



General Assembly

February Session, 2010

***Raised Bill No. 54***

LCO No. 108

\*00108 \_\_\_\_\_ BA\_\*

Referred to Committee on Banks

Introduced by:  
(BA)

***AN ACT CONCERNING CONSUMER CREDIT LICENSES.***

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

1 Section 1. Subsection (b) of section 36a-487 of the 2010 supplement  
2 to the general statutes is repealed and the following is substituted in  
3 lieu thereof (*Effective October 1, 2010*):

4 (b) The following are exempt from licensing as a mortgage lender,  
5 [or] mortgage correspondent lender or mortgage broker under sections  
6 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-534a and  
7 36a-534b:

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

11 (2) Bona fide nonprofit corporations making residential mortgage  
12 loans to promote home ownership for the economically  
13 disadvantaged;

14 (3) Agencies of the federal government, or any state or municipal

15 government, or any quasi-governmental agency making residential  
16 mortgage loans under the specific authority of the laws of any state or  
17 the United States;

18 (4) Persons licensed under sections 36a-555 to 36a-573, inclusive, as  
19 amended by this act, when making or brokering residential mortgage  
20 loans authorized by said sections;

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

24 (6) Any corporation or its affiliate that makes residential mortgage  
25 loans exclusively for the benefit of its employees or agents;

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

29 (8) Persons acting as fiduciaries with respect to any employee  
30 pension benefit plan qualified under the Internal Revenue Code of  
31 1986, or any subsequent corresponding internal revenue code of the  
32 United States, as from time to time amended, who make residential  
33 mortgage loans solely to plan participants from plan assets; and

34 (9) Persons making secondary mortgage loans to individuals related  
35 to the maker by blood or marriage.

36 Sec. 2. Section 36a-498a of the 2010 supplement to the general  
37 statutes is repealed and the following is substituted in lieu thereof  
38 (*Effective October 1, 2010*):

39 (a) No mortgage lender licensee, [or] mortgage correspondent  
40 lender licensee or mortgage broker licensee under section 36a-489 and  
41 no person exempt from licensure under subsection (a) and  
42 subdivisions (1), (4) and (5) of subsection (b) of section 36a-487, as  
43 amended by this act, making or brokering a first mortgage loan may

44 charge, impose or cause to be paid, directly or indirectly, prepaid  
45 finance charges that exceed in the aggregate, the greater of five per  
46 cent of the principal amount of the loan or two thousand dollars. If the  
47 proceeds of the loan are used to refinance an existing loan, the  
48 aggregate of the prepaid finance charges for the current refinancing  
49 and any previous financings by such licensee or exempt person or  
50 affiliate of such licensee or exempt person within two years of the  
51 current refinancing shall not exceed the greater of five per cent of the  
52 principal amount of the initial loan or two thousand dollars. The  
53 provisions of this section shall not prohibit such licensee or exempt  
54 person from charging, imposing or causing to be paid, directly or  
55 indirectly, prepaid finance charges in addition to those permitted by  
56 this section in connection with any additional proceeds received by the  
57 borrower in the refinancing, provided such prepaid finance charges on  
58 the additional proceeds shall not exceed five per cent of the additional  
59 proceeds.

60 (b) (1) No mortgage lender, [or] mortgage correspondent lender or  
61 mortgage broker making or brokering a secondary mortgage loan may  
62 (A) charge, impose or cause to be paid, directly or indirectly, in  
63 connection with any secondary mortgage loan transaction, prepaid  
64 finance charges that exceed in the aggregate eight per cent of the  
65 principal amount of the loan, or (B) include in the loan agreement,  
66 under which prepaid finance charges have been assessed, any  
67 provision that permits the mortgage lender or mortgage correspondent  
68 lender to demand payment of the entire loan balance prior to the  
69 scheduled maturity, except that such loan agreement may contain a  
70 provision that permits the mortgage lender or mortgage correspondent  
71 lender to demand payment of the entire loan balance if any scheduled  
72 installment is in default for more than sixty days or if any condition of  
73 default set forth in the mortgage note exists.

74 (2) Any mortgage lender, [or] mortgage correspondent lender or  
75 mortgage broker who fails to comply with the provisions of this  
76 subsection shall be liable to the borrower in an amount equal to the

77 sum of: (A) The amount by which the total of all prepaid finance  
78 charges exceeds eight per cent of the principal amount of the loan; (B)  
79 eight per cent of the principal amount of the loan or two thousand five  
80 hundred dollars, whichever is less; and (C) the costs incurred by the  
81 borrower in bringing an action under this subsection, including  
82 reasonable attorney's fees, as determined by the court, provided no  
83 such mortgage lender, [or] mortgage correspondent lender or  
84 mortgage broker shall be liable for more than the amount specified in  
85 this subsection in a secondary mortgage loan transaction involving  
86 more than one borrower.

