15 USC 1615(d), as amended from time to  
1577 time. [amended.]

1578 Sec. 34. Section 36a-746b of the general statutes is repealed and the  
1579 following is substituted in lieu thereof (*Effective September 30, 2008*):

1580 [A] Three business days prior to consummation, a lender making a  
1581 high cost home loan shall disclose to the prospective borrower, [:] on a  
1582 separate page, in at least eleven-point type, the information described  
1583 in subdivisions (1) to (6), inclusive, of this section. For purposes of this  
1584 section, "business day" has the same meaning given to that term in 12  
1585 CFR 226.2(a)(6), as amended from time to time, for purposes of  
1586 rescission.

1587 (1) The following statement: "You are not required to complete this  
1588 agreement merely because you have received these disclosures or have  
1589 signed a loan application. If you obtain this loan, the lender will have a  
1590 mortgage on your home. You could lose your home, and any money  
1591 you have put into it, if you do not meet your obligations under the  
1592 loan";

1593 (2) The name of the lender, loan amount, loan term, type of loan,  
1594 and APR;

1595 (3) The amount and due date of any balloon payment;

1596 (4) The amount of the monthly or other periodic payments for initial  
1597 real estate taxes, homeowner's insurance, assessments, any applicable  
1598 homeowner association fees and mortgage insurance premiums and a  
1599 statement in bold face type that such amounts are subject to increase;

1600 [(3)] (5) [The] (A) For fixed rate loans, the amount of the [regular]  
1601 monthly or other periodic payment [; and] of principal and interest,  
1602 and the sum total of such principal and interest and the amounts  
1603 specified in subdivision (4) of this section;

1604 [(4)] (B) For variable-rate [transactions, a] loans: (i) A statement that  
1605 the interest rate and monthly payment may increase; [, and the amount  
1606 of the single maximum monthly payment, based on the maximum  
1607 interest rate that may be imposed during the term of the loan] (ii) the  
1608 initial interest rate, the initial monthly or other periodic payment of  
1609 principal and interest and the sum total of such principal and interest  
1610 and the amounts specified in subdivision (4) of this section; (iii) the  
1611 maximum interest rate, the maximum monthly or other periodic  
1612 payment of principal and interest and the sum total of such principal  
1613 and interest and the amounts specified in subdivision (4) of this  
1614 section; and (iv) the earliest date on which the maximum monthly  
1615 payment of principal and interest may occur; and

1616 (6) An itemized list that contains a description and the amounts of  
1617 any fees, commissions, charges and costs that the borrower is required  
1618 to pay as an incident to or a condition of the loan or extension of credit,  
1619 excluding any amounts required to be paid to governmental entities  
1620 and any charges or costs voluntarily incurred by the borrower, and the  
1621 sum total of such amounts.

1622 Sec. 35. Section 36a-746c of the general statutes is repealed and the  
1623 following is substituted in lieu thereof (*Effective September 30, 2008*):

1624 A high cost home loan shall not provide for or include the  
1625 following:

1626 (1) For a loan with a term of less than seven years, a payment  
1627 schedule with regular periodic payments that when aggregated do not  
1628 fully amortize the outstanding principal balance, except that this  
1629 limitation does not apply to a loan with maturities of less than one  
1630 year if the purpose of the loan is a bridge loan, as used in 12 CFR  
1631 226.32, as amended from time to time, [amended,] connected with the  
1632 acquisition or construction of a dwelling intended to become the  
1633 borrower's principal dwelling;

1634 (2) A payment schedule with regular periodic payments that cause  
1635 the principal balance to increase;

1636 [(3) A payment schedule that consolidates more than two periodic  
1637 payments and pays them in advance from the proceeds, unless such  
1638 payments are required to be escrowed by a governmental agency;

1639 (4) An increase in the interest rate after default or default charges in  
1640 excess of five per cent of the amount in default;

1641 (5) A refund calculated by a method less favorable than the actuarial  
1642 method, as defined by Section 933(d) of the Housing and Community  
1643 Development Act of 1992, 15 USC 1615(d), as from time to time  
1644 amended, for rebates of interest arising from a loan acceleration due to  
1645 default;]

1646 [(6)] (3) A prepayment penalty; [except as allowed by this  
1647 subdivision. A high cost home loan may provide for or include a  
1648 prepayment penalty, including a refund calculated according to the  
1649 rule of 78s, as such term is used in 12 CFR 226.32, as from time to time  
1650 amended, if:

1651 (A) The penalty can be exercised only for the first three years  
1652 following consummation. No prepayment penalty shall exceed three  
1653 per cent of the balance prepaid for any payment occurring earlier than  
1654 one year after consummation of the loan, two per cent of the balance  
1655 prepaid for any payment occurring between one and two years after

