AN ACT CONCERNING IMPLEMENTATION OF THE S.A.F.E. MORTGAGE LICENSING ACT.

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

Section 1. Section 36a-21 of the general statutes is repealed and the following is substituted in lieu thereof (Effective from passage):

(a) Notwithstanding any provision of state law and except as provided in subsections (b) and (d) of this section and subdivision (2) of subsection (a) of section 36a-534b, as amended by this act, the following records of the Department of Banking shall not be disclosed by the commissioner or any employee of the Department of Banking, or be subject to public inspection or discovery:

(1) Examination and investigation reports and information contained in or derived from such reports, including examination reports prepared by the commissioner or prepared on behalf of or for the use of the commissioner;

(2) Confidential supervisory or investigative information obtained from a state, federal or foreign regulatory or law enforcement agency; and

(3) Information obtained, collected or prepared in connection with examinations, inspections or investigations, and complaints from the
public received by the Department of Banking, if such records are protected from disclosure under federal or state law or, in the opinion of the commissioner, such records would disclose, or would reasonably lead to the disclosure of: (A) Investigative information the disclosure of which would be prejudicial to such investigation, until such time as the investigation and all related administrative and legal actions are concluded; (B) personal or financial information, including account or loan information, without the written consent of the person or persons to whom the information pertains; or (C) information that would harm the reputation of any person or affect the safety and soundness of any person whose activities in this state are subject to the supervision of the commissioner, and the disclosure of such information under this subparagraph would not be in the public interest.

(b) The commissioner may, without waiving any privilege, disclose the records described in subsection (a) of this section for any appropriate supervisory, governmental, law enforcement or other public purpose. Any such disclosure shall be made under safeguards designed to prevent further dissemination of such records. In any proceeding before a court, the court may issue a protective order in appropriate circumstances to protect the confidentiality of any such record and order that any such record on file with the court or filed in connection with the court proceeding be sealed and that the public be excluded from any portion of the proceeding at which any such record is disclosed.

(c) No director, officer, employee or agent of any Connecticut bank or Connecticut credit union shall disclose without the prior written consent of the commissioner any information contained in an examination report about such bank or credit union, which information is not otherwise a matter of public record.

(d) (1) The provisions of subsections (a) and (b) of this section shall not apply to the disclosure of [(1)] any record [that is] provided to or maintained by the commissioner with the [Nationwide Mortgage
Licensing System to any supervisory, governmental or law
enforcement agency that is authorized to access such record on the
system, provided such record shall remain the property of the
Department of Banking and may not be further disclosed to any
person without the consent of the commissioner, or (2) any record of a
licensee that is maintained by the commissioner with such system to
such licensee. No person may obtain information from the Nationwide
Mortgage Licensing System that could not otherwise be obtained
under state law. No information obtained from the Nationwide
Mortgage Licensing System shall be admissible as evidence in, or used
to initiate, a civil proceeding in this state unless such information
would otherwise be admissible in such proceeding under state law.

Except as otherwise provided in Section 1512 of the federal
S.A.F.E. Mortgage Licensing Act of 2008, any requirements under
federal law or any law of this state, including this section and chapter
14 and any privilege arising under federal law or any law of this state,
including the rules of any federal court or court of this state that
protect the disclosure of any record provided to or maintained with
the system, shall continue to apply to such record after it has been
disclosed to the system. Such record may be shared with all state and
federal regulatory officials that have oversight authority over the
mortgage industry without the loss of privilege or the loss of
confidentiality protections provided by federal law or the laws of this
state. For purposes of this subsection, the commissioner may enter into
agreements or sharing arrangements with other governmental
agencies, the Conference of State Bank Supervisors, the American
Association of Residential Mortgage Regulators or associations
representing governmental agencies.

(2) Any information or material that is protected from disclosure
under subdivision (1) of this subsection shall not be subject to (A)
disclosure under any federal or state law governing disclosure to the
public of information held by an officer or agency of the federal
government or the respective state; or (B) subpoena, discovery or
admission into evidence in any private civil action or administrative
process, except a person may, at such person's discretion, waive in whole or in part a privilege held by the system concerning such information and material.

(3) Any law of this state relating to the disclosure of confidential supervisory information or of any information or material described in subdivision (1) of this subsection that is inconsistent with subdivision (1) shall be superseded by the requirements of this subsection.

(e) The confidentiality provisions of this section shall not apply to records relating to the employment history of, and publicly adjudicated disciplinary and enforcement actions against, mortgage loan originators that are included in the system for access by the public.

(f) For purposes of this section, "system" has the same meaning as provided in section 36a-485, as amended by this act.

Sec. 2. Section 36a-485 of the general statutes is repealed and the following is substituted in lieu thereof (Effective from passage):

As used in this section and sections 36a-486 to 36a-498a, inclusive, as amended by this act, and sections 36a-534a and 36a-534b, unless the context otherwise requires:

(1) "Advance fee" means any consideration paid or given, directly or indirectly, to a mortgage lender, mortgage correspondent lender or mortgage broker required to be licensed pursuant to sections 36a-485 to 36a-498a, inclusive, as amended by this act, and sections 36a-534a and 36a-534b, prior to the closing of a residential mortgage loan to any person, including, but not limited to, loan fees, points, broker's fees or commissions, transaction fees or similar prepaid finance charges;

(2) "Advertise", "advertisement" or "advertising" means the use of any announcement, statement, assertion or representation that is placed before the public in a newspaper, magazine or other publication, or in the form of a notice, circular, pamphlet, letter or
poster or over any radio or television station, by means of the Internet, or by other electronic means of distributing information, by personal contact, or in any other way;

(3) "Branch office" means a location other than the main office at which a licensee or any person on behalf of a licensee acts as a mortgage lender, mortgage correspondent lender or mortgage broker;

(4) "Control person" means an individual that directly or indirectly exercises control over another person. Any person that (A) is a director, general partner or executive officer; (B) directly or indirectly has the right to vote ten per cent or more of a class of any voting security or has the power to sell or direct the sale of ten per cent or more of the capital, is presumed to be a control person. For purposes of this subdivision, "control" means the power, directly or indirectly, to direct the management or policies of a company, whether through ownership of securities, by contract or otherwise;

(5) "Depository institution" has the same meaning as provided in Section 3 of the Federal Deposit Insurance Act, 12 USC 1813, and includes any Connecticut credit union, federal credit union or out-of-state credit union;

(6) "Federal banking agency" means the Board of Governors of the Federal Reserve System, the Comptroller of the Currency, the Director of the Office of Thrift Supervision, the National Credit Union Administration and the Federal Deposit Insurance Corporation;

[(4)] (7) "First mortgage loan" means a loan or an extension of credit, including, but not limited to, an extension of credit pursuant to a contract or an assigned contract for the sale of goods or services, made to a natural person, the proceeds of which are to be used primarily for personal, family or household purposes, and which residential mortgage loan that is secured by a first mortgage; [upon any interest in one-to-four-family owner-occupied residential property located in this state which is not subject to any prior mortgages and includes the renewal or refinancing of an existing first mortgage loan;]
(8) "Immediate family member" means a spouse, child, sibling, parent, grandparent or grandchild and includes stepparents, stepchildren, stepsiblings and adoptive relationships;

(9) "Individual" means a natural person;

(10) "Loan processor" or "underwriter" means an individual who performs clerical or support duties as an employee at the direction of and subject to the supervision and instruction of a person licensed or exempt from licensing under sections 36a-485 to 36a-498a, inclusive, as amended by this act, and sections 36a-534a and 36a-534b, as amended by this act. The term "clerical or support duties" includes, subsequent to the receipt of an application, (A) the receipt, collection, distribution and analysis of information common for the processing or underwriting of a residential mortgage loan, and (B) communication with a consumer to obtain the information necessary for the processing or underwriting of a loan to the extent that such communication does not include offering or negotiating loan rates or terms or counseling consumers about residential mortgage loan rates or terms;

[(5)] (11) "Main office" means the main address designated on the [Nationwide Mortgage Licensing System] system;

[(6)] (12) "Mortgage broker" means a person who, [for a fee, commission or other valuable consideration, directly or indirectly, negotiates, solicits, arranges, places or finds a mortgage loan that is to be made by a mortgage lender or mortgage correspondent lender, whether or not the mortgage lender or mortgage correspondent lender are required to be licensed under sections 36a-485 to 36a-498a, inclusive] for compensation or gain or in the expectation of compensation or gain (A) takes a residential mortgage loan application, or (B) offers or negotiates terms of a residential mortgage loan, excluding an individual who is sponsored by another mortgage lender, mortgage correspondent lender or mortgage broker;

[(7)] (13) "Mortgage correspondent lender" means a person engaged in the business of making residential mortgage loans in such person's
own name where the loans are not held by such person for more than ninety days and are funded by another person through a warehouse agreement, table funding agreement or similar agreement;

[(8)] (14) "Mortgage lender" means a person engaged in the business of making residential mortgage loans in such person's own name utilizing such person's own funds or by funding loans through a warehouse agreement, table funding agreement or similar agreement;

[(9) "Mortgage loan" means a first mortgage loan or secondary mortgage loan;]

[(10)] (15) "Mortgage loan originator" means an individual who [is employed or retained by, or otherwise acts on behalf of, a mortgage lender, mortgage correspondent lender or mortgage broker licensee who, for, or with the expectation of, a fee, commission or other valuable consideration, takes an application for or negotiates, solicits, arranges or finds a mortgage loan. "Mortgage loan originator" does not include (1) an officer, if the licensee is a corporation; a general partner, if the licensee is a partnership; a member, if the licensee is a limited liability company; or a sole proprietor, if the licensee is a sole proprietorship, or (2) an individual whose responsibilities are limited to clerical and administrative tasks and who does not solicit borrowers, arrange or find mortgage loans, take applications or negotiate the terms of loans] takes a residential mortgage loan application or offers or negotiates terms of a residential mortgage loan for compensation or gain. "Mortgage loan originator" does not include (A) any person who does not otherwise come within the definition of mortgage loan originator and who performs purely administrative or clerical tasks on behalf of a mortgage loan originator; (B) a person who only performs real estate brokerage activities and is licensed in accordance with chapter 392, unless the individual is compensated by a mortgage lender, mortgage correspondent lender, mortgage broker or other mortgage loan originator or by any agent of such mortgage lender, mortgage correspondent lender, mortgage broker or other mortgage loan originator; or (C) a person solely involved in extensions of credit
relating to timeshare plans, as that term is defined in Paragraph 53D of
11 USC 101. For purposes of this subdivision, "administrative or
clerical tasks" means the receipt, collection and distribution of
information common for the processing or underwriting of a loan in
the mortgage industry and communication with a consumer to obtain
information necessary for the processing or underwriting of a
residential mortgage loan;