87 (c) For purposes of this section, "additional proceeds" has the same  
88 meaning as provided in subdivision (3) of section 36a-746e and  
89 "prepaid finance charge" has the same meaning as provided in  
90 subdivision (7) of section 36a-746a.

91 (d) Any mortgage deed to secure a secondary mortgage loan that is  
92 recorded in the land records of any town shall contain the word  
93 "Mortgage" in the heading, either in capital letters or underscored and  
94 shall contain the principal amount of the loan.

95 Sec. 3. Section 36a-537 of the 2010 supplement to the general statutes  
96 is repealed and the following is substituted in lieu thereof (*Effective*  
97 *October 1, 2010*):

98 The application for a license as a sales finance company shall be on a  
99 form prescribed by the commissioner, in writing and under oath,  
100 together with such exhibits and other pertinent information as the  
101 commissioner may require. The application shall include (1) the  
102 history of criminal convictions [for the ten-year period prior to the date  
103 of the application] of the applicant; and the partners, if the applicant is  
104 a partnership; the members, if the applicant is a limited liability  
105 company or association; or the officers, directors and principal  
106 employees if the applicant is a corporation; and (2) sufficient  
107 information pertaining to the history of criminal convictions, in a form  
108 acceptable to the commissioner, on such applicant, partners, directors,

109 members, officers, and principal employees as the commissioner  
110 deems necessary to make findings under section 36a-541, as amended  
111 by this act. The commissioner, in the commissioner's discretion and in  
112 accordance with section 29-17a, may conduct a state and federal  
113 criminal history records check of the applicant and of each partner,  
114 member, officer, director and principal employee of the applicant.

115 Sec. 4. Section 36a-541 of the 2010 supplement to the general statutes  
116 is repealed and the following is substituted in lieu thereof (*Effective*  
117 *October 1, 2010*):

118 If the commissioner finds, upon the filing of an application for a  
119 license as a sales finance company, that the financial responsibility,  
120 character, reputation, integrity and general fitness of the applicant and  
121 of the partners thereof if the applicant is a partnership, of the members  
122 if the applicant is a limited liability company or association, and of the  
123 officers, directors and principal employees if the applicant is a  
124 corporation, are such as to warrant belief that the business will be  
125 operated soundly and efficiently, in the public interest and consistent  
126 with the purposes of sections 36a-535 to 36a-546, inclusive, as amended  
127 by this act, the commissioner may thereupon issue the applicant the  
128 license. If the commissioner fails to make such findings, or if the  
129 commissioner finds that the applicant has made any material  
130 misstatement in the application, the commissioner shall not issue a  
131 license, and shall notify the applicant of the denial and the reasons for  
132 such denial. The commissioner may deny an application if the  
133 commissioner finds that the applicant or any partner, member, officer,  
134 director or principal employee of the applicant has been convicted [,  
135 during the ten-year period prior to the date of application,] of any  
136 misdemeanor involving any aspect of the sales finance business, or any  
137 felony. Any denial of an application by the commissioner shall, when  
138 applicable, be subject to the provisions of section 46a-80. Withdrawal  
139 of an application for a license shall become effective upon receipt by  
140 the commissioner of a notice of intent to withdraw such application.  
141 The commissioner may deny a license up to the date one year after the

142 date the withdrawal became effective.

143 Sec. 5. Section 36a-555 of the 2010 supplement to the general statutes  
144 is repealed and the following is substituted in lieu thereof (*Effective*  
145 *October 1, 2010*):

146 No person shall (1) engage in the business of making loans of  
147 money or credit; (2) make, offer, broker or assist a borrower in  
148 Connecticut to obtain such a loan; or (3) in whole or in part, arrange  
149 such loans through a third party or act as an agent for a third party,  
150 regardless of whether approval, acceptance or ratification by the third  
151 party is necessary to create a legal obligation for the third party,  
152 through any method, including, but not limited to, mail, telephone,  
153 Internet or any electronic means, in the amount or to the value of  
154 fifteen thousand dollars or less for loans made under section 36a-563 or  
155 section 36a-565, and charge, contract for or receive a greater rate of  
156 interest, charge or consideration than twelve per cent per annum  
157 therefor, unless licensed to do so by the commissioner pursuant to  
158 sections 36a-555 to 36a-573, inclusive, as amended by this act. The  
159 provisions of this section shall not apply to (A) a bank, (B) an out-of-  
160 state bank, (C) a Connecticut credit union, (D) a federal credit union,  
161 (E) an out-of-state credit union, (F) a savings and loan association  
162 wholly owned subsidiary service corporation, (G) a person to the  
163 extent that such person makes loans for agricultural, commercial,  
164 industrial or governmental use or extends credit through an open-end  
165 credit plan, as defined in subdivision (8) of subsection (a) of section  
166 36a-676, for the retail purchase of consumer goods or services, (H) a  
167 mortgage lender, [or] mortgage correspondent lender or mortgage  
168 broker licensed pursuant to section 36a-489 when making or brokering  
169 residential mortgage loans, as defined in section 36a-485, or (I) a  
170 licensed pawnbroker.