1656 consummation of the loan, and one per cent of the balance prepaid for  
1657 any payment occurring between two and three years after  
1658 consummation of the loan;

1659 (B) The source of the prepayment funds is not a refinancing by the  
1660 lender or an affiliate of the lender; and

1661 (C) At consummation, the borrower's total monthly debts, including  
1662 amounts owed under the high cost home loan, do not exceed fifty per  
1663 cent of the borrower's monthly gross income, as verified by the  
1664 borrower's signed financial statement, a credit report and payment  
1665 records for employment income;] or

1666 [(7)] (4) A [mandatory arbitration clause or a] waiver of  
1667 participation in a class action [;] or a provision requiring the borrower  
1668 to assert a claim or defense in a forum that is less convenient, more  
1669 costly or more dilatory for the resolution of a dispute than a judicial  
1670 forum established in this state where a borrower may otherwise  
1671 properly bring a claim or defense.

1672 [(8) A call provision that permits the lender, in its sole discretion, to  
1673 accelerate the indebtedness. This prohibition shall not apply when  
1674 repayment of the loan is accelerated by bona fide default, pursuant to a  
1675 due-on-sale clause provision, or pursuant to another provision of the  
1676 loan agreement unrelated to the payment schedule including, but not  
1677 limited to, bankruptcy or receivership.]

1678 Sec. 36. Section 36a-746e of the general statutes is repealed and the  
1679 following is substituted in lieu thereof (*Effective September 30, 2008*):

1680 In the making of a high cost home loan no lender shall:

1681 [(1) Pay a contractor under a home improvement contract from the  
1682 proceeds of the loan, other than:

1683 (A) By an instrument payable to the borrower or jointly to the  
1684 borrower and the contractor; or

1685 (B) At the election of the borrower, through a third-party escrow  
1686 agent in accordance with terms established in a written agreement  
1687 signed by the borrower, the lender and the contractor prior to the  
1688 disbursement;]

1689 [(2)] (1) Sell or otherwise assign such loan without furnishing the  
1690 following statement to the purchaser or assignee: "Notice: This is a  
1691 loan subject to special rules under the Connecticut Abusive Home  
1692 Loan Lending Practices Act. Purchasers or assignees of this loan could  
1693 be liable for all claims and defenses with respect to the loan that the  
1694 borrower could assert against the lender";

1695 [(3) Charge, impose or cause to be paid, directly or indirectly,  
1696 prepaid finance charges that exceed in the aggregate, the greater of five  
1697 per cent of the principal amount of the loan or two thousand dollars. If  
1698 the proceeds of a high cost home loan are used to refinance an existing  
1699 loan, the aggregate of the prepaid finance charges for the current  
1700 refinancing and any previous high cost home loan financings or  
1701 financings subject to the provisions of section 36a-498a, by the same  
1702 lender or affiliate of the same lender within two years of the current  
1703 refinancing shall not exceed the greater of five per cent of the principal  
1704 amount of the initial loan, or two thousand dollars. The provisions of  
1705 this subdivision do not prohibit a lender from charging, imposing or  
1706 causing to be paid, directly or indirectly, prepaid finance charges in  
1707 addition to those permitted by this subdivision in connection with any  
1708 additional proceeds received by the borrower in the refinancing,  
1709 provided such prepaid finance charges on the additional proceeds  
1710 shall not exceed five per cent of the additional proceeds. For purposes  
1711 of this subdivision, "additional proceeds" means: (A) For a closed-end  
1712 loan, the amount by which the new loan exceeds the current principal  
1713 balance of the existing loan, and (B) for an open-end loan, the amount  
1714 by which the line of credit on the new loan exceeds the maximum  
1715 credit limit of the existing loan;]

1716 [(4)] (2) Charge a borrower any fees to modify, renew, extend or

1717 amend a high cost home loan or defer any payment due under a high  
1718 cost home loan, if after the modification, renewal, extension or  
1719 amendment, the loan is still a high cost home loan, or if no longer a  
1720 high cost home loan, the APR has not been reduced by at least two  
1721 percentage points. For purposes of this subdivision, "fees" does not  
1722 include interest that is otherwise payable and consistent with the  
1723 provisions of the loan documents. The provisions of this subdivision  
1724 do not prohibit a lender from charging, imposing or causing to be  
1725 paid, directly or indirectly, prepaid finance charges in connection with  
1726 any additional proceeds [, as defined in subdivision (3) of this section,]  
1727 received by the borrower in connection with the modification, renewal,  
1728 extension or amendment, provided the prepaid finance charges on the  
1729 additional proceeds do not exceed five per cent of the additional  
1730 proceeds. The provisions of this subdivision do not apply if the  
1731 existing high cost home loan is sixty or more days delinquent and the  
1732 modification, renewal, extension, amendment or deferral is part of a  
1733 work-out process. For purposes of this subdivision, "additional  
1734 proceeds" means: (A) For a closed-end loan, the amount by which the  
1735 new loan exceeds the current principal balance of the existing loan,  
1736 and (B) for an open-end loan, the amount by which the line of credit on  
1737 the new loan exceeds the maximum credit limit of the existing loan;

