



Substitute Senate Bill No. 1110

Public Act No. 11-216

**AN ACT CONCERNING CONSUMER CREDIT LICENSES AND THE
CONNECTICUT UNIFORM SECURITIES ACT.**

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

Section 1. Section 36a-1 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

This title shall be known as the "Banking Law of Connecticut" and shall be applicable to all Connecticut banks, Connecticut credit unions, mortgage lenders, mortgage correspondent lenders, [mortgage loan originators and] mortgage brokers, mortgage loan originators, loan processors or underwriters, money order and travelers check licensees, check cashing service licensees, trustees under mortgages or deeds of trust of real property securing certain investments, corporations exercising fiduciary powers, small loan licensees, sales finance companies, mortgage servicing companies, debt adjusters, persons offering or engaging in debt negotiation and to such other persons as subject themselves to the provisions of this title or who, by violating any of its provisions, become subject to the penalties provided in this title.

Sec. 2. Subsection (e) of section 36a-21 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective*

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October 1, 2011):

(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 or loan processors or underwriters that are included in the system for access by the public.

Sec. 3. Subsection (c) of section 36a-51 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(c) Any licensee may surrender any license issued by the commissioner under any provision of the general statutes by surrendering the license to the commissioner in person or by registered or certified mail, [but such surrender] provided, in the case of a license issued pursuant to part I of chapter 668, such surrender shall be initiated by filing a request to surrender on the system, as defined in section 36a-485, as amended by this act, in accordance with section 36a-490, as amended by this act. Surrender of a license shall not affect the licensee's civil or criminal liability, or affect the commissioner's ability to impose an administrative penalty on the licensee pursuant to section 36a-50 for acts committed prior to the surrender. If, prior to receiving the license, or, in the case of a license issued pursuant to part I of chapter 668, prior to the filing of a request to surrender a license under section 36a-490, as amended by this act, the commissioner has instituted a proceeding to suspend, revoke or refuse to renew such license, such surrender or request to surrender will not become effective except at such time and under such conditions as the commissioner by order determines. If no proceeding is pending or has been instituted by the commissioner at the time of surrender, or, in the case of a license issued pursuant to part I of chapter 668, at the time a request to surrender is filed, the commissioner may still institute a proceeding to suspend, revoke or

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refuse to renew a license under subsection (a) of this section up to the date one year after the date of receipt of the license by the commissioner, or, in the case of a license issued pursuant to part I of chapter 668, up to the date one year after the date of the acceptance by the commissioner of a request to surrender a license under section 36a-490, as amended by this act.

Sec. 4. Section 36a-53b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

No [licensee or registrant] person shall, in connection with [the] any activity [for which such person is licensed or registered] subject to the jurisdiction of the commissioner: (1) Employ any device, scheme or artifice to defraud; (2) make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading; or (3) engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

Sec. 5. Subdivision (6) of subsection (c) of section 36a-65 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(6) A licensee under section 36a-489, 36a-541, 36a-556, 36a-581, 36a-600, 36a-628, 36a-656, 36a-671, as amended by this act, or 36a-801 shall pay to the commissioner the actual cost of any examination of the licensee, as such cost is determined by the commissioner. If the licensee fails to pay such cost not later than sixty days after receipt of demand from the commissioner, the commissioner may suspend the license until such costs are paid.

Sec. 6. Subsection (b) of section 36a-299 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

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(b) A Connecticut bank may permit transfers by negotiable withdrawal order from savings accounts in which any beneficial interest is held by a corporation, partnership, association or other organization operated for profit, provided under the terms of the deposit contract or by practice of the bank, the depositor may make no more [than three] transfers [by negotiable withdrawal order or check made by the depositor during any month or statement cycle of at least four weeks. The limitation on transfers in this subsection does not apply to (1) preauthorized or automatic transfers made by a means other than negotiable withdrawal order or check made by the depositor; (2) telephone transfers; (3) transfers to the bank at which the savings account is held to repay loans and associated expenses and to cover overdrafts; or (4) transfers to another account the depositor has at the bank and withdrawals when the transfers or withdrawals are made by mail, messenger, automated teller machine or in person] than the number of transfers permitted under 12 CFR 204.2(d)(2).

Sec. 7. Subdivision (10) of section 36a-485 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

(10) ["Loan processor" or "underwriter"] "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, and sections 36a-534a and 36a-534b.] 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

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consumers about residential mortgage loan rates or terms;

Sec. 8. Subdivision (15) of section 36a-485 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

(15) "Mortgage loan originator" means an individual who for compensation or gain or with the expectation of compensation or gain (A) takes a residential mortgage loan application, or (B) offers or negotiates terms of a residential mortgage loan. "Mortgage loan originator" does not include (i) an individual engaged solely as a loan processor or underwriter; [except as otherwise provided in subdivision (3) of subsection (b) of section 36a-486;] (ii) a person who only performs real estate brokerage activities and is licensed in accordance with chapter 392, unless the person 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; (iii) a person solely involved in extensions of credit relating to timeshare plans, as that term is defined in Paragraph 53D of 11 USC 101; or (iv) any individual who solely renegotiates terms for existing mortgage loans on behalf of a mortgagee and who does not otherwise act as a mortgage loan originator, unless the United States Department of Housing and Urban Development or a court of competent jurisdiction determines that the S.A.F.E. Mortgage Licensing Act of 2008, 12 USC Section 5101 et seq., requires such individual to be licensed as a mortgage loan originator under state laws implementing said S.A.F.E. Mortgage Licensing Act;

Sec. 9. Subdivision (26) of section 36a-485 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

(26) "System" means the Nationwide Mortgage Licensing System

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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 and loan processors or underwriters;

Sec. 10. Subsection (b) of section 36a-486 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

(b) (1) No person licensed as a mortgage lender, mortgage correspondent lender or mortgage broker shall engage the services of a mortgage loan originator or of a loan processor or underwriter required to be licensed under subdivision (3) of this subsection unless such mortgage loan originator or loan processor or underwriter is licensed under section 36a-489, as amended by this act. An individual, unless specifically exempted under subdivision (2) of this subsection, shall not engage in the business of a mortgage loan originator on behalf of a licensee or a person exempt under section 36a-487, as amended by this act, with respect to any [dwelling, as defined in Section 103 of the Consumer Credit Protection Act, 15 USC 1602, located in this state] residential mortgage loan without first obtaining and maintaining annually a license as a mortgage loan originator under section 36a-489, as amended by this act. Each licensed mortgage loan originator and each loan processor or underwriter shall register with and maintain a valid unique identifier issued by the system. No individual may act as a mortgage loan originator for more than one person at the same time. The license of a mortgage loan originator or a loan processor or underwriter is not effective during any period when such mortgage loan originator or a loan processor or underwriter is not sponsored by a licensed mortgage lender, mortgage correspondent lender or mortgage broker, or by a person registered as an exempt registrant under subsection (c) of section 36a-487, as amended by this

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act, or during any period in which the license of the mortgage lender, mortgage correspondent lender or mortgage broker with whom such originator or loan processor or underwriter is associated has been suspended. Either the mortgage loan originator, the loan processor or underwriter or the [mortgage lender, mortgage correspondent lender or mortgage broker] sponsor may file a notification of the termination of sponsorship [of a mortgage loan originator] with the system.