[(11)] (16) "Office" means a branch office or a main office;

(17) "Person" means a natural person, corporation, company, limited
liability company, partnership or association;

[(12)] (18) "Principal amount of the loan" means the gross amount
the borrower is obligated to repay including any prepaid finance
charge that is financed, and any other charge that is financed;

(19) "Real estate brokerage activity" means any activity that involves
offering or providing real estate brokerage services to the public,
including (A) acting as a real estate agent or real estate broker for a
buyer, seller, lessor or lessee of real property; (B) bringing together
parties interested in the sale, purchase, lease, rental or exchange or real
property; (C) negotiating, on behalf of any party, any portion of a
contract relating to the sale, purchase, lease, rental or exchange of real
property, other than in connection with providing financing with
respect to any such transaction; (D) engaging in any activity for which
a person engaged in the activity is required to be licensed as a real
estate agent or real estate broker under any applicable law; and (E)
offering to engage in any activity, or act in any capacity, described in
this subdivision;

(20) "Registered mortgage loan originator" means any individual
who (A) meets the definition of mortgage loan originator and is an
employee of a depository institution, a subsidiary that is owned and
controlled by a depository institution and regulated by a federal
banking agency, or an institution regulated by the Farm Credit
Administration; and (B) is registered with and maintains a unique
identifier through the system;

(21) "Residential mortgage loan" means any loan primarily for personal, family or household use that is secured by a mortgage, deed of trust or other equivalent consensual security interest on a dwelling as defined in Section 103 of the Consumer Credit Protection Act, 15 USC 1602, or residential real estate located in this state upon which is constructed or intended to be constructed a dwelling, as so defined:

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

(22) "Residential real estate" means any real property located in this state, upon which is constructed or intended to be constructed a dwelling as defined in Section 103 of the Consumer Credit Protection Act, 15 USC 1602;

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

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

(25) "Sponsored" means employed or retained as an independent contractor;

(26) "System" means the Nationwide Mortgage Licensing System and Registry developed and maintained by the Conference of State
Bank Supervisors and the American Association of Residential Mortgage Regulators for the licensing and registration of mortgage lenders, mortgage correspondent lenders, mortgage brokers and mortgage loan originators;

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

(28) "Unique identifier" means a number or other identifier assigned by protocols established by the system; and

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

Sec. 3. Section 36a-534b of the general statutes is repealed and the following is substituted in lieu thereof (Effective from passage):

(a) [The Banking Commissioner] (1) In addition to any other duties imposed upon the Banking Commissioner by law, the commissioner shall require mortgage lenders, mortgage correspondent lenders, mortgage brokers and mortgage loan originators to be licensed and registered through the system. In order to carry out this requirement, the commissioner shall participate in the [Nationwide Mortgage Licensing System] system [for this state] and permit [such system] the system to process applications for mortgage lender, mortgage correspondent lender, mortgage broker and mortgage loan originator licenses in this state and receive and maintain records related to such licenses that are allowed or required to be maintained by the commissioner. For this purpose, the commissioner may establish, by order or regulation, the requirements and procedures necessary for participation in the system, including, but not limited to: (A) Applicant background checks for criminal history through (i) fingerprint or other databases, (ii) civil or administrative records, or (iii) credit history or any other information as deemed necessary by the system; (B) fees to
apply for or renew licenses through the system; (C) license renewal or
reporting dates; and (D) the process for amending or surrendering a
license or any other such activities as the commissioner deems
necessary for participation in the system. For the purpose of
participating in the system, the commissioner may waive or modify, in
whole or in part, by regulation or order, any requirement of sections
36a-485 to 36a-498a, inclusive, as amended by this act, and to establish
new requirements as reasonably necessary to participate in the system.

(2) The commissioner shall report regularly to the system violations
of and enforcement actions under sections 36a-485 to 36a-498a,
inclusive, as amended by this act, sections 19 and 20 of this act and
other relevant information.

(3) The commissioner may establish relationships or enter into
contracts with the system or other entities designated by the system to
collect and maintain records and process transaction fees or other fees
related to licensees or other persons subject to sections 36a-485 to 36a-
498a, inclusive, as amended by this act.

(4) For the purposes of sections 36a-485 to 36a-498a, inclusive, as
amended by this act, and to reduce the points of contact that the
Federal Bureau of Investigation may have to maintain under the
federal S.A.F.E. Mortgage Licensing Act, the commissioner may use
the system as a channeling agent for requesting information from and
distributing information to the United States Department of Justice or
any governmental agency.

(5) For the purposes of sections 36a-485 to 36a-498a, inclusive, as
amended by this act, and to reduce the points of contact that the
commissioner may have to maintain, the commissioner may use the
system as a channeling agent for requesting and distributing
information to and from any source, as directed by the commissioner.

(6) The commissioner shall establish a process whereby mortgage
lenders, mortgage correspondent lenders, mortgage brokers and
mortgage loan originators may challenge information entered into the
system by the commissioner.

(b) (1) Each first mortgage lender license and secondary mortgage lender license in existence on June 30, 2008, shall be deemed on and after July 1, 2008, to be a mortgage lender license, as defined in section 36a-485, as amended by this act; (2) each first mortgage correspondent lender license and secondary mortgage correspondent lender license in existence on June 30, 2008, shall be deemed on and after July 1, 2008, to be a mortgage correspondent lender license, as defined in section 36a-485, as amended by this act; (3) each first mortgage broker license and secondary mortgage broker license in existence on June 30, 2008, shall be deemed on and after July 1, 2008, to be a mortgage broker license, as defined in section 36a-485, as amended by this act; and (4) each originator registration in existence on June 30, 2008, shall be deemed on and after July 1, 2008, to be a mortgage loan originator license, as defined in section 36a-485, as amended by this act.

(c) (1) Each person licensed on July 1, 2008, as a mortgage lender, mortgage correspondent lender, mortgage broker or mortgage loan originator shall, prior to October 1, 2008, transition on to the [Nationwide Mortgage Licensing System] system by submitting all licensing and license-related information required by the [Nationwide Mortgage Licensing System] system for this state.

(2) On and after July 1, 2008, any licensing or license-related filings shall be submitted exclusively through the [Nationwide Mortgage Licensing System] system.

(3) Any person making any filing or submission of any information on the [Nationwide Mortgage Licensing System] system shall do so in accordance with the procedures and requirements of [such system] the system and pay the applicable fees or charges to [such system] the system. Each mortgage lender, mortgage correspondent lender, mortgage broker and mortgage loan originator licensee shall submit to the system reports of condition that shall be in such form and shall contain such information as the system may require.
(d) Notwithstanding the provisions of this section, any initial application for a license submitted on the [Nationwide Mortgage Licensing System] system between October 1, 2008, and December 31, 2008, shall not be approved by the commissioner prior to January 1, 2009.

(e) For purposes of this section, "system" has the same meaning as provided in section 36a-485, as amended by this act.

Sec. 4. Section 36a-498c of the general statutes is repealed and the following is substituted in lieu thereof (Effective from passage):

At least once a year, each mortgage lender and mortgage correspondent lender, both as defined in section 36a-485, as amended by this act, and licensed under section 36a-489, as amended by this act, shall adopt a mortgage loan policy with respect to subprime mortgage loans and nontraditional mortgage loans made by such mortgage lender or such mortgage correspondent lender based on and consistent with the most current version of the Conference of State Bank Supervisors, American Association of Residential Mortgage Regulators and National Association of Consumer Credit Administrators Statement on Subprime Mortgage Lending, and the Conference of State Bank Supervisors and American Association of Residential Mortgage Regulators Guidance on Nontraditional Mortgage Product Risks. Such licensees shall comply with such policy and develop and implement internal controls that are reasonably designed to ensure such compliance. The mortgage loan policy and any residential mortgage loan, as defined in section 36a-485, as amended by this act, made pursuant to the policy shall be subject to examination concerning prudent lending practices by the [Banking Commissioner]

Sec. 5. Section 36a-486 of the general statutes is repealed and the following is substituted in lieu thereof (Effective from passage):

(a) No person shall engage in the business of making residential mortgage loans or act as a mortgage broker in this state unless such
person has first obtained the required license for its main office and each branch office where such business is conducted in accordance with the provisions of sections 36a-485 to 36a-498a, inclusive, as amended by this act, and sections 36a-534a and 36a-534b. Effective April 1, 2010, any such person who is an individual shall also obtain a mortgage loan originator license prior to conducting such business unless such individual does not engage directly in the activities of a mortgage loan originator. A person, other than a licensed mortgage loan originator acting on behalf of a mortgage lender, mortgage correspondent lender, mortgage broker, that employs or retains such mortgage loan originator, shall be deemed to be engaged in the business of making residential mortgage loans if such person advertises, causes to be advertised, solicits or offers to make or makes residential mortgage loans, either directly or indirectly. A person, other than a licensed mortgage loan originator acting on behalf of a mortgage broker, shall be deemed to be acting as a mortgage broker if such person advertises or causes to be advertised that such person will negotiate, solicit, place or find a residential mortgage loan, either directly or indirectly. A mortgage correspondent lender shall not be deemed to be acting as a mortgage lender if such mortgage correspondent lender makes a loan utilizing its own funds in a situation where another person does not honor such person's commitment to fund the loan.