1738 [(5)] (3) Make such loan unless, based upon a consideration of the  
1739 borrower's current and expected income, current obligations,  
1740 employment status and other financial resources, excluding the  
1741 borrower's equity in the dwelling that secures repayment of the loan,  
1742 the lender reasonably believes at the time the loan is consummated  
1743 that the borrower will be able to make the scheduled payments [to  
1744 repay the loan based upon a consideration of the borrower's current  
1745 and expected income, current obligations, employment status, and  
1746 other financial resources, excluding the borrower's equity in the  
1747 dwelling that secures repayment of the loan] of the following, as  
1748 applicable: Principal, interest, real estate taxes, homeowner's  
1749 insurance, assessments, homeowner association fees and mortgage  
1750 insurance premiums. For loans in which the interest rate may vary, the

1751 reasonable ability to pay shall be determined based on a fully indexed  
1752 rate and a repayment schedule that achieves full amortization over the  
1753 life of the loan. The borrower's income and financial resources, if relied  
1754 upon in determining the borrower's ability to make the scheduled  
1755 payments, shall be verified by tax returns, payroll receipts, bank  
1756 records or other similarly reliable documents. The borrower shall be  
1757 presumed to be able to make the scheduled payments [to repay the  
1758 loan] if at the time the loan is consummated, or at the time of the [first]  
1759 final rate adjustment in the case of a lower introductory interest rate,  
1760 the borrower's monthly debts, including [amounts owed under the  
1761 mortgage] the scheduled payments, do not exceed fifty per cent of the  
1762 borrower's monthly gross income, as verified by the borrower's signed  
1763 financial statement, a credit report [,] and payment records for  
1764 employment income;

1765 [(6)] (4) Advertise that refinancing preexisting debt with a high cost  
1766 home loan will reduce a borrower's aggregate monthly debt payment  
1767 without also disclosing that the high cost home loan may increase both  
1768 the borrower's aggregate number of monthly debt payments and the  
1769 aggregate amount paid by the borrower over the term of the high cost  
1770 home loan;

1771 [(7)] (5) Recommend or encourage default or further default by a  
1772 borrower on an existing loan or other debt, prior to the closing of a  
1773 high cost home loan that refinances all or any portion of such existing  
1774 loan or debt;

1775 [(8)] (6) Make such loan to a borrower that refinances an existing  
1776 loan unless the high cost home loan provides a benefit to the borrower  
1777 considering all of the circumstances, including the terms of both the  
1778 new and refinanced loans, the cost of the new loan, and the borrower's  
1779 circumstances;

1780 [(9)] (7) Make such loan with an interest rate that is unconscionable.  
1781 A lender shall base the interest rate for a high cost home loan on  
1782 proper and reasonable factors including, but not limited to,

1783 creditworthiness, other risk related standards and sound  
1784 underwriting. For purposes of this subdivision, an interest rate that is  
1785 not based on such factors, or that significantly deviates from industry  
1786 standards for making that type of high cost home loan, shall be  
1787 deemed unconscionable; [and] or

1788 [(10) Charge and retain fees paid by the borrower for services that  
1789 are not actually performed, or which are not bona fide and reasonable.]

1790 (8) Offer the borrower an individual or group credit life, accident,  
1791 health, disability or unemployment insurance product on a prepaid  
1792 single premium basis.

1793 Sec. 37. (NEW) (*Effective September 30, 2008*): A high cost home loan  
1794 shall require the mortgagor to pay the holder of the mortgage funds  
1795 for the payment of real estate taxes and insurance premiums and such  
1796 funds shall be held in escrow for distribution to the taxing authority  
1797 and insurance company.