(2) The following are exempt from this section: (A) A registered mortgage loan originator or an employee of an institution or subsidiary described in subdivision (20) of section 36a-485, who is not required to be registered under Section 1507 of the S.A.F.E. Mortgage Licensing Act of 2008, when acting for such institution or subsidiary, (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 negotiates 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] A loan processor or underwriter who is: [an] (A) An independent contractor, or (B) employed by any person other than: (i) A licensed mortgage lender, mortgage correspondent lender or mortgage broker; or (ii) any person exempt from such licensure under subdivision (1) of subsection (a) of section 36a-487, as amended by this act, may not engage in the activities of a loan

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processor or underwriter unless such [independent contractor] loan processor or underwriter obtains and maintains a license as a [mortgage loan originator] loan processor or underwriter 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.

Sec. 11. Section 36a-487 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

(a) The following are exempt from licensing as a mortgage lender, mortgage correspondent lender or mortgage broker under sections 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-534a and 36a-534b, as amended by this act: (1) Any bank, out-of-state bank, Connecticut credit union, federal credit union or out-of-state credit union, provided such bank or credit union is federally insured, any operating subsidiary of a federal bank or federally-chartered out-of-state bank or any wholly-owned subsidiary of a Connecticut bank or a Connecticut credit union; (2) any person licensed under sections 36a-671 to 36a-671d, inclusive, as amended by this act, or exempt from licensure under section 36a-671c, as amended by this act, who is negotiating or offering to negotiate terms of a residential mortgage loan as authorized by said sections 36a-671 to 36a-671d, inclusive; and (3) any person engaged solely in providing loan processing or underwriting services to persons (A) licensed as a mortgage lender, mortgage correspondent lender or mortgage broker, or (B) exempt

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from such licensure under subdivision (1) of this subsection. 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-498f, inclusive, 36a-534a and 36a-534b:

(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;

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

(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;

(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;

(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;

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

(7) Any corporation, licensed in accordance with section 38a-41, or

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its affiliate or subsidiary, that makes residential mortgage loans to promote home ownership in urban areas;

(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

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

(c) Any person exempt from licensure under this section may register on the system as an exempt registrant for purposes of sponsoring a mortgage loan originator or a loan processor or underwriter pursuant to subdivision (1) of subsection (b) of section 36a-486, as amended by this act. Such registration shall not affect the exempt status of such person.

Sec. 12. Subsection (b) of section 36a-488 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(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 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

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purpose of sections 36a-21, 36a-485 to 36a-498f, inclusive, 36a-534a and 36a-534b, as amended by this act. The applicant shall, at a minimum, furnish to the system information concerning the identity of the applicant, any control person of the applicant, 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, (A) 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)] and (B) a bond as required by section 36a-492, as amended by this act; ~~[(3)]~~ (2) evidence that the qualified individual or branch manager meets the experience required by subsection (a) of this section; and ~~[(4)]~~ (3) such other information pertaining to the applicant, the applicant's background, the background of its principals, employees, ~~[and]~~ mortgage loan originators, and loan processors or underwriters, 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

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requirement. The commissioner may conduct a criminal history records check of the applicant, 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 of such persons 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, as part of the application.

Sec. 13. Subsection (c) of section 36a-488 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

(c) (1) The commissioner may issue a mortgage loan originator license or a loan processor or underwriter license. Each mortgage loan originator licensee may also act as a loan processor or underwriter. An application to license [a person] an individual as a mortgage loan originator or a loan processor or underwriter for a specified office or renewal of such license shall be filed, in a form prescribed by the commissioner, with 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 sections 36a-485 to 36a-498f, inclusive, 36a-534a and 36a-534b, as amended by 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 and, effective October 1, 2011, each applicant for a loan processor or underwriter license, shall furnish to the system fingerprints for submission to the Federal Bureau of Investigation and any

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governmental agency or entity authorized to receive such information for a state, national and international criminal history background check. Effective the later of July 31, 2010, or thirty days after the date the system commences accepting such authorizations for processing, 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. By July 31, 2010, or thirty days after the system commences accepting such authorizations for processing, whichever is later, 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. 14. Subdivision (2) of subsection (a) of section 36a-489 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

(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 36a-489a, as amended by this act, and passed a written test that meets the test requirement described in section 36a-489a, as amended by this act, or has satisfied the annual continuing education requirements

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described in subsection (c) of section 36a-489a, as amended by 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. The commissioner may automatically suspend a mortgage lender, mortgage correspondent lender or mortgage broker license if the licensee receives a deficiency on the system indicating that the payment required by subparagraph (A) of this subdivision was Returned-ACH or returned pursuant to such other term as may be utilized by the system to indicate that the payment was not accepted. After a license has been automatically suspended pursuant to this section, the commissioner shall give such licensee notice of the automatic suspension, pending proceedings for revocation or refusal to renew pursuant to section 36a-494, as amended by this act, and an opportunity for a hearing on such action in accordance with section 36a-51, as amended by this act, and require such licensee to take or refrain from taking such action that, in the opinion of the commissioner, will effectuate the purposes of this section.

Sec. 15. Subsection (b) of section 36a-489 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

(b) (1) The commissioner shall not issue an initial license for a mortgage loan originator or a loan processor or underwriter unless the commissioner, at a minimum, finds that the applicant has: (A) Never had a mortgage loan originator or equivalent loan processor or underwriter license revoked in any governmental jurisdiction, except

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that a subsequent formal vacating of such revocation shall not be deemed a revocation; (B) notwithstanding the provisions of section 46a-80, 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 or loan processor or underwriter will operate honestly, fairly and efficiently within the [purpose] purposes of sections 36a-485 to 36a-498f, inclusive, 36a-534a and 36a-534b, as amended by this act; (D) for mortgage loan originator applicants, effective April 1, 2010, and for loan processor or underwriter applicants, effective October 1, 2011, completed the prelicensing education requirement described in section 36a-489a, as amended by this act, and passed a written test that meets the test requirement described in section 36a-489a, as amended by this act; (E) effective July 31, 2010, met the surety bond requirement under section 36a-492 and, effective October 1, 2011, in the case of a mortgage loan originator required to be licensed under section 41 of this act, met the surety bond requirements under sections 36a-492 and 36a-671d, 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 or a loan processor or underwriter 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 or a loan processor or underwriter shall include the following: (i) The [mortgage loan originator] licensee continues to meet

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the minimum standards for license issuance under subdivision (1) of this subsection; (ii) the [mortgage loan originator] licensee has satisfied the annual continuing education requirements described in subsection (c) of section 36a-489a, as amended by this act; and (iii) the [mortgage loan originator] licensee has paid all required fees for renewal of the license.