171 Sec. 6. Section 36a-556 of the 2010 supplement to the general statutes  
172 is repealed and the following is substituted in lieu thereof (*Effective*  
173 *October 1, 2010*):

174 Upon the filing of the required application and license fee, the  
175 commissioner shall investigate the facts and, if the commissioner finds  
176 that (1) the experience, character and general fitness of the applicant,  
177 and of the members thereof if the applicant is a partnership, limited  
178 liability company or association, and of the officers and directors  
179 thereof if the applicant is a corporation, are satisfactory, (2) a license to  
180 such applicant will be for the convenience and advantage of the  
181 community in which the applicant's business is to be conducted, and  
182 (3) the applicant has the capital investment required by this section, the  
183 commissioner shall issue a license to the applicant to make loans in  
184 accordance with sections 36a-555 to 36a-573, inclusive, as amended by  
185 this act. If the commissioner fails to make such findings or finds that  
186 the applicant made a material misstatement in the application, the  
187 commissioner shall not issue a license and shall notify the applicant of  
188 the denial and the reasons for such denial. The commissioner may  
189 deny an application if the commissioner finds that the applicant or any  
190 member, officer, or director of the applicant has been convicted [,  
191 during the ten-year period prior to the date of application,] of any  
192 misdemeanor involving any aspect of the small loan lender business,  
193 or any felony. Any denial of an application by the commissioner shall,  
194 when applicable, be subject to the provisions of section 46a-80.  
195 Withdrawal of an application for a license shall become effective upon  
196 receipt by the commissioner of a notice of intent to withdraw such  
197 application. The commissioner may deny a license up to the date one  
198 year after the date the withdrawal became effective. The capital  
199 investment shall be not less than twenty-five thousand dollars for each  
200 licensed location in a city or town with a population of ten thousand or  
201 more inhabitants and ten thousand dollars for each licensed location in  
202 a city or town with a smaller population. Population shall be  
203 determined according to the last United States census at the time a  
204 license is granted.

205 Sec. 7. Subsection (a) of section 36a-557 of the 2010 supplement to  
206 the general statutes is repealed and the following is substituted in lieu  
207 thereof (*Effective October 1, 2010*):

208 (a) An application for such license shall be in writing, under oath  
209 and in the form prescribed by the commissioner, and shall include (1)  
210 the history of criminal convictions [for the ten-year period prior to the  
211 date of the application] of the applicant; the members, if the applicant  
212 is a partnership, limited liability company or association; or the officers  
213 and directors, if the applicant is a corporation, and (2) sufficient  
214 information pertaining to the history of criminal convictions, in a form  
215 acceptable to the commissioner, on such applicant, members, officers  
216 and directors as the commissioner deems necessary to make the  
217 findings under section 36a-556, as amended by this act. The  
218 commissioner, in the commissioner's discretion and in accordance with  
219 section 29-17a, may conduct a state and federal criminal history  
220 records check of the applicant and of each member, officer and director  
221 of the applicant.

222 Sec. 8. Section 36a-581 of the 2010 supplement to the general statutes  
223 is repealed and the following is substituted in lieu thereof (*Effective*  
224 *October 1, 2010*):

225 (a) Except as provided for in section 36a-580, no person shall engage  
226 in the business of cashing checks, drafts or money orders for  
227 consideration without obtaining a license to operate a general facility  
228 or a license to operate a limited facility for each location where such  
229 business is to be conducted.

230 (b) Each licensee of a limited facility shall continuously maintain at  
231 least one operating general facility. A licensee of a limited facility shall  
232 not pay any compensation or consideration to any employer.