1798 Sec. 38. Section 36a-758 of the 2008 supplement to the general  
1799 statutes is repealed and the following is substituted in lieu thereof  
1800 (*Effective September 30, 2008*):

1801 Any person who makes any first mortgage loan, as defined in  
1802 section 36a-485 of the 2008 supplement to the general statutes, as  
1803 amended by this act or any secondary mortgage loan, as defined in  
1804 section [36a-510] 36a-485 of the 2008 supplement to the general  
1805 statutes, as amended by this act, shall, at the time of consummation of  
1806 such loan or at the termination of any right to rescind the loan  
1807 transaction under 12 CFR 226, as amended from time to time,  
1808 [amended,] whichever is later, pay the loan proceeds to the mortgagor,  
1809 to the mortgagor's attorney, to the mortgagee's attorney or to any other  
1810 person specified in any settlement statement, any written agreement  
1811 between the mortgagor and the mortgagee or any written instruction  
1812 of the mortgagor, by a certified, bank treasurer's or cashier's check or  
1813 by means of wire transfer.

1814 Sec. 39. Section 36a-534g of the 2008 supplement to the general  
1815 statutes is repealed and the following is substituted in lieu thereof  
1816 (*Effective September 30, 2008*):

1817 The Banking Commissioner may participate in the [national] nation-  
1818 wide mortgage licensing system and permit such system to process  
1819 applications for [first mortgage] lender, [first mortgage] correspondent  
1820 lender, [first] mortgage broker [, secondary mortgage lender,  
1821 secondary mortgage correspondent lender, secondary mortgage  
1822 broker] and originator licenses in this state and receive and maintain  
1823 records related to such licenses that are allowed or required to be  
1824 maintained by the commissioner.

1825 Sec. 40. Section 25 of public act 07-156 is repealed and the following  
1826 is substituted in lieu thereof (*Effective September 30, 2008*):

1827 The Banking Commissioner shall submit to the joint standing  
1828 committee of the General Assembly having cognizance of matters  
1829 relating to banks three annual reports that shall include financial  
1830 statements of the State Regulatory Registry, LLC, concerning the  
1831 [national] nation-wide mortgage licensing system described in section  
1832 1 of [this act] public act 07-156. Each such financial statement shall  
1833 cover a twelve-month period. The commissioner shall submit such  
1834 reports for three consecutive years not later than ten days after receipt  
1835 of such financial statements by the commissioner.

1836 Sec. 41. Subsection (g) of section 19a-343a of the general statutes is  
1837 repealed and the following is substituted in lieu thereof (*Effective*  
1838 *September 30, 2008*):

1839 (g) If the defendant is a financial institution and the record owner of  
1840 the real property, or if the defendant is a financial institution claiming  
1841 an interest of record pursuant to a bona fide mortgage, assignment of  
1842 lease or rent, lien or security in the real property and is not determined  
1843 to be a principal or an accomplice in the conduct constituting the  
1844 public nuisance, the court shall not enter any order against such

1845 defendant. The state shall have the burden of proving by clear and  
1846 convincing evidence that any such defendant claiming an interest of  
1847 record under this subsection is a principal or an accomplice in the  
1848 alleged conduct constituting the public nuisance. For the purposes of  
1849 this subsection, "financial institution" means a bank, as defined in  
1850 subdivision (4) of section 36a-2 of the 2008 supplement to the general  
1851 statutes, as amended by this act, an out-of-state bank, as defined in  
1852 subdivision [(44)] (46) of section 36a-2 of the 2008 supplement to the  
1853 general statutes, as amended by this act, an institutional lender or any  
1854 subsidiary or affiliate of such bank, out-of-state bank or institutional  
1855 lender that directly or indirectly acquires the real property pursuant to  
1856 strict foreclosure, foreclosure by sale or deed-in-lieu of foreclosure, and  
1857 with the intent of ultimately transferring the property, or other lender  
1858 licensed by the Department of Banking.

1859 Sec. 42. Subdivision (17) of section 36a-316 of the general statutes is  
1860 repealed and the following is substituted in lieu thereof (*Effective*  
1861 *September 30, 2008*):

1862 (17) "Savings deposit" means a savings deposit, as defined in  
1863 subdivision [(59)] (62) of section 36a-2 of the 2008 supplement to the  
1864 general statutes, as amended by this act, and the payment on shares at  
1865 a Connecticut credit union or federal credit union, and a "savings  
1866 account" is a deposit account which contains savings deposits.