(B) The license of a mortgage loan originator or a loan processor or underwriter 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. The commissioner may automatically suspend a mortgage loan originator or a loan processor or underwriter license if the licensee receives a deficiency on the system indicating that the payment required by subparagraph (A) of subdivision (2) of this subsection was Returned-ACH or returned pursuant to such other term as may be utilized by the system to indicate that the payment was not accepted. After a license has been automatically suspended pursuant to this section, the commissioner shall give such licensee notice of the automatic suspension, pending proceedings for revocation or refusal to renew pursuant to section 36a-494, as amended by this act, and an opportunity for a hearing on such action in accordance with section 36a-51, as amended by this act, and require such licensee to take or refrain from taking such action that, in the opinion of the commissioner, will effectuate the purposes of this section.

(3) [No] Not later than April 1, 2010, each mortgage loan originator licensee shall have completed the prelicensing education requirement described in section 36a-489a, as amended by this act, and passed a written test that meets the test requirement described in section 36a-489a, as amended by this act, provided a mortgage loan originator licensee who was licensed as of the enactment of public act 09-209 shall

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have completed such prelicensing education requirement and passed such written test not later than October 31, 2010.

Sec. 16. Subsection (e) of section 36a-489 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(e) [Notwithstanding the provisions of this section, the] The commissioner may deem an application for a license [as a mortgage lender, mortgage correspondent lender, mortgage broker or mortgage loan originator] under this section abandoned if the applicant fails to respond to any request for information required under sections 36a-485 to [36a-498a] 36a-498f, inclusive, as amended by this act, 36a-534a and 36a-534b, as amended by this act, or the regulations adopted pursuant to said sections. The commissioner shall notify the applicant in writing on the system that if such information is not submitted [within] not later than sixty days the application shall be deemed abandoned. An application filing fee paid prior to the date an application is deemed abandoned pursuant to this subsection shall not be refunded. Abandonment of an application pursuant to this subsection shall not preclude the applicant from submitting a new application for a license under said sections 36a-485 to [36a-498a] 36a-498f, inclusive, as amended by this act, 36a-534a and 36a-534b, as amended by this act.

Sec. 17. Section 36a-489a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) (1) In order to meet the prelicensing education and testing [requirement] requirements referred to in [section] sections 36a-488 and 36a-489, as amended by this act, an [applicant] individual 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)

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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 sponsor or employer of the [applicant] individual or an entity which is affiliated with the [applicant] individual by an agency contract, or any subsidiary or affiliate of such sponsor, employer or entity.

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

(5) When prelicensing education requirements described in subdivision (1) of this subsection are completed in another state, such out-of-state prelicensing education requirements shall be accepted as credit towards completion of the prelicensing education requirements of this state, provided such out-of-state prelicensing education requirements are approved by the system.

(6) ~~(A)~~ [A person] An individual previously licensed under section 36a-489, as amended by this act, subsequent to the applicable effective date of the prelicensing and testing requirements referred to in section 36a-489, as amended by this act, who is applying to be [licensed again] relicensed shall prove that such [person] individual has completed all of the continuing education requirements for the year in which the license was last held.

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(B) An individual who previously held a position as a qualified individual or branch manager subsequent to the applicable effective date of the prelicensing and testing requirements referred to in section 36a-488, as amended by this act, may not hold such position again until such individual has completed all of the continuing education requirements for the year in which such individual last held such position.

(b) (1) In order to meet the written test [requirement] requirements referred to in [section] sections 36a-488 and 36a-489, 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] individual'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 sponsor [of the applicant] or employer, any subsidiary or affiliate of the sponsor [of the applicant] or employer or any entity with which the [applicant] individual holds an exclusive arrangement to conduct the business of a mortgage loan originator or acts as a qualified individual or branch manager.

(4) (A) An individual shall not be considered to have passed a

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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~~] four consecutive times with each consecutive taking occurring at least thirty days after the preceding test. After failing [~~three~~] four 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] (i) An individual who was licensed subsequent to the applicable effective date of the prelicensing and testing requirements referred to in section 36a-489, as amended by this act, who has not been licensed as a mortgage loan originator [who fails to maintain a valid license for a period of five years or longer,] within the five-year period preceding the date of the filing of such individual's application for a mortgage loan originator license, not taking into account any time during which such individual is a registered mortgage loan originator, shall retake such test; (ii) a qualified individual or branch manager who held such a position after the effective date of prelicensing education and testing referred to in section 36a-488, as amended by this act, and who has not held such position within the five-year period preceding the date of the filing on the system designating such individual as a qualified individual or branch manager shall retake such test, unless such individual was licensed as a mortgage loan originator during the five-year period preceding the date of the filing on the system designating such individual as a qualified individual or branch manager, not taking into account any time during which such individual is a registered mortgage loan originator; [shall retake the test] and (iii) effective October 1, 2011, an individual licensed as a loan processor or underwriter who applies to be licensed again shall retake the test if such individual has not been licensed as a loan processor or underwriter within the five-year period preceding the date of the filing

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of such application, not taking into account any time during which such individual is engaged in loan processing or underwriting but not required to be licensed under subdivision (3) of subsection (b) of section 36a-486, as amended by this act.

(c) (1) In order to meet the annual continuing education requirements referred to in [subdivision (2) of subsection (b)] subsections (a) and (b) of section 36a-489, as amended by this act, a licensed mortgage loan originator, a qualified individual or branch manager and, effective October 1, 2011, a licensed loan processor or underwriter, 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 sponsor [of the mortgage loan originator] or employer or an entity that is affiliated with the mortgage loan originator, qualified individual or branch manager or, effective October 1, 2011, loan processor or underwriter by an agency contract, or by any subsidiary or affiliate of such sponsor, employer or entity.

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

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(5) Except as [otherwise] provided in procedures adopted under [subparagraph (B) of subdivision (2) of subsection] subsections (a) and (b) of section 36a-489, as amended by this act, or in regulations adopted under subdivision (9) of this subsection, a licensed mortgage loan originator, qualified individual or branch manager or, effective October 1, 2011, a licensed loan processor or underwriter, 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 licensed mortgage loan originator or a qualified individual or branch manager or, effective October 1, 2011, a licensed loan processor or underwriter who is an approved 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) When education requirements described in subdivision (1) of subsection (a) of this section are completed in another state, such out-of-state education requirements shall be accepted as credit towards completion of the education requirements of this state, provided such out-of-state education requirements are approved by the system.