(b) (1) No person licensed as a mortgage lender, mortgage correspondent lender or mortgage broker shall [employ or retain] engage the services of a mortgage loan originator unless such mortgage loan originator is licensed under sections 36a-485 to 36a-498a, inclusive, as amended by this act, or section 36a-534b. An individual, unless specifically exempted under subdivision (2) of this subsection, shall not engage in the business of a mortgage loan originator with respect to any dwelling, as defined in Section 103 of the Consumer Credit Protection Act, 15 USC 1602, located in this state without first obtaining and maintaining annually a license as a mortgage loan originator under sections 36a-485 to 36a-498a, inclusive,
as amended by this act, and sections 36a-534a and 36a-534b, as amended by this act. Each licensed mortgage loan originator shall register with and maintain a valid unique identifier issued by the system. No individual may act as a mortgage loan originator [without being licensed, or act as a mortgage loan originator] for more than one [person] sponsor at the same time. The license of a mortgage loan originator is not effective during any period when such mortgage loan originator is not [associated with] sponsored by a licensed mortgage lender, mortgage correspondent lender or mortgage broker. Either the mortgage loan originator or the mortgage lender, mortgage correspondent lender or mortgage broker may file a notification of the termination of [employment] sponsorship of a mortgage loan originator with the [Nationwide Mortgage Licensing System] system.

(2) The following are exempt from this section: (A) A registered mortgage loan originator, when acting for an institution or subsidiary described in subdivision (20) of section 36a-485, as amended by this act, (B) an individual who offers or negotiates the terms of a residential mortgage loan with or on behalf of an immediate family member of such individual, (C) an individual who offers or negotiates the terms of a residential mortgage loan secured by a dwelling, as defined in Section 103 of the Consumer Credit Protection Act, 15 USC 1602, that served as the individual's residence, and (D) a licensed attorney who negotiated the terms of a residential mortgage loan on behalf of a client as an ancillary matter to the attorney's representation of the client, unless the attorney is compensated by a mortgage lender, mortgage correspondent lender, mortgage broker or other mortgage loan originator or by any agent of such mortgage lender, mortgage correspondent lender, mortgage broker or other mortgage loan originator.

(3) Effective July 31, 2010, a loan processor or underwriter who is an independent contractor may not engage in the activities of a loan processor or underwriter unless such independent contractor loan processor or underwriter obtains and maintains a license as a mortgage loan originator under section 36a-489, as amended by this
act. Each independent contractor loan processor or underwriter licensed as a mortgage loan originator shall have and maintain a valid unique identifier issued by the system.

(4) An individual engaging solely in loan processor or underwriter activities shall not represent to the public, through advertising or other means of communicating or providing information, including the use of business cards, stationery, brochures, signs, rate lists or other promotional items, that such individual can or will perform any of the activities of a mortgage loan originator.

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

Sec. 6. Section 36a-487 of the general statutes is repealed and the following is substituted in lieu thereof (Effective from passage):

(a) The following are exempt from licensing under sections 36a-485 to 36a-498a, inclusive, as amended by this act, and section 36a-534b, as amended by this act:

[(1)] Any bank, out-of-state bank, Connecticut credit union, federal credit union [J] or out-of-state credit union, [provided subsidiaries of such institutions other than] provided such bank or credit union is federally insured, any operating [subsidies] subsidiary of a federal [banks and] bank or federally-chartered out-of-state [banks are not exempt from licensure;] bank or any wholly-owned subsidiary of a Connecticut bank or a Connecticut credit union. Each wholly-owned subsidiary of a Connecticut bank or Connecticut credit union that engages in the business of making residential mortgage loans or acts as a mortgage broker in this state shall provide written notification to the commissioner prior to engaging in such activity.

(b) The following are exempt from licensing as a mortgage lender or mortgage correspondent lender under sections 36a-485 to 36a-498a, inclusive, as amended by this act, and section 36a-534b, as amended by
this act:

[(2)] (1) Persons making five or fewer residential mortgage loans within any period of twelve consecutive months, provided nothing herein shall relieve such persons from complying with all applicable laws;

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

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

[(5)] (4) Persons licensed under sections 36a-555 to 36a-573, inclusive, as amended by this act, when making residential mortgage loans authorized by said sections;

[(6)] (5) Persons owning real property who take back from the buyer of such property a secondary mortgage loan in lieu of any portion of the purchase price of the property;

[(7)] (6) Any corporation or its affiliate [which] that makes residential mortgage loans exclusively for the benefit of its employees or agents;

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

[(9)] (8) Persons acting as fiduciaries with respect to any employee pension benefit plan qualified under the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, who make residential mortgage loans solely to plan participants from plan assets; and
Persons making secondary mortgage loans to individuals related to the maker by blood or marriage.

Sec. 7. Section 36a-488 of the general statutes is repealed and the following is substituted in lieu thereof (Effective from passage):

(a) (1) The commissioner shall not issue a mortgage lender license, a mortgage correspondent lender license or a mortgage broker license to any person unless such person meets the following tangible net worth and experience requirements, as applicable: (A) The minimum tangible net worth requirement for a mortgage lender shall be two hundred fifty thousand dollars and the minimum tangible net worth requirement for a mortgage correspondent lender and a mortgage broker shall be (i) prior to March 2, 2009, twenty-five thousand dollars, and (ii) on and after March 2, 2009, fifty thousand dollars, and (B) a mortgage lender, mortgage correspondent lender or mortgage broker shall have, at the main office for which the license is sought, a qualified individual and, at each branch office, a branch manager with supervisory authority over the lending or brokerage activities who [who has] with at least three years' experience in the mortgage business within the five years immediately preceding the date of the application for the license, and at each branch office, the lender or broker shall have a branch manager with supervisory authority over the lending or brokerage activities who has at least three years' experience in the mortgage business within the five years immediately preceding the application for the license] and who, effective April 1, 2010, has completed the prelicensing education requirement described in section 9 of this act and passed a written test that meets the test requirement described in section 9 of this act. As used in this subdivision, "experience in the mortgage business" means paid experience in the origination, processing or underwriting of residential mortgage loans, the marketing of such loans in the secondary market or in the supervision of such activities, or any other relevant experience as determined by the commissioner.

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

(3) Not later than April 1, 2010, each qualified individual and
branch manager shall have completed the prelicensing education
requirement described in section 9 of this act and passed a written test
that meets the test requirement described in section 9 of this act.

(b) The commissioner may issue a mortgage lender license, a
mortgage correspondent lender license, or a mortgage broker license.
Each mortgage lender licensee may also act as a mortgage
 correspondent lender and a mortgage broker, and each mortgage
correspondent lender licensee may also act as a mortgage broker. On
and after July 1, 2008, an application for a license as a mortgage lender,
mortgage correspondent lender or mortgage broker office or renewal
of such license shall be filed, in a form prescribed by the commissioner,
with the [Nationwide Mortgage Licensing System and the] system.
Each such form shall contain content as set forth by instruction or
procedure of the commissioner and may be changed or updated as
necessary by the commissioner in order to carry out the purpose of this
chapter, section 36a-21, as amended by this act, and sections 9 and 19
to 22, inclusive, of this act. The applicant shall, at a minimum, furnish
to the system information concerning the identity of the applicant, any
control person, the qualified individual and any branch manager,
including personal history and experience in a form prescribed by the
system and information related to any administrative, civil or criminal
findings by any governmental jurisdiction. The following
supplementary information shall be filed directly with the
commissioner: (1) In the case of an initial application for a license for
the main office, [or renewal of such license,] a financial statement as of
a date not more than twelve months prior to the filing of the
application which reflects tangible net worth, and if such financial
statement is unaudited, the proprietor, general partner, or duly
authorized officer, trustee or member shall swear to its accuracy under
oath before a notary public; (2) a bond as required by section 36a-492,
as amended by this act; (3) evidence that the qualified individual or branch manager meets the experience required by subsection (a) of this section; and (4) such other information pertaining to the applicant, the applicant's background, the background of its principals, employees, and mortgage loan originators, and the applicant's activities as the commissioner may require. For the purpose of this subsection, evidence of experience of the qualified individual or branch manager shall include: (A) A statement specifying the duties and responsibilities of such person's employment, the term of employment, including month and year, and the name, address and telephone number of a supervisor, employer or, if self-employed, a business reference; and (B) if required by the commissioner, copies of W-2 forms, 1099 tax forms or, if self-employed, 1120 corporate tax returns, signed letters from the employer on the employer's letterhead verifying such person's duties and responsibilities and term of employment including month and year, and if such person is unable to provide such letters, other proof satisfactory to the commissioner that such person meets the experience requirement. The commissioner may conduct a criminal history records check of the applicant, [of each member, partner, officer or director of the applicant and of the person with supervisory authority at the office for which the license is sought, and require the applicant to submit the fingerprints of such persons as part of the application. The applicant shall submit such fingerprints for processing with the Nationwide Mortgage Licensing System, as required] any control person of the applicant and the qualified individual or branch manager with supervisory authority at the office for which the license is sought and require the applicant to submit the fingerprints of such persons and authorization for such persons to obtain an independent credit report from a consumer reporting agency, as described in Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a, as part of the application.

(c) [On and after July 1, 2008, an] (1) An application to license a person as a mortgage loan originator for a specified office or renewal of such license shall be filed, in a form prescribed by the commissioner,
with the [Nationwide Mortgage Licensing System The applicant shall submit such fingerprints for processing with the Nationwide Mortgage Licensing System, as required.] system. Each such form shall contain content as set forth by instruction or procedure of the commissioner and may be changed or updated as necessary by the commissioner in order to carry out the purpose of this chapter, section 36a-21, as amended by this act, and sections 9 and 19 to 22, inclusive, of this act. The applicant shall, at a minimum, furnish to the system, in a form prescribed by the system, information concerning the applicant's identity, including personal history and experience and information related to any administrative, civil or criminal findings by any governmental jurisdiction. Effective April 1, 2010, each applicant for a mortgage loan originator license shall furnish to the system fingerprints for submission to the Federal Bureau of Investigation and any governmental agency or entity authorized to receive such information for a state, national and international criminal history background check. Effective November 1, 2010, each applicant shall furnish authorization for the system and the commissioner to obtain an independent credit report from a consumer reporting agency, as described in Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a.