1867 Sec. 43. Section 20-329 of the general statutes is repealed and the  
1868 following is substituted in lieu thereof (*Effective September 30, 2008*):

1869 The provisions of this chapter concerning the licensure of real estate  
1870 brokers and real estate salespersons shall not apply to: (1) Any person  
1871 who as owner or lessor performs any of the acts enumerated in section  
1872 20-311, with reference to property owned, leased or sought to be  
1873 acquired or leased by the person, or to the person's regular employees  
1874 who are employed as on-site residential superintendents or custodians,  
1875 with respect to the property so owned or leased or sought to be  
1876 acquired or leased when such acts are performed in the regular course

1877 of, or incident to, the management of such property and the  
1878 investment therein; (2) any person acting as attorney-in-fact under a  
1879 duly executed power of attorney from the owner authorizing the final  
1880 consummation by performance of any contract for the sale, leasing or  
1881 exchange of real estate, or to service rendered by any attorney-at-law  
1882 in the performance of the attorney-at-law's duties as such attorney-at-  
1883 law; (3) a receiver, trustee in bankruptcy, administrator, executor or  
1884 other fiduciary, while acting as such, or any person selling real estate  
1885 under order of any court, or to a trustee acting under a trust  
1886 agreement, deed of trust or will, or the regular salaried employees  
1887 thereof; (4) witnesses in court as to the values of real estate; (5) persons  
1888 in the employ of the federal or state government or any political  
1889 subdivision thereof while acting in the course of such employment; (6)  
1890 any employee of any nonprofit housing corporation that (A) has been  
1891 certified as a tax-exempt organization under Section 501(c)(3) of the  
1892 Internal Revenue Code of 1986, or any subsequent corresponding  
1893 internal revenue code of the United States, as from time to time  
1894 amended, and manages a housing project, or (B) manages a housing  
1895 project assisted in whole or in part by the federal government  
1896 pursuant to Section 8 of The United States Housing Act of 1937, as  
1897 from time to time amended, while such employee is performing duties  
1898 in the regular course of, or incidental to, the management of such  
1899 housing project; (7) [any person licensed as a broker in accordance  
1900 with sections 36a-510 to 36a-524, inclusive, who engages solely in the  
1901 activities described in subsection (6) of section 36a-510; (8)] any person  
1902 licensed to maintain or operate a mobile manufactured home park  
1903 under chapter 412 who performs any of the acts enumerated in section  
1904 20-311, with reference to lots or mobile manufactured homes within  
1905 the park or to the person's employees with respect to lots or mobile  
1906 manufactured homes within such park when such acts are performed  
1907 in the regular course of, or incidental to, the management of such  
1908 property and the investment therein; [(9)] (8) persons licensed as  
1909 sellers of mobile manufactured homes under section 21-67; or [(10)] (9)  
1910 any person or such person's regular employee who, as owner, lessor,

1911 licensor, manager, representative or agent manages, leases, or licenses  
1912 space on or in a tower, building or other structure for (A) "personal  
1913 wireless services facilities" or facilities for "private mobile service" as  
1914 those terms are defined in 47 USC 332, which facilities shall be  
1915 unattended, and the installation and maintenance of related devices  
1916 authorized by the Federal Communications Commission, and ancillary  
1917 equipment used to operate such devices and equipment shelters  
1918 therefor, in an area not to exceed three hundred sixty square feet for  
1919 any one service established by the Federal Communications  
1920 Commission in 47 CFR, as amended from time to time, by a provider  
1921 of any such service, and (B) any right appropriate to access such  
1922 facilities and connect or use utilities in connection with such facilities.

1923       Sec. 44. Subsection (a) of section 51-81c of the 2008 supplement to  
1924 the general statutes is repealed and the following is substituted in lieu  
1925 thereof (*Effective September 30, 2008*):

1926       (a) A program for the use of interest earned on lawyers' clients'  
1927 funds accounts is hereby established. The organization administering  
1928 the program shall use such interest to provide funding for (1) the  
1929 delivery of legal services to the poor by nonprofit corporations whose  
1930 principal purpose is providing legal services to the poor and (2) law  
1931 school scholarships based on financial need. Each lawyer and law firm  
1932 having a clients' funds account shall participate in the program. On  
1933 and after July 1, 2005, each entity, other than a borrower, having an  
1934 account established to receive loan proceeds from a mortgage lender,  
1935 as defined in this subsection, shall participate in the program. Under  
1936 the program, funds in accounts established to receive such loan  
1937 proceeds, regardless of the amount or period held, and clients' funds  
1938 that are less than ten thousand dollars in amount or expected to be  
1939 held for a period of not more than sixty business days, shall be  
1940 deposited by participating lawyers, law firms and entities in interest-  
1941 bearing accounts specifically established pursuant to the program.  
1942 Funds deposited in such accounts shall be subject to withdrawal upon  
1943 request by the depositor and without delay. The interest earned on