(8) A licensed mortgage loan originator and, effective October 1, 2011, a licensed loan processor or underwriter 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. A qualified individual or branch manager who ceases to hold such position shall complete the continuing education requirements for the last year in which such individual or branch manager held such position prior to holding such position again.

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(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, as amended by this act, may compensate for any deficiency in continuing education requirements pursuant to regulations adopted by the commissioner.

(d) 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.]

Sec. 18. Subsections (a) and (b) of section 36a-490 of the general statutes are repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) (1) 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 the license for each office at which the licensee intends to cease to do business, on the 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, as amended by this act. No surrender shall be effective until accepted by the commissioner.

(2) A mortgage loan originator licensee who intends to permanently cease engaging in the business of a mortgage loan originator at any time during a license period for any cause, including, but not limited

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to, bankruptcy, shall file a request to surrender the license on the 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, as amended by this act. No surrender shall be effective until accepted by the commissioner.

(3) Effective October 1, 2011, a loan processor or underwriter licensee who intends to permanently cease engaging in the activities of a loan processor or underwriter at any time during a license period for any cause, including, but not limited to, bankruptcy, shall file a request to surrender the license on the 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, as amended by this act. 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 system if (1) at least thirty calendar days prior to such change, the licensee files such change with the system and, in the case of a main or branch office, provides, directly to the commissioner, a bond rider or endorsement, or addendum, as applicable, to the surety bond on file with the commissioner that reflects the new name or address of the main or branch 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 system or, if the information cannot be filed on the system, directly notify the commissioner, in writing, of such change in the information.

Sec. 19. Subsections (d) and (e) of section 36a-490 of the general statutes are repealed and the following is substituted in lieu thereof

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(Effective from passage):

(d) Each mortgage loan originator licensee and, effective October 1, 2011, each loan processor or underwriter licensee shall promptly file with the system or, if the information cannot be filed on the system, directly notify the commissioner, in writing, of any change in the information most recently submitted in connection with the license and 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; or

(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 and loan processor or underwriter license shall remain in force and effect until it has been surrendered, revoked or suspended, or until it expires or is no longer effective, in accordance with the provisions of this title.

Sec. 20. Section 36a-491 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

(a) The expiration date of any mortgage lender, mortgage correspondent lender and mortgage broker license that expires on

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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, mortgage broker, [and] mortgage loan originator and, on and after October 1, 2011, each loan processor or underwriter 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. Each applicant for an initial license or renewal of a license as a mortgage lender or mortgage correspondent lender shall pay to the system any required fees or charges and a license fee of one thousand dollars, and each applicant for an initial or renewal license as a mortgage broker shall pay to the system any required fees or charges and a license fee of five 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 system any required fees or charges and a license fee of one thousand one hundred twenty-five 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 system any required fees or charges and a license fee of five hundred sixty-five dollars. Effective November 1, 2009, each applicant for an initial license or renewal of a license as a mortgage loan originator and, effective October 1, 2011, as a loan processor or underwriter, shall pay to the system any required fees or charges and a license fee of three hundred dollars.

(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 any

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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. 21. Section 36a-492 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

[(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. 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.]

(a) (1) Each licensed mortgage lender, mortgage correspondent lender and mortgage broker shall file with the commissioner a single surety bond, written by a surety authorized to write such bonds in this state, covering its main office and file an addendum to such bond to

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cover any branch office, in a penal sum determined in accordance with subsection (d) of this section, provided the penal sum of the bond for licensed mortgage lenders and mortgage correspondent lenders shall be not less than one hundred thousand dollars and the penal sum of the bond for mortgage brokers shall be not less than fifty thousand dollars. The bond shall cover all mortgage loan originators sponsored by such licensee.

(2) Each mortgage loan originator licensee shall be covered by a surety bond with a penal sum in an amount that reflects the dollar amount of loans originated by such mortgage loan originator in accordance with subsection (d) of this section, provided such coverage shall be provided through a single surety bond filed with the commissioner by the person who sponsors such mortgage loan originator.

(3) Effective October 1, 2011, (A) in the case of an exempt registrant under subdivision (1) of subsection (a) of section 36a-487, as amended by this act, (i) the surety bond shall cover all mortgage loan originators sponsored by such exempt registrant and comply with the requirements set forth in this section, and (ii) the penal sum of such bond shall be in an amount determined in accordance with subsection (d) of this section, provided the penal sum of the bond shall be not less than one hundred thousand dollars; (B) in the case of an exempt registrant under subsection (b) of section 36a-487, as amended by this act, (i) the surety bond shall cover all mortgage loan originators sponsored by such exempt registrant and comply with the requirements set forth in this section, and (ii) the penal sum of the bond shall be in an amount determined in accordance with subsection (d) of this section, provided the penal sum shall be not less than fifty thousand dollars; and (C) in the case of an exempt registrant under subdivision (2) of subsection (a) of section 36a-487, as amended by this act, the surety bond shall cover all mortgage loan originators

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sponsored by such exempt registrant and comply with the requirements set forth in section 36a-671d, as amended by this act.

(4) (A) The principal on a bond required by subdivisions (1) and (2) of this subsection shall annually confirm that it maintains the required penal sum in an amount required by subsection (d) of this section. Not later than September 1, 2011, and every September first thereafter, such principal shall file such information as the commissioner may require under subsection (d) of this section and shall file, not later than September first of the applicable year, or on such other date as the commissioner may require, pursuant to subdivision (d) of this section, any bond rider or endorsement to the surety bond on file with the commissioner to reflect any changes necessary to maintain the surety bond coverage required by this section.

(B) Effective October 1, 2011, the principal on a bond required by subdivision (3) of this section shall annually confirm that it maintains the required penal sum in an amount required by subsection (d) of this section. Not later than September 1, 2012, and every September first thereafter, such principal shall file such information as the commissioner may require under subsection (d) of this section and shall file, not later than September first of the applicable year, or on such other date as the commissioner may require pursuant to subdivision (d) of this section, any bond rider or endorsement to the surety bond on file with the commissioner to reflect any changes necessary to maintain the surety bond coverage required by this section.

(5) 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 (1) in a form approved by the Attorney General, and (2) conditioned upon [such] the mortgage lender, mortgage correspondent lender or

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mortgage broker licensee and [, effective July 31, 2010,] any mortgage loan originator [who is covered by the surety bond of a mortgage lender, mortgage correspondent lender or mortgage broker,] licensee sponsored by such mortgage lender, mortgage correspondent lender or mortgage broker or, in the case of a mortgage loan originator licensee sponsored after October 1, 2011, by an exempt registrant, upon such mortgage loan originator 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-498f, inclusive, as amended by this act, 36a-534a and 36a-534b, as amended by this act. 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, as amended by this act, 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] a licensee pursuant to subsection (a) of section 36a-50 and any unpaid costs of examination of [the] a licensee as determined pursuant to section 36a-65, as amended by this act. The proceeds of the bond, even if commingled with other assets of the

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[licensee] principal, shall be deemed by operation of law to be held in trust for the benefit of such claimants against the [licensee] principal in the event of bankruptcy of the [licensee] principal 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,] for the main office and the aggregate liability under the bond shall not exceed the penal sum of the bond. The [licensee] principal shall notify the commissioner of the commencement of an action on the [licensee's] bond. When an action is commenced on a [licensee's] principal's bond, the commissioner may require the filing of a new bond and immediately on recovery on any action on the bond, the [licensee] principal shall file a new bond.