(2) Not later than April 1, 2010, each mortgage loan originator licensee shall furnish to the system fingerprints for submission to the Federal Bureau of Investigation and any governmental agency or entity authorized to receive such information for a state, national and international criminal history background check. No later than November 1, 2010, each such licensee shall furnish authorization for the system and the commissioner to obtain an independent credit report obtained from a consumer reporting agency described in Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a.

Sec. 8. Section 36a-489 of the general statutes is repealed and the following is substituted in lieu thereof (Effective from passage):

(a) (1) [If the commissioner finds, upon the filing of an application
for a license as a mortgage lender, mortgage correspondent lender or mortgage broker, that the applicant meets the requirements of subsection (a) of section 36a-488, and that the financial responsibility, character, reputation, integrity and general fitness of the applicant and of the partners thereof if the applicant is a partnership, of the members if the applicant is a limited liability company or association, and of the officers, directors and principal employees if the applicant is a corporation, are such as to warrant belief that the business will be operated soundly and efficiently, in the public interest and consistent with the purposes of sections 36a-485 to 36a-498a, inclusive, and sections 36a-760a to 36a-760h, inclusive, the commissioner may thereupon issue the license. If the commissioner fails to make such findings, or if the commissioner finds that the applicant has made a material misstatement in such application, the commissioner shall not issue a license, and shall notify the applicant of the denial and the reasons for such denial. Any denial of an application by the commissioner shall, when applicable, be subject to the provisions of section 46a-80.] The commissioner shall not issue an initial license for a mortgage lender, mortgage correspondent lender or mortgage broker unless the commissioner, at a minimum, finds that: (A) The applicant meets the requirements of subsection (a) of section 36a-488, as amended by this act; (B) the applicant, the control persons of the applicant and the qualified individual or branch manager with supervisory authority at the office for which the license is sought have not been convicted of, or pled guilty or nolo contendere to, a felony in a domestic, foreign or military court during the seven-year period preceding the date of the application for licensing or at any time preceding the date of application if such felony involved an act of fraud, dishonesty, a breach of trust or money laundering, provided any pardon of a conviction shall not be a conviction for purposes of this subdivision; (C) the applicant demonstrates that the financial responsibility, character and general fitness of the applicant, the control persons of the applicant and the qualified individual or branch manager having supervisory authority over the office for which the license is sought are such as to command the confidence of the
community and to warrant a determination that the applicant will operate honestly, fairly and efficiently within the purposes of this chapter; (D) the applicant has met the surety bond requirement under section 36a-492, as amended by this act; and (E) the applicant has not made a material misstatement in the application. If the commissioner fails to make such findings, the commissioner shall not issue a license, and shall notify the applicant of the denial and the reasons for such denial.

(2) (A) The minimum standards for license renewal for a mortgage lender, mortgage correspondent lender or mortgage broker shall include the following: (i) The applicant continues to meet the minimum standards under subdivision (1) of this subsection; (ii) effective April 1, 2010, each qualified person and branch manager has completed the prelicensing education requirement described in section 9 of this act and passed a written test that meets the test requirement described in section 9 of this act, or has satisfied the annual continuing education requirements described in section (d) of section 9 of this act, as applicable; and (iii) the mortgage lender, mortgage correspondent lender or mortgage broker has paid all required fees for renewal of the license.

(B) The license of a mortgage lender, mortgage correspondent lender or mortgage broker failing to satisfy the minimum standards for license renewal shall expire. The commissioner may adopt procedures for the reinstatement of expired licenses consistent with the standards established by the system.

(b) (1) Upon the filing of an application for a mortgage loan originator license, the commissioner shall license the mortgage loan originator named in the application unless the commissioner finds that such applicant or mortgage loan originator has made a material misstatement in the application or that the financial responsibility, character, reputation, integrity and general fitness of such mortgage loan originator are not such as to warrant belief that granting such license would be in the public interest and consistent with the
purposes of sections 36a-485 to 36a-498a, inclusive, and sections 36a-760a to 36a-760h, inclusive. If the commissioner denies an application for a mortgage loan originator license, the commissioner shall notify the applicant and the proposed mortgage loan originator of the denial and the reasons for such denial. Any denial of an application by the commissioner shall, when applicable, be subject to the provisions of section 46a-80. The commissioner shall not issue an initial license for a mortgage loan originator unless the commissioner, at a minimum, finds that the applicant has: (A) Never had a mortgage loan originator license revoked in any governmental jurisdiction, except that a subsequent formal vacating of such revocation shall not be deemed a revocation; (B) not been convicted of, or pled guilty or nolo contendere to, a felony in a domestic, foreign or military court during the seven-year period preceding the date of the application for licensing or at any time preceding such date of application if such felony involved an act of fraud, dishonesty, a breach of trust, or money laundering, provided any pardon of a conviction shall not be a conviction for purposes of this subdivision; (C) demonstrated financial responsibility, character and general fitness so as to command the confidence of the community and to warrant a determination that the mortgage loan originator will operate honestly, fairly and efficiently within the purpose of this chapter; (D) effective April 1, 2010, completed the prelicensing education requirement described in section 9 of this act and passed a written test that meets the test requirement described in section 9 of this act; (E) effective July 31, 2010, met the surety bond requirement under section 36a-492, as amended by this act; and (F) not made a material misstatement in the application. If the commissioner denies an application for a mortgage loan originator license, the commissioner shall notify the applicant and may notify the sponsor or any other person the commissioner deems appropriate of the denial and the reasons for such denial.

(2) (A) The minimum standards for license renewal for a mortgage loan originator shall include the following: (i) The mortgage loan originator continues to meet the minimum standards for license
issue under subdivision (1) of this subsection; (ii) the mortgage loan
originator has satisfied the annual continuing education requirements
described in subsection (d) of section 9 of this act; and (iii) the
mortgage loan originator has paid all required fees for renewal of the
license.

(B) The license of a mortgage loan originator that fails to satisfy the
minimum standards for license renewal shall expire. The
commissioner may adopt procedures for the reinstatement of expired
licenses consistent with the standards established by the system.

(3) No later than April 1, 2010, each mortgage loan originator
licensee shall have completed the prelicensing education requirement
described in section 9 of this act and passed a written test that meets
the test requirement described in section 9 of this act, provided a
mortgage loan originator licensee who was licensed as of the
enactment of this act shall have completed such prelicensing education
requirement and passed such written test not later than October 31,
2010.

(c) For purposes of this section, a person has shown that such
person is not financially responsible when such person has shown a
disregard in the management of such person's own financial condition.
A determination that a person has not shown financial responsibility
may include, but is not limited to: (1) Current outstanding judgments,
except judgments solely as a result of medical expenses; (2) current
outstanding tax liens or other government liens and filings; (3)
foreclosures during the three years preceding the date of application or
the date of evaluation for renewal of a license; or (4) a pattern of
seriously delinquent accounts within the past three years.

Sec. 9. (NEW) (Effective from passage) (a) (1) In order to meet the
prelicensing education and testing requirement under section 36a-489
of the general statutes, as amended by this act, a person shall complete
at least twenty hours of education approved in accordance with
subdivision (2) of this subsection, which shall include at least (A) three
hours of instruction on relevant federal law and regulations; (B) three
hours of ethics, including instruction on fraud, consumer protection
and fair lending issues; and (C) two hours of training related to
lending standards for the nontraditional mortgage product
marketplace.

(2) For purposes of subdivision (1) of this subsection, prelicensing
education courses shall be reviewed and approved by the system
based upon reasonable standards. Review and approval of a
prelicensing education course shall include review and approval of the
course provider.

(3) Nothing in this subsection shall preclude any prelicensing
education course, as approved by the system, that is provided by the
employer of the applicant or an entity which is affiliated with the
applicant by an agency contract, or any subsidiary or affiliate of such
employer or entity.

(4) Prelicensing education may be offered either in a classroom,
online or by any other means approved by the system.

(5) A person who has successfully completed prelicensing education
requirements listed in subdivision (1) of this subsection in another
state shall be granted credit towards completion of the prelicensing
requirements in this state, provided such out-of-state prelicensing
education requirements are approved by the system.

(6) A person who was licensed under sections 36a-485 to 36a-498a,
inclusive, of the general statutes, as amended by this act, or under
section 36a-534b of the general statutes, as amended by this act, prior
to the effective date of this section, and who is applying for a license
renewal subsequent to the effective date of this section and the
effective dates of prelicensing and testing requirements under section
36a-489 of the general statutes, as amended by this act, must
demonstrate that such person has completed all of the continuing
education requirements for the year in which the license was last held.
(b) (1) In order to meet the written test requirement under section 36a-489 of the general statutes, as amended by this act, an individual shall pass, in accordance with the standards established under this subsection, a qualified written test developed by the system and administered by a test provider approved by the system based upon reasonable standards.

(2) A written test shall not be treated as a qualified written test for purposes of subdivision (1) of this subsection unless the test adequately measures the applicant's knowledge and comprehension in appropriate subject areas, including ethics, federal law and regulation pertaining to mortgage origination, state law and regulation pertaining to mortgage origination, and federal and state law and regulation, including instruction on fraud, consumer protection, the nontraditional mortgage marketplace and fair lending issues.

(3) Nothing in this subsection shall prohibit a test provider approved by the system from providing a test at the location of the employer of the applicant, any subsidiary or affiliate of the employer of the applicant or any entity with which the applicant holds an exclusive arrangement to conduct the business of a mortgage loan originator.

(4) (A) An individual shall not be considered to have passed a qualified written test unless the individual achieves a test score of not less than seventy-five per cent correct answers to questions.