1944 such accounts shall be paid to an organization qualified under Section  
1945 501(c)(3) of the Internal Revenue Code of 1986, or any subsequent  
1946 corresponding internal revenue code of the United States, as from time  
1947 to time amended, which shall be designated to administer the program  
1948 by the judges of the Superior Court pursuant to subsection (b) of this  
1949 section. Nothing in this section shall prevent (A) a lawyer or law firm  
1950 from depositing a client's funds, regardless of the amount of such  
1951 funds or the period for which such funds are expected to be held, in a  
1952 separate interest-bearing account established on behalf of and for the  
1953 benefit of the client, or (B) an entity from depositing a person's loan  
1954 proceeds, regardless of the amount of such proceeds or the period for  
1955 which such proceeds are expected to be held, in a separate interest-  
1956 bearing account established on behalf of and for the benefit of the  
1957 person. The organization administering the program shall mail to each  
1958 lawyer, law firm and entity participating in the program a detailed  
1959 annual report of all funds disbursed under the program including the  
1960 amount disbursed to each recipient of funds. Any recipient of funds  
1961 under the program which, using program funds, represents a party in  
1962 an action filed after July 1, 1992, against the state or any officer or  
1963 agency thereof and is awarded attorney's fees in such action by the  
1964 court, shall reimburse the program for the amount of attorney's fees  
1965 received in proportion to the percentage of program funds used for the  
1966 litigation. No recipient of funds under the program may use such  
1967 funds to pay the occupational tax imposed pursuant to section 51-81b  
1968 of the 2008 supplement to the general statutes, on behalf of any  
1969 attorney. As used in this section, "mortgage lender" means any person  
1970 engaged in the business of making [first] mortgage loans, [or  
1971 secondary mortgage loans,] including, but not limited to, a bank, out-  
1972 of-state bank, Connecticut credit union, federal credit union, out-of-  
1973 state credit union, [first] mortgage lender required to be licensed under  
1974 sections 36a-485 to 36a-498a, inclusive, [or secondary mortgage lender  
1975 required to be licensed under sections 36a-510 to 36a-524, inclusive,] of  
1976 the 2008 supplement to the general statutes, as amended by this act.

1977 Sec. 45. Subsection (a) of section 51-344a of the general statutes is

1978 repealed and the following is substituted in lieu thereof (*Effective*  
1979 *September 30, 2008*):

1980 (a) Whenever the term "judicial district of Hartford-New Britain" or  
1981 "judicial district of Hartford-New Britain at Hartford" is used or  
1982 referred to in the following sections of the general statutes, it shall be  
1983 deemed to mean or refer to the judicial district of Hartford on and after  
1984 September 1, 1998: Sections 1-205 of the 2008 supplement to the general  
1985 statutes, 1-206 of the 2008 supplement to the general statutes, 2-48, 3-  
1986 21a, 3-62d, 3-70a, 3-71a, 4-61, 4-160, 4-164, 4-177b, 4-180, 4-183, 4-197, 5-  
1987 202, 5-276a, 8-30g, 9-7a, 9-7b, 9-369b, 10-153e, 12-208, 12-237, 12-268l,  
1988 12-312, 12-330m, 12-405k, 12-422, 12-448, 12-454, 12-456, 12-463, 12-489,  
1989 12-522, 12-554, 12-565, 12-572, 12-586f, 12-597, 12-730, 13b-34, 13b-235,  
1990 13b-315, 13b-375, 14-57, 14-66 of the 2008 supplement to the general  
1991 statutes, 14-67u, 14-110, 14-195, 14-311, 14-311c, 14-324, 14-331, 15-125,  
1992 15-126, 16-41 of the 2008 supplement to the general statutes, 16a-5, 17b-  
1993 60, 17b-100, 17b-238, 17b-531, 19a-85, 19a-86, 19a-123d, 19a-425, 19a-  
1994 498, 19a-517, 19a-526, 19a-633, 20-12f, 20-13e of the 2008 supplement to  
1995 the general statutes, 20-29, 20-40, 20-45, 20-59 of the 2008 supplement  
1996 to the general statutes, 20-73a, 20-86f, 20-99, 20-114, 20-133, 20-154, 20-  
1997 156, 20-162p, 20-192, 20-195p, 20-202, 20-206c, 20-227, 20-238, 20-247,  
1998 20-263, 20-271, 20-307, 20-341f, 20-363 of the 2008 supplement to the  
1999 general statutes, 20-373, 20-404, 20-414, 21a-55, 21a-190i, 22-7, 22-64, 22-  
2000 228, 22-248, 22-254, 22-320d, 22-326a, 22-344b, 22-386, 22a-6b of the  
2001 2008 supplement to the general statutes, 22a-7, 22a-16, 22a-30, 22a-34,  
2002 22a-53, 22a-60, 22a-62, 22a-63 of the 2008 supplement to the general  
2003 statutes, 22a-66h, 22a-106a, 22a-119, 22a-167, 22a-180, 22a-182a, 22a-  
2004 184, 22a-220a, 22a-220d, 22a-225, 22a-226, 22a-226c, 22a-227, 22a-250,  
2005 22a-255l, 22a-276, 22a-285a, 22a-285g of the 2008 supplement to the  
2006 general statutes, 22a-285j, 22a-310, 22a-342a, 22a-344, 22a-361a, 22a-374,  
2007 22a-376, 22a-408, 22a-430, 22a-432, 22a-438, 22a-449f of the 2008  
2008 supplement to the general statutes, 22a-449g, 22a-459, 23-5e, 23-65m,  
2009 25-32e, 25-36, 28-5, 29-143j of the 2008 supplement to the general  
2010 statutes, 29-158, 29-161z, 29-317, 29-323, 29-329, 29-334, 29-340, 29-369,  
2011 30-8, 31-109, 31-249b of the 2008 supplement to the general statutes, 31-

