



General Assembly

February Session, 2008

Raised Bill No. 428

LCO No. 2051

02051_____BA_

Referred to Committee on Banks

Introduced by:
(BA)

**AN ACT CONCERNING MORTGAGE CLOSING FUNDS
AVAILABILITY.**

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

1 Section 1. Section 36a-758 of the 2008 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective October 1, 2008*):

4 Any person who makes any first mortgage loan, as defined in
5 section 36a-485 of the 2008 supplement to the general statutes, or any
6 secondary mortgage loan, as defined in section 36a-510 of the 2008
7 supplement to the general statutes, shall, [at the time of consumation
8 of such loan] no later than three p.m. on the day the loan is
9 consummated or at the termination of any right to rescind the loan
10 transaction under 12 CFR 226, as from time to time amended,
11 whichever is later, pay the loan proceeds to the mortgagor, to the
12 mortgagor's attorney, to the mortgagee's attorney or to any other
13 person specified in any settlement statement, any written agreement
14 between the mortgagor and the mortgagee or any written instruction
15 of the mortgagor, by a certified, bank treasurer's or cashier's check or

16 by means of wire transfer. A person violating this section shall be
17 subject to the penalties in section 2 of this act.

18 Sec. 2. (NEW) (*Effective October 1, 2008*) (a) Any person or entity
19 engaged in the business of (1) making first mortgage loans in this state
20 and licensed in accordance with part I(A) of chapter 668 of the general
21 statutes, or (2) making secondary mortgage loans in the state and
22 licensed in accordance with part I(B) of chapter 668 of the general
23 statutes, that chooses to utilize a wire transfer to send the loan
24 proceeds to the mortgagee's attorney, shall transfer the loan proceeds
25 to the bank which holds the account of the mortgagee's attorney by a
26 wire transfer in a timely manner, but in any event not later than the
27 scheduled date and time of the closing of the loan, except that in the
28 case of a mortgage refinancing, where any right of rescission under 12
29 CFR 226.23 has terminated, any such wire transfer shall be in a timely
30 manner, but in any event not later than three p.m. on the disbursement
31 date. In the case of a person or entity engaged in the business of
32 making secondary mortgage loans in this state, the provisions of this
33 subsection shall apply only to secondary mortgage loans to finance the
34 acquisition or initial construction of the mortgagor's principal
35 dwelling.

36 (b) The commissioner may suspend, revoke or refuse to renew a
37 license pursuant to section 36a-51 of the general statutes issued to a
38 person or entity engaged in the business of making first mortgage
39 loans or secondary mortgage loans in this state and licensed in
40 accordance with part I(A) or I(B) of chapter 668 of the general statutes,
41 or subject such person or entity to civil fines not to exceed one
42 thousand dollars per violation, for failure to comply with section 36a-
43 758 of the 2008 supplement to the general statutes, as amended by this
44 act, or subsection (a) of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2008</i>	36a-758

Sec. 2	October 1, 2008	New section
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Statement of Purpose:

To create penalties for mortgage providers that do not make funds timely available.

[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.]