(c) The surety company shall have the right to cancel the bond at any time by a written notice to the [licensee] principal stating the date cancellation shall take effect. Such notice shall be sent by certified mail to the [licensee] principal 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. After receipt of such notification from the surety company, the commissioner shall give written notice to the [licensee] principal of the date such bond cancellation shall take effect and such notice shall be deemed notice to each mortgage loan originator licensee sponsored by such principal. The commissioner shall automatically suspend the [license on such date, unless the licensee prior to such date] licenses of a mortgage lender, mortgage correspondent lender or mortgage broker on such date and inactivate the licenses of the mortgage loan originators sponsored by such lender, correspondent lender or broker. On and after October 1, 2011, in the case of a cancellation of an exempt registrant's bond, the commissioner shall inactivate the licenses of the mortgage loan originators sponsored by such exempt registrant. No automatic suspension or inactivation shall occur if, prior to the date

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that the bond cancellation shall take effect, (1) the principal submits a letter of reinstatement of the bond from the surety company or a new bond, [or] (2) the mortgage lender, mortgage correspondent lender or mortgage broker licensee has ceased business and has surrendered [the license] all licenses in accordance with subsection (a) of section 36a-490, as amended by this act, or (3) in the case of a mortgage loan originator licensee, the sponsorship with the mortgage lender, mortgage correspondent lender or mortgage broker who was automatically suspended pursuant to this section or, after October 1, 2011, with the exempt registrant who failed to provide the bond required by this section, has been terminated and a new sponsor has been requested and approved. After a mortgage lender, mortgage correspondent lender or mortgage broker license has been automatically suspended pursuant to this section, the commissioner shall give [the] such licensee notice of the automatic suspension, pending proceedings for revocation or refusal to renew pursuant to section 36a-494, as amended by this act, and an opportunity for a hearing on such action in accordance with section 36a-51, as amended by this act, and require [the] such licensee to take or refrain from taking such action as in the opinion of the commissioner will effectuate the purposes of this section. Effective October 1, 2011, the commissioner may provide information to an exempt registrant concerning actions taken by the commissioner pursuant to this subsection against any mortgage loan originator licensee that was sponsored and bonded by such exempt registrant.

(d) The penal sum of the bond required by subdivisions (1) to (3), inclusive, of subsection (a) of this section shall be determined as follows:

(1) An applicant for an initial mortgage lender license or mortgage correspondent lender license shall file a bond in a penal sum of one hundred thousand dollars in connection with its application for the

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main office.

(2) An applicant for an initial mortgage broker license shall file a bond in a penal sum of fifty thousand dollars in connection with its application for the main office.

(3) Effective October 1, 2011, an exempt registrant under subsection (c) of section 36a-487, as amended by this act, who is exempt from licensing under subdivision (1) of subsection (a) of section 36a-487, as amended by this act, shall file a bond in a penal sum of one hundred thousand dollars the first time such exempt registrant sponsors a mortgage loan originator.

(4) Effective October 1, 2011, an exempt registrant under subsection (c) of section 36a-487, as amended by this act, who is exempt from licensure under subsection (b) of section 36a-487, as amended by this act, shall file a bond in a penal sum of fifty thousand dollars the first time such exempt registrant sponsors a mortgage loan originator.

(5) Effective October 1, 2011, an exempt registrant under subsection (c) of section 36a-487, as amended by this act, who is exempt from licensure under subdivision (2) of subsection (a) of section 36a-487, as amended by this act, shall file a bond in a penal sum as set forth in section 36a-671d, as amended by this act.

(6) (A) For mortgage lender and mortgage correspondent lender licensees, and, after October 1, 2011, persons sponsoring and bonding at least one mortgage loan originator as an exempt registrant under subsection (c) of section 36a-487, as amended by this act, and who are exempt from licensing under subdivision (1) of subsection (a) of section 36a-487, as amended by this act, if (i) the aggregate dollar amount of all residential mortgage loans originated by such licensee at all licensed locations or by the exempt registrant during the preceding twelve-month period ending July thirty-first of the current year is less

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than thirty million dollars, the penal sum of the bond shall be one hundred thousand dollars; (ii) the aggregate dollar amount of all residential mortgage loans originated by such licensee at all licensed locations or by the exempt registrant during the preceding twelve-month period ending July thirty-first of the current year is thirty million dollars or more but less than one hundred million dollars, the penal sum of the bond shall be two hundred thousand dollars; (iii) the aggregate dollar amount of all residential mortgage loans originated by such licensee at all licensed locations or by the exempt registrant during the preceding twelve-month period ending July thirty-first of the current year is one hundred million dollars or more but less than two hundred fifty million dollars, the penal sum of the bond shall be three hundred thousand dollars; and (iv) the aggregate dollar amount of all residential mortgage loans originated by such licensee at all licensed locations or by the exempt registrant during the preceding twelve-month period ending July thirty-first of the current year is two hundred fifty million dollars or more, the penal sum of the bond shall be five hundred thousand dollars.

(B) For mortgage broker licensees and, after October 1, 2011, persons who are sponsoring and bonding at least one mortgage loan originator as an exempt registrant under subsection (c) of section 36a-487, as amended by this act, and who are exempt from licensing under subsection (b) of section 36a-487, as amended by this act, if (i) the aggregate dollar amount of all residential mortgage loans originated by such licensee at all licensed locations or by the exempt registrant during the preceding twelve-month period ending July thirty-first of the current year is less than thirty million dollars, the penal sum of the bond shall be fifty thousand dollars; (ii) the aggregate dollar amount of all residential mortgage loans originated by such licensee at all licensed locations or by the exempt registrant during the preceding twelve-month period ending July thirty-first of the current year is thirty million dollars or more but less than fifty million dollars, the

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penal sum of the bond shall be one hundred thousand dollars; and (iii) the aggregate dollar amount of all residential mortgage loans originated by such licensee at all licensed locations or by the exempt registrant during the preceding twelve-month period ending July thirty-first of the current year is fifty million dollars or more, the penal sum of the bond shall be one hundred fifty thousand dollars.

(7) For purposes of this subsection, the aggregate dollar amount of all residential mortgage loans originated by such licensee or, after October 1, 2011, such exempt registrant, includes the aggregate dollar amount of all closed residential mortgage loans that the licensee or exempt registrant originated, brokered or made, as applicable.