2012 266, 31-266a, 31-270, 31-273, 31-284, 31-285, 31-339, 31-355a, 31-379, 35-  
2013 3c, 35-42, 36a-186, 36a-187, 36a-471a, 36a-494 [, 36a-517] of the 2008  
2014 supplement to the general statutes, as amended by this act, 36a-587 of  
2015 the 2008 supplement to the general statutes, 36a-647, 36a-684, 36a-718,  
2016 36a-807, 36b-26, 36b-27 of the 2008 supplement to the general statutes,  
2017 36b-30, 36b-50, 36b-71, 36b-72, 36b-74, 36b-76, 38a-41, 38a-52, 38a-134,  
2018 38a-139, 38a-140, 38a-147, 38a-150, 38a-185, 38a-209, 38a-225, 38a-226b,  
2019 38a-241, 38a-337, 38a-470, 38a-620, 38a-657, 38a-687, 38a-774, 38a-776,  
2020 38a-817, 38a-843, 38a-868, 38a-906, 38a-994, 42-103c, 42-110d, 42-110k,  
2021 42-110p, 42-182, 46a-5, 46a-56 of the 2008 supplement to the general  
2022 statutes, 46a-100, 47a-21, 49-73, 51-44a, 51-81b of the 2008 supplement  
2023 to the general statutes, 51-194, 52-146j, 53-392d and 54-211a.

2024 Sec. 45. Subdivision (2) of section 42-287 of the general statutes is  
2025 repealed and the following is substituted in lieu thereof (*Effective*  
2026 *September 30, 2008*):

2027 (2) Any transaction between a consumer and a bank, out-of-state  
2028 bank, Connecticut credit union, federal credit union or out-of-state  
2029 credit union as each is defined in section 36a-2 of the 2008 supplement  
2030 to the general statutes, as amended by this act, or a [first] mortgage  
2031 broker or lender, [second mortgage broker or lender,] sales finance  
2032 company or small loan lender licensed under chapter 668 in which any  
2033 such person, or such person's subsidiary, affiliate or agent markets its  
2034 own services to a consumer.

2035 Sec. 46. Subdivision (2) of section 36a-615 of the general statutes is  
2036 repealed and the following is substituted in lieu thereof (*Effective*  
2037 *September 30, 2008*):

2038 (2) "Loan broker" means any person who: (A) For or in expectation  
2039 of a fee (i) arranges, negotiates, places, solicits or finds an unsecured  
2040 loan; (ii) assists or advises a person in obtaining an unsecured loan; or  
2041 (iii) offers or attempts to engage in the activities described in  
2042 subparagraph (i) or (ii) of this subdivision; (B) acts for or on behalf of a  
2043 loan broker; (C) holds himself out to the public generally as a person

2044 engaging in the activities described in subdivision (A) of this  
2045 subsection. A principal, officer, director, partner, joint venturer,  
2046 manager or other person with similar supervisory or managerial  
2047 responsibility for persons engaging in the activities described in  
2048 subdivisions (A) to (C), inclusive, of this subsection shall be deemed to  
2049 be a loan broker. "Loan broker" shall not include any bank, out-of-state  
2050 bank, Connecticut credit union, federal credit union, out-of-state credit  
2051 union, small loan licensee, nondepository [first] mortgage lender or  
2052 broker, [secondary mortgage loan lender or broker,] sales finance  
2053 company, securities broker-dealer or investment adviser, investment  
2054 company as defined in the Investment Company Act of 1940, as from  
2055 time to time amended, forwarder of money, trustee under a mortgage  
2056 or deed of trust of real property, corporation exercising fiduciary  
2057 powers, money order and travelers check licensee, check cashing  
2058 licensee, real estate broker or agent, attorney, Federal Housing  
2059 Authority or Veterans' Administration approved lender, or insurance  
2060 company; provided any such person or entity so excluded is licensed  
2061 by and subject to the regulation and supervision of the appropriate  
2062 regulatory agency of the United States or this state or any other state  
2063 and is acting within the scope of the license.