233 (c) An application for a check cashing license or renewal of such  
234 license shall be in writing, under oath and on a form provided by the  
235 commissioner. The application shall set forth: (1) The name and  
236 address of the applicant; (2) if the applicant is a firm or partnership,  
237 the names and addresses of each member of the firm or partnership;  
238 (3) if the applicant is a corporation, the names and addresses of each  
239 officer, director, authorized agent and each shareholder owning ten

240 per cent or more of the outstanding stock of such corporation; (4) if the  
241 applicant is a limited liability company, the names and addresses of  
242 each member and authorized agent of such limited liability company;  
243 (5) (A) the history of criminal convictions [for the ten-year period prior  
244 to the date of the application] of the applicant; the members, if the  
245 applicant is a firm or partnership; the officers, directors, authorized  
246 agent and each shareholder owning ten per cent or more of the  
247 outstanding stock of the applicant, if the applicant is a corporation,  
248 and (B) sufficient information pertaining to the history of criminal  
249 convictions in a form acceptable to the commissioner on such  
250 applicant, members, officers, directors, authorized agent and  
251 shareholders as the commissioner deems necessary to make the  
252 findings under subsection (e) of this section; (6) each location where  
253 the check cashing business is to be conducted and the type of facility  
254 that will be operated at that location; (7) the business plan, which shall  
255 include the proposed days and hours of operation; (8) the amount of  
256 liquid assets available for each location which shall not be less than the  
257 amount specified in subdivision (7) of subsection (e) of this section; (9)  
258 for each limited facility, a copy of the executed contract evidencing the  
259 proposed arrangement between the applicant and the employer; and  
260 (10) any other information the commissioner may require. The  
261 commissioner, in the commissioner's discretion and in accordance with  
262 section 29-17a, may conduct a state and federal criminal history  
263 records check of the applicant and of each member, officer, director,  
264 authorized agent and shareholder owning at least ten per cent of the  
265 outstanding stock of the applicant.

266 (d) A licensee shall not change the name or the location specified on  
267 its license unless, prior to such change in name or location, the licensee  
268 files an application with the commissioner accompanied by the  
269 applicable name change fee or location transfer fee specified in section  
270 36a-582 and receives the approval of the commissioner. A licensee of a  
271 limited facility shall not change its approved days and hours of  
272 operation unless, prior to any such change, the licensee files an  
273 application with and receives the approval of the commissioner. No

274 licensee shall use any name other than the name specified on the  
275 license issued by the commissioner.

276 (e) Upon the filing of the required application and the applicable  
277 license and location fees, the commissioner shall investigate the facts  
278 and may issue a license if the commissioner finds that (1) the applicant  
279 is in all respects properly qualified and of good character, (2) if the  
280 applicant is a firm or partnership, each member of the firm or  
281 partnership is in all respects properly qualified and of good character,  
282 (3) if the applicant is a corporation, each officer, director, authorized  
283 agent and each shareholder owning ten per cent or more of the  
284 outstanding stock of such corporation is in all respects properly  
285 qualified and of good character, (4) if the applicant is a limited liability  
286 company, each member and authorized agent is in all respects  
287 properly qualified and of good character, (5) granting such license  
288 would not be against the public interest, (6) the applicant has a feasible  
289 plan for conducting business, and (7) the applicant has available and  
290 shall continuously maintain liquid assets of at least ten thousand  
291 dollars for each general facility location and at least two thousand five  
292 hundred dollars for each limited facility location specified in the  
293 application. The commissioner may deny an application if the  
294 commissioner finds that the applicant or any member, officer, director  
295 or authorized agent or shareholder owning ten per cent or more of the  
296 outstanding stock of the applicant has been convicted [, during the ten-  
297 year period prior to the date of application,] of any misdemeanor  
298 involving any aspect of the check cashing services business, or any  
299 felony. Any denial of an application by the commissioner shall, when  
300 applicable, be subject to the provisions of section 46a-80.

301 (f) An applicant or licensee shall promptly notify the commissioner,  
302 in writing, of any change in the information provided in its initial or  
303 renewal application for licensure or most recent renewal of such  
304 license.