(8) Financial information necessary to verify the aggregate dollar amount of residential mortgage loans originated shall be filed with the commissioner, as the commissioner may require, and shall be reported on the system at such time and in such form as the system may require.

(9) The commissioner may require a change in the penal sum of the bond if the commissioner determines at any time that the aggregate dollar amount of all residential mortgage loans originated warrants a change in the penal sum of the bond.

Sec. 22. Subdivision (2) of subsection (a) of section 36a-494 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

(2) The commissioner may suspend, revoke or refuse to renew any mortgage loan originator license or any loan processor or underwriter license or take any other action, in accordance with the provisions of section 36a-51, as amended by this act, for any reason which would be sufficient grounds for the commissioner to deny an application for such license under sections 36a-485 to 36a-498f, inclusive, as amended

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by this act, 36a-534a and 36a-534b, 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.

Sec. 23. Subsection (h) of section 36a-498 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(h) No mortgage lender or mortgage correspondent lender shall include in a residential mortgage loan for which an application is received by such lender on or after October 1, 2009, a provision that increases the interest rate as a result of a default other than a failure to comply with a provision to maintain an automatic electronic payment feature where such maintenance provision has been provided in return for an interest rate reduction and the increase is no greater than such reduction.

Sec. 24. Section 36a-498d of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

The ["unique identifier", as defined in section 36a-485,] unique identifier of any mortgage loan originator or loan processor or underwriter licensed under section 36a-489, as amended by this act, [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] commissioner.

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Sec. 25. Subdivision (6) of section 36a-498e of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

(6) Conduct any business as a mortgage lender, mortgage correspondent lender, mortgage broker, [or] mortgage loan originator or loan processor or underwriter without holding a valid license as required under sections 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-534a and 36a-534b, 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 or loan processor or underwriter without a valid license as required under said sections;

Sec. 26. Subdivision (1) of subsection (a) of section 36a-534b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

(a) (1) In addition to any other duties imposed upon the [Banking Commissioner] commissioner by law, the commissioner shall require mortgage lenders, mortgage correspondent lenders, mortgage brokers, [and] mortgage loan originators and loan processors or underwriters to be licensed and registered through the system. In order to carry out this requirement, the commissioner shall participate in the system and permit the system to process applications for mortgage lender, mortgage correspondent lender, mortgage broker, [and] mortgage loan originator and loan processor or underwriter 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 requirements as necessary for participation in the system, including: (A) 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) the payment of fees to apply

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for or renew licenses through the system; (C) the setting or resetting of renewal or reporting dates; and (D) the requirements 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-498f, inclusive, as amended by this act, 36a-534a and 36a-534b, as amended by this act, and to establish new requirements as reasonably necessary to participate in the system. For the purposes of implementing an orderly and efficient licensing process, the commissioner may adopt licensing regulations, in accordance with the provisions of chapter 54, and interim procedures for licensing and acceptance of applications. For previously licensed individuals, the commissioner may establish expedited review and licensing procedures.

Sec. 27. Subdivision (6) of subsection (a) of section 36a-534b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(6) [The commissioner shall establish a process whereby mortgage] Mortgage lenders, mortgage correspondent lenders, mortgage brokers, [and] mortgage loan originators and, effective October 1, 2011, individuals licensed as loan processors or underwriters may challenge information entered into the system by the commissioner. Such challenge shall (A) be made in writing to the commissioner, (B) set forth the specific information being challenged, and (C) include any evidence which supports the challenge. Challenges shall be limited to the factual accuracy of information within the system. If the commissioner determines that the information entered into the system is factually inaccurate, the commissioner shall take prompt action to correct such information. Nothing in this subdivision shall be construed to permit a challenge under this section to the merits or

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factual basis of any administrative action taken by the commissioner pursuant to title 36a.

Sec. 28. Subdivision (3) of subsection (c) of section 36a-534b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

(3) Any person making any filing or submission of any information on the system shall do so in accordance with the procedures and requirements of the system and pay the applicable fees or charges to the system. Each mortgage lender, mortgage correspondent lender, mortgage broker, [and] mortgage loan originator and loan processor or underwriter 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.

Sec. 29. Section 36a-537 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

The application for a license as a sales finance company shall be on a form prescribed by the commissioner, in writing and under oath, together with such exhibits and other pertinent information as the commissioner may require. The application shall include (1) the history of criminal convictions [for the ten-year period prior to the date of the application] of the applicant; and the partners, if the applicant is a partnership; the members, if the applicant is a limited liability company or association; or the officers, directors and principal employees if the applicant is a corporation; and (2) sufficient information pertaining to the history of criminal convictions, in a form acceptable to the commissioner, on such applicant, partners, directors, members, officers, and principal employees as the commissioner deems necessary to make findings under section 36a-541, as amended by this act. The commissioner, in accordance with section 29-17a, may conduct a state and national criminal history records check of the

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applicant and of each partner, member, officer, director and principal employee of the applicant. The commissioner may deem an application for a license as a sales finance company abandoned if the applicant fails to respond to any request for information required under sections 36a-535 to 36a-546, inclusive, as amended by this act, or any regulations adopted pursuant to said sections 36a-535 to 36a-546, inclusive. The commissioner shall notify the applicant, in writing, that if such information is not submitted not later than sixty days after such request, the application shall be deemed abandoned. An application filing fee paid prior to the date an application is deemed abandoned pursuant to this section shall not be refunded. Abandonment of an application pursuant to this section shall not preclude the applicant from submitting a new application for a license under sections 36a-535 to 36a-546, inclusive, as amended by this act.

Sec. 30. Section 36a-541 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

If the commissioner finds, upon the filing of an application for a license as a sales finance company, 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-535 to 36a-546, inclusive, as amended by this act, the commissioner may thereupon issue the applicant the license. If the commissioner fails to make such findings, or if the commissioner finds that the applicant has made any material misstatement in the application, the commissioner shall not issue a license, and shall notify the applicant of the denial and the reasons for such denial. The commissioner may deny an application if the

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commissioner finds that the applicant or any partner, member, officer, director or principal employee of the applicant has been convicted [during the ten-year period prior to the date of application,] of any misdemeanor involving any aspect of the sales finance business, or any felony. Any denial of an application by the commissioner shall, when applicable, be subject to the provisions of section 46a-80. Withdrawal of an application for a license shall become effective upon receipt by the commissioner of a notice of intent to withdraw such application. The commissioner may deny a license up to the date one year after the date the withdrawal became effective.