(B) An individual may retake a test three consecutive times with each consecutive taking occurring at least thirty days after the preceding test. After failing three consecutive tests, an individual shall wait at least six months before taking the test again.

(c) A licensed mortgage lender, mortgage correspondent lender, mortgage broker or mortgage loan originator who fails to maintain a valid license for a period of five years or longer, not taking into account any time during which such individual is a registered mortgage loan originator, shall retake the test.
(d) (1) In order to meet the annual continuing education requirements under subdivision (2) of subsection (b) of section 36a-489 of the general statutes, as amended by this act, a licensed mortgage lender, mortgage correspondent lender, mortgage broker or mortgage loan originator shall complete at least eight hours of education approved in accordance with subdivision (2) of this subsection. Such courses shall include at least (A) three hours of instruction on relevant federal law and regulation; (B) two hours of ethics, including instruction on fraud, consumer protection and fair lending issues; and (C) two hours of training related to lending standards for the nontraditional mortgage product marketplace.

(2) For purposes of subdivision (1) of this subsection, continuing education courses shall be reviewed and approved by the system based upon reasonable standards. Review and approval of a continuing education course shall include review and approval of the course provider.

(3) Nothing in this subsection shall preclude any education course approved by the system that is provided by the employer of the licensee or an entity which is affiliated with the licensee by an agency contract, or any subsidiary or affiliate of such employer or entity.

(4) Continuing education may be offered either in a classroom, online or by any other means approved by the system.

(5) A licensee may only receive credit for a continuing education course in the year in which the course is taken, and may not take the same approved course in the same or successive years to meet the annual requirements for continuing education.

(6) A licensee who is an instructor of an approved continuing education course may receive credit for the licensee's own annual continuing education requirement at the rate of two hours credit for every one hour taught.

(7) A person who has successfully completed the education
requirements listed in subdivision (1) of this subsection in another
state shall be granted credit towards completion of the education
requirements in this state, provided such out-of-state education
requirements are approved by the system.

(8) A licensed mortgage loan originator who subsequently becomes
unlicensed must complete the continuing education requirements for
the last year in which the license was held prior to issuance of an initial
or renewed license.

(9) A person who meets the requirements of subparagraphs (A)(i)
and (A)(iii) of subdivision (2) of subsection (a) or (b) of section 36a-489
of the general statutes, as amended by this act, may compensate for
any deficiency in continuing education requirements pursuant to
regulations adopted by the commissioner.

(e) For purposes of this section "nontraditional mortgage product"
means any mortgage product other than a thirty-year fixed rate
mortgage, and "system" has the same meaning as provided in section
36a-485 of the general statutes, as amended by this act.

Sec. 10. Section 36a-490 of the general statutes is repealed and the
following is substituted in lieu thereof (Effective from passage):

(a) A mortgage lender, mortgage correspondent lender and
mortgage broker license shall not be transferable or assignable. No
licensee may use any name other than its legal name or a fictitious
name approved by the commissioner, provided such licensee may not
use its legal name if the commissioner disapproves use of such name.
Any licensee who intends to permanently cease engaging in the
business of making residential mortgage loans or acting as a mortgage
broker at any time during a license period for any cause, including, but
not limited to, bankruptcy, license revocation or voluntary dissolution,
shall file a request to surrender [of] the license for each office at which
the licensee intends to cease to do business, on the [Nationwide
Mortgage Licensing System] system, not later than fifteen days after
the date of such cessation, provided this requirement shall not apply
when a license has been suspended pursuant to section 36a-51. No
surrender shall be effective until accepted by the commissioner.

(b) A mortgage lender, mortgage correspondent lender or mortgage
broker licensee may change the name of the licensee or address of the
office specified on the most recent filing with the [Nationwide
Mortgage Licensing System] system if (1) at least thirty calendar days
prior to such change, the licensee files such change with the
[Nationalwide Mortgage Licensing System] system and provides,
directly to the commissioner, a bond rider or endorsement to the
surety bond on file with the commissioner that reflects the new name
or address of the office, and (2) the commissioner does not disapprove
such change, in writing, or request further information within such
thirty-day period. The licensee shall promptly file any change in the
information most recently submitted in connection with the license
with the [Nationwide Mortgage Licensing System] system or, if the
information cannot be filed on the [Nationalwide Mortgage Licensing
System] system, directly notify the commissioner, in writing, of [any
other] such change in the information, [provided in the most recent
filing with the Nationwide Mortgage Licensing System.]

(c) The mortgage lender, mortgage correspondent lender or
mortgage broker licensee shall promptly file with the [Nationwide
Mortgage Licensing System] system or, if the information cannot be
filed on the [Nationwide Mortgage Licensing System] system, directly
notify the commissioner, in writing, of the occurrence of any of the
following developments:

(1) Filing for bankruptcy, or the consummation of a corporate
restructuring, of the licensee;

(2) Filing of a criminal indictment against the licensee in any way
related to the lending or brokerage activities of the licensee, or
receiving notification of the filing of any criminal felony indictment or
felony conviction of any of the licensee’s officers, directors, members,
partners or shareholders owning ten per cent or more of the

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outstanding stock;

(3) Receiving notification of the institution of license denial, cease and desist, suspension or revocation procedures, or other formal or informal regulatory action by any governmental agency against the licensee and the reasons therefor;

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

(5) Receiving notification of a material adverse action with respect to any existing line of credit or warehouse credit agreement;

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

(7) Exercise of recourse rights by investors or subsequent assignees of residential mortgage loans if such loans for which the recourse rights are being exercised, in the aggregate, exceed the licensee's net worth exclusive of real property and fixed assets;

(8) Receiving notification of filing for bankruptcy of any of the licensee's officers, directors, members, partners or shareholders owning ten per cent or more of the outstanding stock of the licensee; or

[(9) Any proposed change in control in the ownership of the licensee, or among the officers, directors, members or partners of the licensee on a form provided by the commissioner. The commissioner may thereupon cause such investigation to be made as he deems necessary, as if the licensee were applying for an initial license. In the case of a corporation, "change in control" means a change of ownership by a person or group acting in concert to acquire ten per cent or more of any class of voting securities, or the ability of a person or group acting in concert to elect a majority of the directors or otherwise effect]
(9) A decrease in the net worth required by subsection (a) of section 36a-488, as amended by this act.

(d) Each mortgage loan originator licensee shall promptly file with the Nationwide Mortgage Licensing System or, if the information cannot be filed on the Nationwide Mortgage Licensing System, directly notify the commissioner, in writing, of the occurrence of any of the following developments:

(1) Filing for bankruptcy of the mortgage loan originator licensee;

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

(3) Receiving notification of the institution of license or registration denial, cease and desist, suspension or revocation procedures, or other formal or informal regulatory action by any governmental agency against the mortgage loan originator licensee and the reasons therefor;

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

(e) Each mortgage lender, mortgage correspondent lender, mortgage broker and mortgage loan originator license shall remain in force and effect until it has been surrendered, revoked, suspended or expires, or is no longer effective, in accordance with the provisions of sections 36a-485 to 36a-498a, inclusive, as amended by this act, and sections 36a-534a and 36a-534b, as amended by this act.

Sec. 11. Section 36a-491 of the general statutes is repealed and the following is substituted in lieu thereof (Effective from passage):

(a) (1) The expiration date of any mortgage lender, mortgage correspondent lender and mortgage broker license that expires on
September 30, 2008, shall be extended to the close of business on December 31, 2008. On and after July 1, 2008, each mortgage lender, mortgage correspondent lender, or mortgage broker and mortgage originator license shall expire at the close of business on December thirty-first of the year in which it is approved, unless such license is renewed, and provided any such license that is approved on or after November first shall expire at the close of business on December thirty-first of the year following the year in which it is approved. An application for renewal of a license shall be filed between November first and December thirty-first of the year in which the license expires, [ provided a licensee may file a renewal application not later than March first of the following year together with a late fee of one hundred dollars. Any such filing after December thirty-first shall be deemed timely and sufficient for purposes of subsection (b) of section 4-182. ] Each applicant for a mortgage lender or mortgage correspondent lender license shall pay to the [Nationwide Mortgage Licensing System] system any required fees or charges and a license fee of eight hundred dollars, and each applicant for an initial or renewal license as a mortgage broker shall pay to the [Nationwide Mortgage Licensing System] system any required fees or charges and a license fee of four hundred dollars, provided each mortgage lender or mortgage correspondent lender licensee who is a licensee on September 30, 2008, who submits a renewal application shall, at the time of making such application, pay to the [Nationwide Mortgage Licensing System] system any required fees or charges and a license fee of nine hundred dollars and each mortgage broker who was a licensee on June 30, 2008, who submits a renewal application shall, at the time of making such application, pay to the [Nationwide Mortgage Licensing System] system any required fees or charges and a license fee of four hundred fifty dollars.

(2) [Each mortgage loan originator license shall expire at such time as the license of the mortgage lender, mortgage correspondent lender or mortgage broker that employs or retains the mortgage loan originator expires, unless such mortgage loan originator license is
renewed. Each mortgage lender, mortgage correspondent lender or mortgage broker applicant and each mortgage lender licensee, mortgage correspondent lender licensee or mortgage broker licensee that files an application [Effective November 1, 2009, each applicant for [a] an initial license or renewal of a license as a mortgage loan originator [license] shall pay to the [Nationwide Mortgage Licensing System] system any required fees or charges and a license fee of [one] three hundred dollars. [for each mortgage loan originator, provided each mortgage lender, mortgage correspondent lender or mortgage broker who is a licensee on September 30, 2008, who submits a renewal application for a mortgage loan originator shall, at the time of making such application, pay to the Nationwide Mortgage Licensing System any required fees or charges and a license fee of one hundred twenty-five dollars. On and after January 1, 2010, each mortgage lender, mortgage correspondent lender or mortgage broker filing an application for a mortgage loan originator license shall pay a license fee of one hundred dollars for each mortgage loan originator and any required fees or charges to the Nationwide Mortgage Licensing System.]