305 Sec. 9. Section 36a-598 of the 2010 supplement to the general statutes

306 is repealed and the following is substituted in lieu thereof (*Effective*  
307 *October 1, 2010*):

308 (a) Each application for an original or renewal license required  
309 under sections 36a-595 to 36a-610, inclusive, as amended by this act,  
310 shall be made in writing and under oath to the commissioner in such  
311 form as the commissioner may prescribe. The application shall include:

312 (1) The exact name of the applicant and, if incorporated, the date of  
313 incorporation and the state where incorporated;

314 (2) The complete address of the principal office from which the  
315 business is to be conducted and of the office where the books and  
316 records of the applicant are to be maintained;

317 (3) The complete name and address of each of the applicant's  
318 branches, subsidiaries, affiliates and agents, if any, engaging in this  
319 state in the business of selling or issuing Connecticut payment  
320 instruments, or engaging in the business of money transmission;

321 (4) The name, title, address and telephone number of the person to  
322 whom notice of the commissioner's approval or disapproval of the  
323 application shall be sent and to whom any inquiries by the  
324 commissioner concerning the application shall be directed;

325 (5) The name and residence address of the individual, if the  
326 applicant is an individual; the partners, if the applicant is a  
327 partnership; the directors, trustees, principal officers, and any  
328 shareholder owning ten per cent or more of each class of its securities,  
329 if the applicant is a corporation or association; or the members, if the  
330 applicant is a limited liability company;

331 (6) The most recently audited unconsolidated financial statement of  
332 the applicant, including its balance sheet and receipts and  
333 disbursements for the preceding year, prepared by an independent  
334 certified public accountant acceptable to the commissioner;

335 (7) A list of the applicant's permissible investments, the book and  
336 market values of such investments, and the dollar amount of the  
337 applicant's aggregate outstanding payment instruments (A) as of the  
338 date of the financial statement filed in accordance with subdivision (6)  
339 of this subsection; and (B) as of a date no earlier than thirty business  
340 days prior to the filing of the application;

341 (8) The history of material litigation for the five-year period prior to  
342 the date of the application of the individual, if the applicant is an  
343 individual; the partners, if the applicant is a partnership; the directors,  
344 trustees, principal officers and any shareholder owning ten per cent or  
345 more of each class of its securities, if the applicant is a corporation or  
346 association; or the members, if the applicant is a limited liability  
347 company, and sufficient information pertaining to the history of  
348 material litigation, in a form acceptable to the commissioner, on such  
349 individual or the partners, directors, trustees, principal officers,  
350 members and any shareholder owning ten per cent or more of each  
351 class of the applicant's securities;

352 (9) (A) The history of criminal convictions [for the ten-year period  
353 prior to the date of the application] of the individual, if the applicant is  
354 an individual; the partners, if the applicant is a partnership; the  
355 directors, trustees, principal officers and any shareholder owning ten  
356 per cent or more of each class of its securities if the applicant is a  
357 corporation or association; or the members, if the applicant is a limited  
358 liability company, and (B) sufficient information pertaining to the  
359 history of criminal convictions, in a form acceptable to the  
360 commissioner, on such individual or the partners, directors, trustees,  
361 principal officers, members and any shareholder owning ten per cent  
362 or more of each class of the applicant's securities;

363 (10) (A) The surety bond required by subsection (a) of section 36a-  
364 602, if applicable;

365 (B) A list of the investments maintained in accordance with  
366 subsection (c) of section 36a-602, if applicable, and the book and

367 market values of any such investments (i) as of the date of the financial  
368 statement filed in accordance with subdivision (6) of this subsection;  
369 and (ii) as of a date no earlier than thirty business days prior to the  
370 filing of the application;

371 (11) A statement of whether the applicant will engage in the  
372 business of issuing money orders, travelers checks or electronic  
373 payment instruments or engage in the business of money transmission  
374 in this state; and

375 (12) Any other information the commissioner may require.

376 (b) The commissioner, in the commissioner's discretion and in  
377 accordance with section 29-17a, may conduct a state and federal  
378 criminal history records check of the individual applicant and of each  
379 partner, director, trustee, principal officer, member and shareholder  
380 owning at least ten per cent of each class of the securities of the  
381 applicant.

382 [(b)] (c) An applicant or licensee shall promptly notify the  
383 commissioner, in writing, of any change in the information provided  
384 in the application for license or most recent renewal of such license.

385 [(c)] (d) A licensee shall not change the name specified on its license  
386 unless, prior to such change in name, the licensee files an application  
387 with the commissioner accompanied by the name change fee specified  
388 in subsection (a) of section 36a-599 and receives the approval of the  
389 commissioner.