Sec. 31. Section 36a-556 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

Upon the filing of the required application and license fee, the commissioner shall investigate the facts and, if the commissioner finds that (1) the experience, character and general fitness of the applicant, and of the members thereof if the applicant is a partnership, limited liability company or association, and of the officers and directors thereof if the applicant is a corporation, are satisfactory, (2) a license to such applicant will be for the convenience and advantage of the community in which the applicant's business is to be conducted, and (3) the applicant has the capital investment required by this section, the commissioner shall issue a license to the applicant to make loans in accordance with sections 36a-555 to 36a-573, inclusive, as amended by this act. If the commissioner fails to make such findings or finds that the applicant made a material misstatement in the application, the commissioner shall not issue a license and shall notify the applicant of the denial and the reasons for such denial. The commissioner may deny an application if the commissioner finds that the applicant or any member, officer, or director of the applicant has been convicted [during the ten-year period prior to the date of application,] of any misdemeanor involving any aspect of the small loan lender business,

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or any felony. Any denial of an application by the commissioner shall, when applicable, be subject to the provisions of section 46a-80. Withdrawal of an application for a license shall become effective upon receipt by the commissioner of a notice of intent to withdraw such application. The commissioner may deny a license up to the date one year after the date the withdrawal became effective. The capital investment shall be not less than twenty-five thousand dollars for each licensed location in a city or town with a population of ten thousand or more inhabitants and ten thousand dollars for each licensed location in a city or town with a smaller population. Population shall be determined according to the last United States census at the time a license is granted.

Sec. 32. Subsection (a) of section 36a-557 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

(a) An application for such license shall be in writing, under oath and in the form prescribed by the commissioner, and shall include (1) the history of criminal convictions [for the ten-year period prior to the date of the application] of the applicant; the members, if the applicant is a partnership, limited liability company or association; or the officers and directors, if the applicant is a corporation, and (2) sufficient information pertaining to the history of criminal convictions, in a form acceptable to the commissioner, on such applicant, members, officers and directors as the commissioner deems necessary to make the findings under section 36a-556, as amended by this act. The commissioner, in accordance with section 29-17a, may conduct a state and national criminal history records check of the applicant and of each member, officer and director of the applicant. The commissioner may deem an application for a license as a small loan lender abandoned if the applicant fails to respond to any request for information required under sections 36a-555 to 36a-573, inclusive, as

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amended by this act, or any regulations adopted pursuant to said sections 36a-555 to 36a-573, inclusive. The commissioner shall notify the applicant, in writing, that if such information is not submitted not later than sixty days after such request, the application shall be deemed abandoned. An application filing fee paid prior to the date an application is deemed abandoned pursuant to this subsection shall not be refunded. Abandonment of an application pursuant to this subsection shall not preclude the applicant from submitting a new application for a license under sections 36a-555 to 36a-573, inclusive, as amended by this act.

Sec. 33. Subsection (c) of section 36a-573 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(c) Whenever it appears to the [Banking Commissioner] commissioner that any person has violated the provisions of subsection (a) of this section or offered a loan that violates the provisions of subsection (a), the commissioner may investigate, take administrative action or assess civil penalties and restitution in accordance with the provisions of sections 36a-50 and 36a-52.

Sec. 34. Section 36a-581 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

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

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

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(c) An application for a check cashing license or renewal of such license shall be in writing, under oath and on a form provided by the commissioner. The application shall set forth: (1) The name and address of the applicant; (2) if the applicant is a firm or partnership, the names and addresses of each member of the firm or partnership; (3) if the applicant is a corporation, the names and addresses of each officer, director, authorized agent and each shareholder owning ten per cent or more of the outstanding stock of such corporation; (4) if the applicant is a limited liability company, the names and addresses of each member and authorized agent of such limited liability company; (5) (A) the history of criminal convictions [for the ten-year period prior to the date of the application] of the applicant; the members, if the applicant is a firm or partnership; the officers, directors, authorized agent and each shareholder owning ten per cent or more of the outstanding stock of the applicant, if the applicant is a corporation, and (B) sufficient information pertaining to the history of criminal convictions in a form acceptable to the commissioner on such applicant, members, officers, directors, authorized agent and shareholders as the commissioner deems necessary to make the findings under subsection (e) of this section; (6) each location where the check cashing business is to be conducted and the type of facility that will be operated at that location; (7) the business plan, which shall include the proposed days and hours of operation; (8) the amount of liquid assets available for each location which shall not be less than the amount specified in subdivision (7) of subsection (e) of this section; (9) for each limited facility, a copy of the executed contract evidencing the proposed arrangement between the applicant and the employer; and (10) any other information the commissioner may require. The commissioner, in accordance with section 29-17a, may conduct a state and national criminal history records check of the applicant and of each member, officer, director, authorized agent and shareholder owning ten per cent or more of the outstanding stock of the applicant.

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

(e) Upon the filing of the required application and the applicable license and location fees, the commissioner shall investigate the facts and may issue a license if the commissioner finds that (1) the applicant is in all respects properly qualified and of good character, (2) if the applicant is a firm or partnership, each member of the firm or partnership is in all respects properly qualified and of good character, (3) if the applicant is a corporation, each officer, director, authorized agent and each shareholder owning ten per cent or more of the outstanding stock of such corporation is in all respects properly qualified and of good character, (4) if the applicant is a limited liability company, each member and authorized agent is in all respects properly qualified and of good character, (5) granting such license would not be against the public interest, (6) the applicant has a feasible plan for conducting business, and (7) the applicant has available and shall continuously maintain liquid assets of at least ten thousand dollars for each general facility location and at least two thousand five hundred dollars for each limited facility location specified in the application. The commissioner may deny an application if the commissioner finds that the applicant or any member, officer, director or authorized agent or shareholder owning ten per cent or more of the outstanding stock of the applicant has been convicted [, during the ten-year period prior to the date of application,] of any misdemeanor

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involving any aspect of the check cashing services business, or any felony. Any denial of an application by the commissioner shall, when applicable, be subject to the provisions of section 46a-80.

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

(g) The commissioner may deem an application for a license for a general facility or limited facility abandoned if the applicant fails to respond to any request for information required under sections 36a-580 to 36a-589, inclusive, as amended by this act, or any regulations adopted pursuant to said sections 36a-580 to 36a-589, inclusive. The commissioner shall notify the applicant, in writing, that if such information is not submitted not later than sixty days after such request, the application shall be deemed abandoned. An application filing fee paid prior to the date an application is deemed abandoned pursuant to this subsection shall not be refunded. Abandonment of an application pursuant to this subsection shall not preclude the applicant from submitting a new application for a license under sections 36a-560 to 36a-589, inclusive, as amended by this act.