(b) All fees paid pursuant to this section, including fees paid in connection with an application that is denied or withdrawn prior to the issuance of the license, shall be nonrefundable, provided [such fees] any license fee paid by an originator for a license that is not sponsored by a mortgage lender, mortgage correspondent lender or mortgage broker may be refundable. No fee paid pursuant to this section shall be prorated if the license is surrendered, revoked or suspended prior to the expiration of the period for which it was approved.

Sec. 12. Section 36a-492 of the general statutes is repealed and the following is substituted in lieu thereof (Effective from passage):

(a) (1) No mortgage lender, mortgage correspondent lender or mortgage broker license, and no renewal thereof, shall be granted unless the applicant has filed a bond with the commissioner written by
a surety authorized to write such bonds in this state, in the sum of forty thousand dollars, the form of which shall be approved by the Attorney General. [, provided on and after August 1, 2009, the bond shall be in the sum of eighty thousand dollars. Such bond shall be conditioned upon such licensee faithfully performing any and all written agreements or commitments with or for the benefit of borrowers and prospective borrowers, truly and faithfully accounting for all funds received from a borrower or prospective borrower by the licensee in the licensee's capacity as a mortgage lender, mortgage correspondent lender or a mortgage broker, and conducting such mortgage business consistent with the provisions of sections 36a-485 to 36a-498a, inclusive. Any borrower or prospective borrower who may be damaged by failure to perform any written agreements or commitments, or by the wrongful conversion of funds paid by a borrower or prospective borrower to a licensee, may proceed on such bond against the principal or surety thereon, or both, to recover damages. Commencing August 1, 2009, any borrower or prospective borrower who may be damaged by a licensee's failure to satisfy a judgment against the licensee arising from the making or brokering of a nonprime home loan, as defined in section 36a-760, may proceed on such bond against the principal or surety thereon, or both, to recover the amount of the judgment. The commissioner may proceed on such bond against the principal or surety thereon, or both, to collect any civil penalty imposed upon the licensee pursuant to subsection (a) of section 36a-50 and any unpaid costs of examination of the licensee as determined pursuant to section 36a-65. The proceeds of the bond, even if commingled with other assets of the licensee, shall be deemed by operation of law to be held in trust for the benefit of such claimants against the licensee in the event of bankruptcy of the licensee and shall be immune from attachment by creditors and judgment creditors. The bond shall run concurrently with the period of the license granted to the applicant, and the aggregate liability under the bond shall not exceed the penal sum of the bond.] Effective July 31, 2010, the penal sum of the bond shall be maintained in an amount that reflects the dollar amount of the loans originated by the mortgage lender,
mortgage correspondent lender or mortgage broker, as determined by
the commissioner.

(2) Effective July 31, 2010, each person licensed as a mortgage loan
originator shall be covered by a surety bond in accordance with this
section, provided such coverage shall be provided through the bond of
the mortgage lender, mortgage correspondent lender or mortgage
broker who sponsors such mortgage loan originator. The penal sum of
the bond shall be maintained in an amount that reflects the dollar
amount of loans originated by the mortgage loan originator, as
determined by the commissioner. The commissioner may adopt
regulations in accordance with chapter 54 with respect to the
requirements for such surety bonds.

(b) The bond required by subsection (a) of this section shall be
conditioned upon such licensee faithfully performing any and all
written agreements or commitments with or for the benefit of
borrowers and prospective borrowers, truly and faithfully accounting
for all funds received from a borrower or prospective borrower by the
licensee in the licensee's capacity as a mortgage lender, mortgage
correspondent lender or a mortgage broker or, effective July 31, 2010, a
mortgage loan originator, and conducting such mortgage business
consistent with the provisions of sections 36a-485 to 36a-498a,
inclusive, as amended by this act, and sections 36a-534a and 36a-534b.
Any borrower or prospective borrower who may be damaged by
failure to perform any written agreements or commitments, or by the
wrongful conversion of funds paid by a borrower or prospective
borrower to a licensee, may proceed on such bond against the
principal or surety thereon, or both, to recover damages. Commencing
August 1, 2009, any borrower or prospective borrower who may be
damaged by a mortgage lender, mortgage correspondent lender,
mortgage broker or mortgage loan originator licensee's failure to
satisfy a judgment against the licensee arising from the making or
brokering of a nonprime home loan, as defined in section 36a-760, may
proceed on such bond against the principal or surety thereon, or both,
to recover the amount of the judgment. The commissioner may
proceed on such bond against the principal or surety thereon, or both, to collect any civil penalty imposed upon the licensee pursuant to subsection (a) of section 36a-50 and any unpaid costs of examination of the licensee as determined pursuant to section 36a-65. The proceeds of the bond, even if commingled with other assets of the licensee, shall be deemed by operation of law to be held in trust for the benefit of such claimants against the licensee in the event of bankruptcy of the licensee and shall be immune from attachment by creditors and judgment creditors. The bond shall run concurrently with the period of the license granted to the applicant, and the aggregate liability under the bond shall not exceed the penal sum of the bond. The licensee shall notify the commissioner of the commencement of an action on the licensee's bond. When an action is commenced on a licensee's bond, the commissioner may require the filing of a new bond and immediately on recovery on any action on the bond, the licensee shall file a new bond.

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

Sec. 13. Subsection (a) of section 36a-493 of the general statutes is repealed and the following is substituted in lieu thereof (Effective from passage):

(a) Each mortgage lender, mortgage correspondent lender and mortgage broker licensee shall maintain adequate records of each residential mortgage loan transaction at the office named in the license, or, if requested by the commissioner, shall make such records available at such office or send such records to the commissioner by registered or certified mail, return receipt requested, or by any express delivery carrier that provides a dated delivery receipt, not later than five
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business days after requested by the commissioner to do so. Upon
request, the commissioner may grant a licensee additional time to
make such records available or send them to the commissioner. Such
records shall provide the following information: (1) A copy of any
disclosures required under part III of chapter 669; (2) whether the
licensee acted as a mortgage lender, a mortgage correspondent lender,
and retains the residential mortgage loan or receives payments
thereon, an adequate loan history for those loans retained or upon
which payments are received, itemizing the amount and date of each
payment and the unpaid balance at all times; (4) the purpose for which
the loan was made; (5) the original or an exact copy of the note, loan
agreement or other evidence of indebtedness and mortgage deed; (6) a
statement signed by the borrower acknowledging the receipt of such
statement which discloses the full amount of any fee, commission or
consideration paid to the mortgage lender, mortgage correspondent
lender and mortgage broker for all services in connection with the
origination and settlement of the residential mortgage loan; (7) the
name and address of the mortgage lender, mortgage correspondent
lender and the mortgage broker, if any, involved in the loan
transaction; (8) a copy of the initial and a copy of the final residential
mortgage loan application taken from the borrower; and (9) a copy of
all information used in evaluating the application.

Sec. 14. Section 36a-494 of the general statutes is repealed and the
following is substituted in lieu thereof (Effective from passage):

(a) (1) The commissioner may suspend, revoke or refuse to renew
any mortgage lender, mortgage correspondent lender or mortgage
broker license or take any other action, in accordance with the
provisions of section 36a-51, for any reason which would be sufficient
grounds for the commissioner to deny an application for such license
under sections 36a-485 to 36a-498a, inclusive, as amended by this act,
or if the commissioner finds that the licensee, for any proprietor,
director, officer, member, partner, shareholder, any control person, the qualified individual or branch manager with supervisory authority, trustee, employee or agent of such licensee has done any of the following: (A) Made any material misstatement in the application; (B) committed any fraud, misappropriated funds or misrepresented, concealed, suppressed, intentionally omitted or otherwise intentionally failed to disclose any of the material particulars of any residential mortgage loan transaction, including disclosures required by subdivision (6) of subsection (a) of section 36a-493, as amended by this act, or part III of chapter 669 or regulations adopted pursuant thereto, to anyone entitled to such information; (C) violated any of the provisions of this title or of any regulations adopted pursuant thereto, or any other law or regulation applicable to the conduct of its business; or (D) failed to perform any agreement with a licensee or a borrower.

(2) The commissioner may suspend, revoke or refuse to renew any mortgage loan originator license or take any other action, in accordance with the provisions of section 36a-51, for any reason which would be sufficient grounds for the commissioner to deny an application for such license under sections 36a-485 to 36a-498a, inclusive, as amended by this act, or if the commissioner finds that the licensee has committed any fraud, misappropriated funds, misrepresented, concealed, suppressed, intentionally omitted or otherwise intentionally failed to disclose any of the material particulars of any residential mortgage loan transaction or has violated any of the provisions of this title or of any regulations adopted pursuant to such title or any other law or regulation applicable to the conduct of such licensee's business.

(b) Whenever it appears to the commissioner that any person has violated, is violating or is about to violate any of the provisions of sections 36a-485 to 36a-498a, inclusive, as amended by this act, or any regulation adopted pursuant thereto, or any licensee has failed to perform any agreement with a borrower, committed any fraud, misappropriated funds or misrepresented, concealed, suppressed, intentionally omitted or otherwise intentionally failed to disclose any
of the material particulars of any residential mortgage loan transaction,
including disclosures required by subdivision (6) of subsection (a) of
section 36a-493, as amended by this act, or part III of chapter 669 or
regulations adopted pursuant thereto, to anyone entitled to such
information, the commissioner may take action against such person or
licensee in accordance with sections 36a-50 and 36a-52.