390 [(d)] (e) A licensee shall provide a written notice to the  
391 commissioner no later than one business day after the licensee has  
392 reason to know of the occurrence of any of the following events:

393 (1) The filing of a petition by or against the licensee under the  
394 United States Bankruptcy Code for bankruptcy or reorganization;

395 (2) The filing of a petition by or against the licensee for receivership,

396 the commencement of any other judicial or administrative proceeding  
397 for its dissolution or reorganization, or the making of a general  
398 assignment for the benefit of its creditors;

399 (3) The commencement of a proceeding to revoke or suspend its  
400 license to engage in money transmission in another state or a foreign  
401 country, or other formal or informal regulatory action by any  
402 governmental agency against the licensee and the reasons therefor;

403 (4) The commencement of any action by the Attorney General or the  
404 attorney general of any other state and the reasons therefor;

405 (5) The cancellation or other impairment of the licensee's bond or  
406 other security, including notice of claims filed against the licensee's  
407 bond or other security;

408 (6) A conviction of the licensee or of a partner, director, trustee,  
409 principal officer, member or shareholder owning ten per cent or more  
410 of each class of the licensee's securities for a misdemeanor involving  
411 the money transmission business or the business of issuing  
412 Connecticut payment instruments, or a felony; or

413 (7) A conviction of its agent for a felony.

414 Sec. 10. Subsection (c) of section 36a-600 of the 2010 supplement to  
415 the general statutes is repealed and the following is substituted in lieu  
416 thereof (*Effective October 1, 2010*):

417 (c) The commissioner may deny an application if the commissioner  
418 finds that the applicant or any of its partners, directors, trustees,  
419 principal officers or shareholders owning ten per cent or more of the  
420 shares of the applicant or members have been convicted [, during the  
421 ten-year period prior to the date of application,] of any misdemeanor  
422 involving any aspect of the money transmission business or the  
423 business of issuing [Connecticut] payment instruments, or any felony.  
424 Any denial of an application by the commissioner shall, when  
425 applicable, be subject to the provisions of section 46a-80.

426 Sec. 11. Section 36a-656 of the 2010 supplement to the general  
427 statutes is repealed and the following is substituted in lieu thereof  
428 (*Effective October 1, 2010*):

429 (a) No person shall engage in the business of debt adjustment in this  
430 state without a debt adjuster license. Any person desiring to obtain  
431 such a license shall file with the commissioner an application under  
432 oath, setting forth such information as the commissioner may require.  
433 Each applicant for a license and each licensee shall notify the  
434 commissioner of any change in the applicant's business from that  
435 stated in the application for the license.

436 (b) An application for a debt adjuster license or renewal of such  
437 license shall be in writing on a form provided by the commissioner  
438 and shall include (1) the history of criminal convictions [for the ten-  
439 year period prior to the date of the application] of the applicant; the  
440 partners, if the applicant is a partnership; the members, if the applicant  
441 is a limited liability company or association; or the officers, directors  
442 and principal employees if the applicant is a corporation, and (2)  
443 sufficient information pertaining to the history of criminal convictions,  
444 in a form acceptable to the commissioner, on such applicant, partners,  
445 [directors,] members, officers, directors and principal employees as the  
446 commissioner deems necessary to make the findings under subsection  
447 (c) of this section. The commissioner, in the commissioner's discretion  
448 and in accordance with section 29-17a, may conduct a state and federal  
449 criminal history records check of the applicant and of each partner,  
450 member, officer, director and principal employee of the applicant.

451 (c) If the commissioner finds, upon the filing of an application for a  
452 debt adjuster license, that: (1) The financial responsibility, character,  
453 reputation, integrity and general fitness of the applicant and of the  
454 partners thereof if the applicant is a partnership, of the members if the  
455 applicant is a limited liability company or association, and of the  
456 officers, directors and principal employees if the applicant is a  
457 corporation, are such as to warrant belief that the business will be

458 operated soundly and efficiently, in the public interest and consistent  
459 with the purposes of sections 36a-655 to 36a-665, inclusive, as amended  
460 by this act; and (2) the applicant is solvent and no proceeding in  
461 bankruptcy, receivership or assignment for the benefit of creditors has  
462 been commenced against the applicant, the commissioner may  
463 thereupon issue the applicant a debt adjuster license. If the  
464 commissioner fails to make such findings, the commissioner shall not  
465 issue a license and shall notify the applicant of the reasons for such  
466 denial. The commissioner may deny an application if the  
467 commissioner finds that the applicant or any partner, member, officer,  
468 director or principal employee of the applicant has been convicted [,  
469 during the ten-year period prior to the date of application,] of any  
470 misdemeanor involving any aspect of the debt adjuster business, or  
471 any felony. Any denial of an application by the commissioner shall,  
472 when applicable, be subject to the provisions of section 46a-80.  
473 Withdrawal of an application for a license shall become effective upon  
474 receipt by the commissioner of a notice of intent to withdraw such  
475 application. The commissioner may deny a license up to the date one  
476 year after the effective date of withdrawal.