2064 Sec. 47. Subdivision (2) of section 36a-755 of the general statutes is  
2065 repealed and the following is substituted in lieu thereof (*Effective*  
2066 *September 30, 2008*):

2067 (2) "Financial institution" means a bank, out-of-state bank,  
2068 Connecticut credit union, federal credit union, out-of-state credit  
2069 union, [secondary mortgage loan licensee and first] mortgage lender  
2070 or mortgage broker licensee.

2071 Sec. 48. Subdivision (2) of section 49-6a of the general statutes is  
2072 repealed and the following is substituted in lieu thereof (*Effective*  
2073 *September 30, 2008*):

2074 (1) "Creditor" means any state bank and trust company or national  
2075 banking association, state or federal savings bank, state or federal

2076 savings and loan association, state or federal credit union, licensed  
 2077 [first] mortgage lender or other financial institution.

2078       Sec. 49. (*Effective September 30, 2008*) Sections 36a-510, 36a-511, 36a-  
 2079 513, 36a-514, 36a-515, 36a-516, 36a-517, 36a-521, and 36a-523 of the 2008  
 2080 supplement to the general statutes are repealed.

2081       Sec. 50. (*Effective September 30, 2008*) Sections 36a-512, 36a-519, 36a-  
 2082 520, 36a-522, 36a-524 and 36a-746f of the general statutes are repealed.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>September 30, 2008</i>	36a-2
Sec. 2	<i>September 30, 2008</i>	36a-3
Sec. 3	<i>September 30, 2008</i>	36a-21(d)
Sec. 4	<i>September 30, 2008</i>	36a-56
Sec. 5	<i>September 30, 2008</i>	36a-65(c)(6)
Sec. 6	<i>September 30, 2008</i>	36a-485
Sec. 7	<i>September 30, 2008</i>	36a-486
Sec. 8	<i>September 30, 2008</i>	36a-487
Sec. 9	<i>September 30, 2008</i>	36a-488
Sec. 10	<i>September 30, 2008</i>	36a-489
Sec. 11	<i>September 30, 2008</i>	36a-490
Sec. 12	<i>September 30, 2008</i>	36a-491
Sec. 13	<i>September 30, 2008</i>	36a-492
Sec. 14	<i>September 30, 2008</i>	36a-493
Sec. 15	<i>September 30, 2008</i>	36a-494
Sec. 16	<i>September 30, 2008</i>	36a-496
Sec. 17	<i>September 30, 2008</i>	36a-497
Sec. 18	<i>September 30, 2008</i>	36a-498
Sec. 19	<i>September 30, 2008</i>	36a-498a
Sec. 20	<i>September 30, 2008</i>	New section
Sec. 21	<i>September 30, 2008</i>	New section
Sec. 22	<i>September 30, 2008</i>	New section
Sec. 23	<i>September 30, 2008</i>	New section
Sec. 24	<i>September 30, 2008</i>	New section
Sec. 25	<i>September 30, 2008</i>	New section
Sec. 26	<i>September 30, 2008</i>	New section

Sec. 27	September 30, 2008	36a-534a(a)
Sec. 28	September 30, 2008	36a-555
Sec. 29	September 30, 2008	36a-705
Sec. 30	September 30, 2008	36a-715(1)
Sec. 31	September 30, 2008	36a-725
Sec. 32	September 30, 2008	36a-736
Sec. 33	September 30, 2008	36a-746a
Sec. 34	September 30, 2008	36a-746b
Sec. 35	September 30, 2008	36a-746c
Sec. 36	September 30, 2008	36a-746e
Sec. 37	September 30, 2008	New section
Sec. 38	September 30, 2008	36a-758
Sec. 39	September 30, 2008	36a-534g
Sec. 40	September 30, 2008	PA 07-156, Sec. 25
Sec. 41	September 30, 2008	19a-343a(g)
Sec. 42	September 30, 2008	36a-316(17)
Sec. 43	September 30, 2008	20-329
Sec. 44	September 30, 2008	51-81c(a)
Sec. 45	September 30, 2008	51-344a(a)
Sec. 45	September 30, 2008	42-287(2)
Sec. 46	September 30, 2008	36a-615(2)
Sec. 47	September 30, 2008	36a-755(2)
Sec. 48	September 30, 2008	49-6a(2)
Sec. 49	September 30, 2008	Repealer section
Sec. 50	September 30, 2008	Repealer section

**Statement of Purpose:**

To implement the Governor's budget recommendations.

*[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.]*