(c) (1) Whenever the commissioner finds as the result of an
investigation that any person conducting business under sections 36a-
485 to 36a-498a, inclusive, as amended by this act: (A) Has violated
said sections or any regulation or order issued thereunder; (B) has been
convicted of a felony that would preclude licensing under said
sections; or (C) no longer demonstrates the financial responsibility,
character and general fitness to command the confidence of the
community and to warrant a determination that the person subject to
said sections will operate honestly, fairly and efficiently, the
commissioner may send notice to such person by registered or certified
mail, return receipt requested, or by any express delivery carrier that
provides a dated delivery receipt. The notice shall be deemed received
by such person on the earlier of the date of actual receipt or seven days
after mailing or sending. Any such notice shall include: (i) A statement
of the time, place and nature of the hearing; (ii) a statement of the legal
authority and jurisdiction under which the hearing is to be held; (iii) a
reference to the particular sections of the general statutes, regulations
or orders alleged to have been violated; (iv) a short and plain
statement of the matters asserted; and (v) a statement indicating that
such person may file a written request for a hearing on the matters
asserted not later than fourteen days after receipt of the notice. If the
commissioner finds that the protection of borrowers requires
immediate action, the commissioner may suspend any such person
from office and require such person to take or refrain from taking such
action as in the opinion of the commissioner will effectuate the
purposes of this subsection, by incorporating a finding to that effect in
such notice. The suspension or prohibition shall become effective upon
receipt of such notice and, unless stayed by a court, shall remain in
effect until the entry of a permanent order or the dismissal of the matters asserted.

(2) If a hearing is requested within the time specified in the notice, the commissioner shall hold a hearing upon the matters asserted in the notice unless such person fails to appear at the hearing. After the hearing, if the commissioner finds that any of the grounds set forth in subparagraphs (A) to (C), inclusive, of subdivision (1) of this subsection exist with respect to such person, the commissioner may order the removal of such person from office and from any employment in the mortgage business in this state. If such person fails to appear at the hearing, the commissioner may order the removal of such person from office and from employment in the mortgage business in this state.

(d) The commissioner may issue a temporary order to cease business under a license if the commissioner determines that such license was issued erroneously. The commissioner shall give the licensee an opportunity for a hearing on such action in accordance with section 36a-52. Such temporary order shall become effective upon receipt by the licensee and, unless set aside or modified by a court, shall remain in effect until the effective date of a permanent order or dismissal of the matters asserted in the notice.

Sec. 15. Section 36a-496 of the general statutes is repealed and the following is substituted in lieu thereof (Effective from passage):

No person engaged in the business of making residential mortgage loans in this state, whether licensed in accordance with the provisions of sections 36a-485 to 36a-498a, inclusive, as amended by this act, or exempt from licensing, shall accept applications or referral of applicants from, or pay a fee to, any mortgage broker or mortgage loan originator who is required to be licensed under said sections but was not, as of the time of the performance of such mortgage broker's or mortgage loan originator's services in connection with loans made or to be made by the mortgage lender or mortgage correspondent lender,
Sec. 16. Section 36a-497 of the general statutes is repealed and the following is substituted in lieu thereof (Effective from passage):

No mortgage lender licensee, mortgage correspondent lender licensee or mortgage broker licensee shall:

(1) Advertise or cause to be advertised in this state, any residential mortgage loan in which such person intends to act only as a mortgage broker unless the advertisement includes the following statement, clearly and conspicuously expressed: MORTGAGE BROKER ONLY, NOT A MORTGAGE LENDER OR MORTGAGE CORRESPONDENT LENDER; or

(2) In connection with an advertisement in this state, use (A) a simulated check; (B) a comparison between the loan payments under the residential mortgage loan offered and the loan payments under a hypothetical loan or extension of credit, unless the advertisement includes, with respect to both the hypothetical loan or extension of credit and the residential mortgage loan being offered, the interest rate, the loan balance, the total amount of finance charges, the total number of payments and the monthly payment amount that would be required to pay off the outstanding loan balance shown; (C) representations such as "verified as eligible", "eligible", "preapproved", "prequalified" or similar words or phrases, without also disclosing, in immediate proximity to and in similar size print, language which sets forth prerequisites to qualify for the residential mortgage loan, including, but not limited to, income verification, credit check, and property appraisal or evaluation; or (D) any words or symbols in the advertisement or on the envelope containing the advertisement that give the appearance that the mailing was sent by a government agency.
Sec. 17. Subsections (a) to (g), inclusive, of section 36a-498 of the general statutes are repealed and the following is substituted in lieu thereof (Effective from passage):

(a) Except as provided in subsection (c) of this section, every advance fee paid or given, directly or indirectly, to a mortgage lender, mortgage correspondent lender or mortgage broker required to be licensed pursuant to sections 36a-485 to 36a-498a, inclusive, as amended by this act, shall be refundable.

(b) No mortgage loan originator required to be licensed pursuant to sections 36a-485 to 36a-498a, inclusive, as amended by this act, shall accept payment of any advance fee except an advance fee on behalf of a mortgage lender, mortgage correspondent lender or mortgage broker licensee. Nothing in this subsection shall be construed as prohibiting the mortgage lender, mortgage correspondent lender or mortgage broker licensee from paying a mortgage loan originator all or part of an advance fee, provided such advance fee paid is not refundable under this section.

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

(d) An agreement under subsection (c) of this section shall meet all of the following requirements to be valid and enforceable: (1) The agreement shall be dated, signed by both parties, and be executed prior to the payment of any advance fee; (2) the agreement shall expressly state the total advance fee required to be paid and any amount of the advance fee that shall not be refundable; (3) the agreement shall clearly and conspicuously state any conditions under which the advance fee will be retained by the mortgage lender, mortgage correspondent lender or mortgage broker; (4) the term
"nonrefundable" shall be used to describe each advance fee or portion thereof to which the term is applicable, and shall appear in boldface type in the agreement each time it is used; and (5) the form of the agreement shall (A) be separate from any other forms, contracts, or applications utilized by the mortgage lender, mortgage correspondent lender or mortgage broker, (B) contain a heading in a size equal to at least ten-point boldface type that shall title the form "AGREEMENT CONCERNING NONREFUNDABILITY OF ADVANCE FEE", (C) provide for a duplicate copy which shall be given to the person paying the advance fee at the time of payment of the advance fee, and (D) include such other specifications as the commissioner may by regulation prescribe.

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

(f) (1) No mortgage lender, mortgage correspondent lender or mortgage broker required to be licensed pursuant to sections 36a-485 to 36a-498a, inclusive, as amended by this act, shall enter into an agreement with or otherwise require any person to pay the mortgage lender, mortgage correspondent lender or mortgage broker for any fee, commission or other valuable consideration lost as a result of such person failing to consummate a residential mortgage loan, provided the mortgage lender, mortgage correspondent lender or mortgage broker may collect such fee, commission or consideration as an advance fee subject to the requirements of this section.

(2) No mortgage broker required to be licensed pursuant to sections 36a-485 to 36a-498a, inclusive, as amended by this act, shall enter into an agreement with or otherwise require any person to pay the mortgage broker any fee, commission or other valuable consideration for the prepayment of the principal of a residential mortgage loan by such person before the date on which the principal is due.

(g) (1) For the purposes of this subsection:
(A) "Unfair or deceptive act or practice" means (i) the failure to clearly and conspicuously state in the initial phase of the solicitation that the solicitor is not affiliated with the mortgage lender, mortgage correspondent lender or mortgage broker with which the consumer initially applied, (ii) the failure to clearly and conspicuously state in the initial phase of the solicitation that the solicitation is based on personal information about the consumer that was purchased, directly or indirectly, from a consumer reporting agency without the knowledge or permission of the mortgage lender, mortgage correspondent lender or mortgage broker with which the consumer initially applied, (iii) the failure in the initial solicitation to comply with the provisions of the federal Fair Credit Reporting Act relating to prescreening solicitations that use consumer reports, including the requirement to make a firm offer of credit to the consumer, or (iv) knowingly or negligently using information from a mortgage trigger lead (I) to solicit consumers who have opted out of prescreened offers of credit under the federal Fair Credit Reporting Act, or (II) to place telephone calls to consumers who have placed their contact information on a federal or state Do Not Call list; and

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

(2) No mortgage lender, mortgage correspondent lender, mortgage broker or mortgage loan originator shall engage in an unfair or deceptive act or practice in soliciting an application for a residential mortgage loan when such solicitation is based, in whole or in part, on information contained in a mortgage trigger lead. Any violation of this subsection shall be deemed an unfair or deceptive trade practice under subsection (a) of section 42-110b.
Sec. 18. Section 36a-555 of the general statutes is repealed and the following is substituted in lieu thereof (Effective from passage):

No person shall engage in the business of making loans of money or credit in the amount or to the value of fifteen thousand dollars or less for loans made under section 36a-563 or section 36a-565, and charge, contract for or receive a greater rate of interest, charge or consideration than twelve per cent per annum therefor, unless licensed to do so by the commissioner pursuant to sections 36a-555 to 36a-573, inclusive, as amended by this act. The provisions of this section shall not apply to (1) a bank, (2) an out-of-state bank, (3) a Connecticut credit union, (4) a federal credit union, (5) an out-of-state credit union, (6) a savings and loan association wholly owned subsidiary service corporation, (7) a person to the extent that such person makes loans for agricultural, commercial, industrial or governmental use or extends credit through an open-end credit plan, as defined in subdivision (8) of subsection (a) of section 36a-676, for the retail purchase of consumer goods or services, (8) a mortgage lender or mortgage correspondent lender licensed pursuant to sections 36a-485 to 36a-498a, inclusive, as amended by this act, when making [first] residential mortgage loans, as defined in section 36a-485, as amended by this act, or (9) a licensed pawnbroker.

Sec. 19. (NEW) (Effective from passage) (a) In addition to any authority provided under title 36a of the general statutes, the Banking Commissioner shall have the authority to conduct investigations and examinations as follows:

(1) For purposes of initial licensing, license renewal, license suspension, license conditioning, license revocation or termination, or general or specific inquiry or investigation to determine compliance with sections 36a-485 to 36a-498a, inclusive, of the general statutes, as amended by this act, and sections 36a-534a and 36a-534b of the general statutes, the commissioner may access, receive and use any books, accounts, records, files, documents, information or evidence including, but not limited to: (A) Criminal, civil and administrative history
information; (B) personal history and experience information including independent credit reports obtained from a consumer reporting agency described in Section 603(p) of the federal Fair Credit Reporting Act, 15 USC 1681a; and (C) any other documents, information or evidence the commissioner deems relevant to the inquiry or investigation regardless of the location, possession, control or custody of such documents, information or evidence.