477 (d) Each applicant for an original debt adjuster license that is a bona  
478 fide nonprofit organization shall, at the time of making such  
479 application, pay to the commissioner an application fee of two  
480 hundred fifty dollars. Each applicant for an original or a renewal of a  
481 debt adjuster license that is not a bona fide nonprofit organization  
482 shall, at the time of making such application, pay to the commissioner  
483 an application fee of one thousand six hundred dollars or, in the case  
484 of an application that is filed not earlier than the date one year before  
485 the date of expiration of such license, a license fee of eight hundred  
486 dollars. Each such license shall expire at the close of business on  
487 September thirtieth of the odd-numbered year following its issuance  
488 unless such license is renewed. Each licensee shall, on or before  
489 September first of the year in which the license expires, file such  
490 renewal application as the commissioner may require.

491 (e) If the commissioner determines that a check filed with the  
492 commissioner to pay an application fee has been dishonored, the  
493 commissioner shall automatically suspend the license or a renewal  
494 license that has been issued but is not yet effective. The commissioner  
495 shall give the licensee notice of the automatic suspension pending  
496 proceedings for revocation or refusal to renew and an opportunity for  
497 a hearing on such actions in accordance with section 36a-51.

498 (f) No abatement of the license fee shall be made if the license is  
499 surrendered, revoked or suspended prior to the expiration of the  
500 period for which it was issued. The fee required by subsection (d) of  
501 this section shall be nonrefundable.

502 Sec. 12. Subsection (c) of section 36a-671 of the 2010 supplement to  
503 the general statutes is repealed and the following is substituted in lieu  
504 thereof (*Effective October 1, 2010*):

505 (c) An application for an original or renewal debt negotiation license  
506 shall be in writing on a form provided by the commissioner and shall  
507 include (1) the history of criminal convictions [for the ten-year period  
508 prior to the date of the application] of the (A) applicant, (B) partners, if  
509 the applicant is a partnership, (C) members, if the applicant is a limited  
510 liability company or association, or (D) officers, directors and principal  
511 employees, if the applicant is a corporation; and (2) sufficient  
512 information pertaining to the history of criminal convictions, in a form  
513 acceptable to the commissioner, on such applicant, partners, members,  
514 officers, directors and principal employees as the commissioner deems  
515 necessary to make the findings under subsection (d) of this section.  
516 The commissioner, in the commissioner's discretion and in accordance  
517 with section 29-17a, may conduct a state and federal criminal history  
518 records check of the applicant and of each partner, member, officer,  
519 director and principal employee of the applicant.

520 Sec. 13. Subdivision (1) of subsection (b) of section 36a-801 of the  
521 2010 supplement to the general statutes is repealed and the following  
522 is substituted in lieu thereof (*Effective October 1, 2010*):

523 (b) (1) Any person desiring to act within this state as a consumer  
524 collection agency shall make a written application to the commissioner  
525 for such license in such form as the commissioner prescribes. Such  
526 application shall be accompanied by (A) a financial statement prepared  
527 by a certified public accountant or a public accountant, the accuracy of  
528 which is sworn to under oath before a notary public by the proprietor,  
529 a general partner or a corporate officer or a member duly authorized to  
530 execute such documents, (B) (i) the history of criminal convictions [for  
531 the ten-year period prior to the date of the application] of the (I)  
532 applicant; (II) partners, if the applicant is a partnership; (III) members,  
533 if the applicant is a limited liability company or association; or (IV)  
534 officers, directors and principal employees, if the applicant is a  
535 corporation, and (ii) sufficient information pertaining to the history of  
536 criminal convictions of such applicant, partners, members, officers,  
537 directors and principal employees in a form acceptable to the  
538 commissioner, (C) a license fee of eight hundred dollars, or in the case  
539 of an initial application that is filed not earlier than one year before the  
540 date such license will expire, a license fee of four hundred dollars, and  
541 (D) an investigation fee of one hundred dollars. The commissioner  
542 shall cause to be made such inquiry and examination as to the  
543 qualifications of each such applicant or any partner, member, officer,  
544 director or principal employee of the applicant as the commissioner  
545 deems necessary. The commissioner, in the commissioner's discretion  
546 and in accordance with section 29-17a, may conduct a state and federal  
547 criminal history records check of the applicant, and of each partner,  
548 member, officer, director and principal employee of the applicant.  
549 Each applicant shall furnish satisfactory evidence to the commissioner  
550 that the applicant is a person of good moral character and is financially  
551 responsible. If the commissioner is satisfied that such applicant is in all  
552 respects properly qualified and trustworthy and that the granting of  
553 such license is not against the public interest, the commissioner may  
554 issue to such applicant a license, in such form as the commissioner  
555 may adopt, to act within this state as a consumer collection agency.  
556 The commissioner may deny an application if the commissioner finds

557 that the applicant or any partner, member, officer, director or principal  
558 employee of the applicant has been convicted [, during the ten-year  
559 period prior to the date of application,] of any misdemeanor involving  
560 any aspect of the consumer collection agency business, or any felony.  
561 Any denial of an application by the commissioner shall, when  
562 applicable, be subject to the provisions of section 46a-80. Any such  
563 license issued by the commissioner shall expire at the close of business  
564 on September thirtieth of the odd-numbered year following its  
565 issuance, unless such license is renewed. The commissioner may renew  
566 such application, in the commissioner's discretion, upon filing of a  
567 proper renewal application accompanied by a license fee of eight  
568 hundred dollars, and satisfactory proof that such applicant at that time  
569 possesses the required qualifications for the license. The commissioner  
570 may deny a renewal application if the commissioner finds that the  
571 applicant has been convicted [, during the ten-year period prior to the  
572 date of application,] of any misdemeanor involving any aspect of the  
573 consumer collection agency business, or any felony. Any denial of an  
574 application by the commissioner shall, when applicable, be subject to  
575 the provisions of section 46a-80. Such renewal application shall be filed  
576 with the commissioner on or before September first of the year in  
577 which the license expires. Any renewal application filed with the  
578 commissioner after September first shall be accompanied by a one-  
579 hundred-dollar late fee and any such filing shall be deemed to be  
580 timely and sufficient for purposes of subsection (b) of section 4-182.  
581 Whenever an application for a license, other than a renewal  
582 application, is filed under sections 36a-800 to 36a-810, inclusive, as  
583 amended by this act, by any person who was a licensee under said  
584 sections 36a-800 to 36a-810, inclusive, as amended by this act, and  
585 whose license expired less than sixty days prior to the date such  
586 application was filed, such application shall be accompanied by a one-  
587 hundred-dollar processing fee in addition to the application fee. To  
588 further the enforcement of this section and to determine the eligibility  
589 of any person holding a license, the commissioner may, as often as the  
590 commissioner deems necessary, examine the licensee's books and

591 records, and may, at any time, require the licensee to submit such a  
 592 financial statement for the examination of the commissioner, so that  
 593 the commissioner may determine whether the licensee is financially  
 594 responsible to carry on a consumer collection agency business within  
 595 the intents and purposes of sections 36a-800 to 36a-810, inclusive, as  
 596 amended by this act. Any financial statement submitted by a licensee  
 597 shall be confidential and shall not be a public record unless introduced  
 598 in evidence at a hearing conducted by the commissioner. The applicant  
 599 or licensee shall notify the commissioner, in writing, of any change in  
 600 the information provided in its initial application for license or most  
 601 recent renewal application for such license, as applicable, not later than  
 602 ten business days after the occurrence of the event that results in such  
 603 information becoming inaccurate.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2010</i>	36a-487(b)
Sec. 2	<i>October 1, 2010</i>	36a-498a
Sec. 3	<i>October 1, 2010</i>	36a-537
Sec. 4	<i>October 1, 2010</i>	36a-541
Sec. 5	<i>October 1, 2010</i>	36a-555
Sec. 6	<i>October 1, 2010</i>	36a-556
Sec. 7	<i>October 1, 2010</i>	36a-557(a)
Sec. 8	<i>October 1, 2010</i>	36a-581
Sec. 9	<i>October 1, 2010</i>	36a-598
Sec. 10	<i>October 1, 2010</i>	36a-600(c)
Sec. 11	<i>October 1, 2010</i>	36a-656
Sec. 12	<i>October 1, 2010</i>	36a-671(c)
Sec. 13	<i>October 1, 2010</i>	36a-801(b)(1)

**Statement of Purpose:**

To clarify that a person licensed under sections 36a-555 to 36a-573, inclusive, of the general statutes is exempt from the mortgage broker license requirement; to prohibit mortgage brokers from imposing excessive prepaid finance charges; to authorize the Banking Commissioner to deny an application for a license for any mortgage lender, mortgage broker, mortgage loan originator, sales finance

company, small loan lender, check cashing service, money transmitter, issuer of Connecticut payment instruments, debt adjuster and consumer collection agency if the applicant or any partner, member, officer, director, principal employee of the applicant or shareholder owning at least ten per cent of each class of the applicant's securities has been convicted of a misdemeanor involving the type of business for which a license is being sought or a felony; and to expressly authorize the commissioner to conduct state and federal criminal history checks of applicants for such licenses and other persons related to such applicants.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*