(2) For the purposes of investigating violations or complaints arising under sections 36a-485 to 36a-498a, inclusive, of the general statutes, as amended by this act, or section 36a-534a or 36a-534b of the general statutes, as amended by this act, or for the purposes of examination, the commissioner may review, investigate or examine any mortgage lender, mortgage correspondent lender, mortgage broker and mortgage loan originator subject to said sections as often as necessary in order to carry out the purposes of said sections. The commissioner may direct, subpoena or order the attendance of and examine under oath all persons whose testimony may be required about the loans or the business or subject matter of any such examination or investigation, and may direct, subpoena or order such person to produce books, accounts, records, files and any other documents the commissioner deems relevant to the inquiry.

(b) Each mortgage lender, mortgage correspondent lender, mortgage broker and mortgage loan originator subject to sections 36a-485 to 36a-498a, inclusive, of the general statutes, as amended by this act, and sections 36a-534a and 36a-534b of the general statutes, as amended by this act, shall make or compile reports or prepare other information as directed by the commissioner in order to carry out the purposes of this section including accounting compilations, information lists and data concerning loan transactions in a format prescribed by the commissioner or such other information the commissioner deems necessary to carry out the purposes of this section.

(c) In making any examination or investigation authorized by this
section, the commissioner may control access to any documents and
records of the licensee or person under examination or investigation.
The commissioner may take possession of the documents and records
or place a person in exclusive charge of the documents and records in
the place where they are usually kept. During the period of control, no
individual or person shall remove or attempt to remove any of the
documents and records except pursuant to a court order or with the
consent of the commissioner. Unless the commissioner has reasonable
grounds to believe the documents or records of the licensee have been,
or are at risk of being, altered or destroyed for purposes of concealing
a violation of sections 36a-485 to 36a-498a, inclusive, of the general
statutes, as amended by this act, or section 36a-534a or 36a-534b of the
general statutes, as amended by this act, or section 20 of this act, the
licensee or owner of the documents and records shall have access to
the documents or records as necessary to conduct its ordinary business
affairs.

(d) In order to carry out the purposes of this section, the
commissioner may:

(1) Retain attorneys, accountants or other professionals and
specialists as examiners, auditors or investigators to conduct or assist
in the conduct of examinations or investigations;

(2) Enter into agreements or relationships with other government
officials or regulatory associations in order to improve efficiencies and
reduce regulatory burden by sharing resources, standardized or
uniform methods or procedures, and documents, records, information
or evidence obtained under this section;

(3) Use, hire, contract or employ public or privately available
analytical systems, methods or software to examine or investigate the
mortgage lender, mortgage correspondent lender, mortgage broker or
mortgage loan originator subject to sections 36a-485 to 36a-498a,
inclusive, of the general statutes, as amended by this act, and sections
36a-534a and 36a-534b of the general statutes, as amended by this act;
(4) Accept and rely on examination or investigation reports made by other government officials, within or without this state;

(5) Accept audit reports made by an independent certified public accountant for the mortgage lender, mortgage correspondent lender, mortgage broker or mortgage loan originator subject to sections 36a-485 to 36a-498a, inclusive, of the general statutes, as amended by this act, and sections 36a-534a and 36a-534b of the general statutes, as amended by this act, in the course of that part of the examination covering the same general subject matter as the audit and may incorporate the audit report in the report of the examination, report of investigation or other writing of the commissioner; or

(6) Assess the mortgage lender, mortgage correspondent lender, mortgage broker or mortgage loan originator subject to sections 36a-485 to 36a-498a, inclusive, of the general statutes, as amended by this act, and sections 36a-534a and 36a-534b of the general statutes, as amended by this act, the cost of the services in subsection (a) of this section.

(e) The authority of this section shall remain in effect, whether such a mortgage lender, mortgage correspondent lender, mortgage broker or mortgage loan originator subject to sections 36a-485 to 36a-498a, inclusive, of the general statutes, as amended by this act, and sections 36a-534a and 36a-534b of the general statutes, as amended by this act, acts or claims to act under any licensing or registration law of this state, or claims to act without such authority.

(f) No licensee, individual or person subject to investigation or examination under this section may knowingly withhold, abstract, remove, mutilate, destroy or secrete any books, records, computer records or other information.

Sec. 20. (NEW) (Effective from passage) No person or individual subject to sections 36a-485 to 36a-498a, inclusive, of the general statutes, as amended by this act, and sections 36a-534a and 36a-534b of the general statutes, as amended by this act, may:
(1) Directly or indirectly employ any scheme, device or artifice to defraud or mislead borrowers or lenders or to defraud any person;

(2) Engage in any unfair or deceptive practice toward any person;

(3) Obtain property by fraud or misrepresentation;

(4) Solicit or enter into a contract with a borrower that provides in substance that such person or individual may earn a fee or commission through "best efforts" to obtain a loan even though no loan is actually obtained for the borrower;

(5) Solicit, advertise or enter into a contract for specific interest rates, points or other financing terms unless the terms are actually available at the time of soliciting, advertising or contracting;

(6) Conduct any business as a mortgage lender, mortgage correspondent lender, mortgage broker or mortgage loan originator without holding a valid license as required under sections 36a-485 to 36a-498a, inclusive, of the general statutes, as amended by this act, or assist or aide and abet any person in the conduct of business as a mortgage lender, mortgage correspondent lender, mortgage broker or mortgage loan originator without a valid license as required under sections 36a-485 to 36a-498a, inclusive, of the general statutes, as amended by this act;

(7) Fail to make disclosures as required by sections 36a-485 to 36a-498a, inclusive, of the general statutes, as amended by this act, and any other applicable state or federal law including regulations thereunder;

(8) Fail to comply with sections 36a-485 to 36a-498a, inclusive, of the general statutes, as amended by this act, or rules or regulations adopted under said sections or fail to comply with any other state or federal law, including the rules and regulations thereunder, applicable to any business authorized or conducted under said sections;

(9) Make, in any manner, any false or deceptive statement or representation including, with regard to the rates, points or other
financing terms or conditions for a residential mortgage loan, or engage in bait and switch advertising;

(10) Negligently make any false statement or knowingly and wilfully make any omission of material fact in connection with any information or reports filed with a governmental agency or the system, as defined in section 36a-485 of the general statutes, as amended by this act, or in connection with any investigation conducted by the Banking Commissioner or another governmental agency;

(11) Make any payment, threat or promise, directly or indirectly, to any person for the purposes of influencing the independent judgment of the person in connection with a residential mortgage loan, or make any payment threat or promise, directly or indirectly, to any appraiser of a property, for the purposes of influencing the independent judgment of the appraiser with respect to the value of the property;

(12) Collect, charge, attempt to collect or charge or use or propose any agreement purporting to collect or charge any fee prohibited by sections 36a-485 to 36a-498a, inclusive, of the general statutes, as amended by this act;

(13) Cause or require a borrower to obtain property insurance coverage in an amount that exceeds the replacement cost of the improvements as established by the property insurer; or

(14) Fail to truthfully account for monies belonging to a party to a residential mortgage loan transaction.

Sec. 21. (NEW) (Effective from passage) The "unique identifier", as defined in section 36a-485 of the general statutes, as amended by this act, of any person originating a residential mortgage loan shall be clearly shown on all residential mortgage loan application forms, solicitations or advertisements, including business cards or web sites, and any other documents as established by rule, regulation or order of the Banking Commissioner.
Sec. 22. (NEW) (Effective from passage) If any provision or application of sections 36a-21 of the general statutes, as amended by this act, 36a-485 to 36a-494, inclusive, of the general statutes, as amended by this act, 36a-496 to 36a-498, inclusive, of the general statutes, as amended by this act, 36a-498c of the general statutes, as amended by this act, 36a-534b of the general statutes, as amended by this act, 36a-555 of the general statutes, as amended by this act, and sections 9 and 19 to 21, inclusive, of this act to any person or circumstance is held invalid by a court of this state, the remainder of said sections or the application of such provision to other persons or circumstances shall not be affected.

Sec. 23. Subsection (a) of section 36a-498a of the general statutes is repealed and the following is substituted in lieu thereof (Effective October 1, 2009):

(a) No mortgage lender licensee or mortgage correspondent lender licensee under section 36a-489 and no person exempt from licensure under [subdivisions (1), (2), (5) and (6)] subsection (a) and subdivisions (1), (4) and (5) of subsection (b) of section 36a-487, as amended by this act, making a first mortgage loan may charge, impose or cause to be paid, directly or indirectly, prepaid finance charges that exceed in the aggregate, the greater of five per cent of the principal amount of the loan or two thousand dollars. If the proceeds of the loan are used to refinance an existing loan, the aggregate of the prepaid finance charges for the current refinancing and any previous financings by such licensee or exempt person or affiliate of such licensee or exempt person within two years of the current refinancing shall not exceed the greater of five per cent of the principal amount of the initial loan or two thousand dollars. The provisions of this section shall not prohibit such licensee or exempt person from charging, imposing or causing to be paid, directly or indirectly, prepaid finance charges in addition to those permitted by this section in connection with any additional proceeds received by the borrower in the refinancing, provided such prepaid finance charges on the additional proceeds shall not exceed five per cent of the additional proceeds.
Sec. 24. (NEW) (Effective from passage) Notwithstanding any provision of the general statutes, moneys received or collected by the Banking Commissioner on account of, or derived from, assessments or fees pursuant to section 36a-65 of the general statutes shall be allocated by the Secretary of the Office of Policy and Management to the Department of Banking in the amounts necessary for funding the implementation of the federal S.A.F.E. Mortgage Licensing Act of 2008.

This act shall take effect as follows and shall amend the following sections:

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**APP** Joint Favorable Subst.