Sec. 35. Section 36a-598 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

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

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

(2) The complete address of the principal office from which the

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business is to be conducted and of the office where the books and records of the applicant are to be maintained;

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

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

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

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

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

(8) The history of material litigation for the five-year period prior to the date of the application of the individual, if the applicant is an individual; the partners, if the applicant is a partnership; the directors,

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trustees, principal officers and any shareholder owning ten per cent or more of each class of its securities, if the applicant is a corporation or association; or the members, if the applicant is a limited liability company, and sufficient information pertaining to the history of material litigation, in a form acceptable to the commissioner, on such individual or the partners, directors, trustees, principal officers, members and any shareholder owning ten per cent or more of each class of the applicant's securities;

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

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

(B) A list of the investments maintained in accordance with subsection (c) of section 36a-602, if applicable, and the book and market values of any such investments (i) as of the date of the financial statement filed in accordance with subdivision (6) of this subsection; and (ii) as of a date no earlier than thirty business days prior to the filing of the application;

(11) A statement of whether the applicant will engage in the business of issuing money orders, travelers checks or electronic payment instruments or engage in the business of money transmission

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in this state; and

(12) Any other information the commissioner may require.

(b) The commissioner, in accordance with section 29-17a, may conduct a state and national criminal history records check of the individual applicant and of each partner, director, trustee, principal officer, member and shareholder owning ten per cent or more of each class of the securities of the applicant. The commissioner may deem an application for a license to engage in the business of issuing Connecticut payment instruments or engage in the business of money transmission abandoned if the applicant fails to respond to any request for information required under sections 36a-595 to 36a-610, inclusive, as amended by this act, or any regulations adopted pursuant to said sections. The commissioner shall notify the applicant, in writing, that if the applicant fails to submit such information not later than sixty days after such request, the application shall be deemed abandoned. An application filing fee paid prior to the date an application is deemed abandoned pursuant to this subsection shall not be refunded. Abandonment of an application pursuant to this subsection shall not preclude the applicant from submitting a new application for a license under sections 36a-595 to 36a-610, inclusive, as amended by this act.

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

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

[(d)] (e) A licensee shall provide a written notice to the

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commissioner no later than one business day after the licensee has reason to know of the occurrence of any of the following events:

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

(2) The filing of a petition by or against the licensee for receivership, the commencement of any other judicial or administrative proceeding for its dissolution or reorganization, or the making of a general assignment for the benefit of its creditors;

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

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

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

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

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

Sec. 36. Subsection (c) of section 36a-600 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

(c) The commissioner may deny an application if the commissioner

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finds that the applicant or any of its partners, directors, trustees, principal officers or shareholders owning ten per cent or more of the shares of the applicant or members have been convicted [, during the ten-year period prior to the date of application,] of any misdemeanor involving any aspect of the money transmission business or the business of issuing [Connecticut] payment instruments, or any felony. Any denial of an application by the commissioner shall, when applicable, be subject to the provisions of section 46a-80.

Sec. 37. Section 36a-663 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

The provisions of sections 36a-655 to 36a-665, inclusive, as amended by this act, shall not apply to the following: (1) Any attorney admitted to the practice of law in this state [, when engaged in such practice] who engages in debt adjustment as an ancillary matter to such attorney's representation of a client; (2) any bank, fiduciary or financing or lending institution authorized to transact business in this state or any other state, which performs debt adjustment in the regular course of its principal business; (3) any title insurance or abstract company authorized to transact business in this state or any other state, while doing an escrow business; and (4) any person acting pursuant to any law of this state or of the United States or acting under the order of a court.

Sec. 38. Section 36a-656 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

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

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stated in the application for the license.

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

(c) If the commissioner finds, upon the filing of an application for a debt adjuster license, that: (1) 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-655 to 36a-665, inclusive, as amended by this act; and (2) the applicant is solvent and no proceeding in bankruptcy, receivership or assignment for the benefit of creditors has been commenced against the applicant, the commissioner may thereupon issue the applicant a debt adjuster license. If the commissioner fails to make such findings, the commissioner shall not issue a license and shall notify the applicant of the reasons for such

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denial. The commissioner may deny an application if the commissioner finds that the applicant or any partner, member, officer, director or principal employee of the applicant has been convicted [during the ten-year period prior to the date of application,] of any misdemeanor involving any aspect of the debt adjuster business, or any felony. Any denial of an application by the commissioner shall, when applicable, be subject to the provisions of section 46a-80. Withdrawal of an application for a license shall become effective upon receipt by the commissioner of a notice of intent to withdraw such application. The commissioner may deny a license up to the date one year after the effective date of withdrawal.

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

(e) If the commissioner determines that a check filed with the commissioner to pay an application fee has been dishonored, the commissioner shall automatically suspend the license or a renewal license that has been issued but is not yet effective. The commissioner shall give the licensee notice of the automatic suspension pending proceedings for revocation or refusal to renew and an opportunity for

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a hearing on such actions in accordance with section 36a-51, as amended by this act.

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

(g) The commissioner may deem an application for a license to engage in the business of debt adjustment abandoned if the applicant fails to respond to any request for information required under sections 36a-655 to 36a-665, inclusive, as amended by this act, or any regulations adopted pursuant to said sections 36a-655 to 36a-665, inclusive. The commissioner shall notify the applicant, in writing, that if the applicant fails to submit such information not later than sixty days after the date on which such request for information was made, the application shall be deemed abandoned. In the event an application is deemed abandoned, any application filing fee paid prior to the date on which the application was filed is deemed abandoned and shall not be refunded. Abandonment of an application pursuant to this subsection shall not preclude the applicant from submitting a new application for a license under sections 36a-655 to 36a-665, inclusive, as amended by this act.

Sec. 39. Subsection (b) of section 36a-664 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2011*):

(b) The surety shall have the right to cancel any bond filed under subsection (a) of this section 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. No such bond shall be cancelled unless the surety notifies the commissioner in writing not less than thirty days prior to

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the effective date of cancellation. After receipt of such notification from the surety, [or insurance company,] the commissioner shall give written notice to the licensee of the date such bond [or insurance policy] cancellation shall take effect. The commissioner shall automatically suspend the license on such date, unless prior to such date the licensee submits a letter of reinstatement of the bond [or insurance policy] from the surety [or insurance company] or a new bond [or insurance policy] or the licensee has surrendered the license. After a license has been automatically suspended, the commissioner shall give the licensee notice of the automatic suspension pending proceedings for revocation or refusal to renew and an opportunity for a hearing on such actions in accordance with section 36a-51, as amended by this act, and require the licensee to take or refrain from taking such action as in the opinion of the commissioner will effectuate the purposes of this section.

Sec. 40. Subsections (b) to (d), inclusive, of section 36a-671 of the general statutes are repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

(b) No person shall engage or offer to engage in debt negotiation in this state without a license issued under this section for each location where debt negotiation will be conducted. Any person desiring to obtain such a license shall file with the commissioner an application under oath, setting forth such information as the commissioner may require. Each applicant for a license and each licensee shall notify the commissioner of any change in the applicant's business from that stated in the application for the license. A person is engaging in debt negotiation in this state if such person: (1) Has a place of business located within this state; (2) has a place of business located outside of this state and the debtor is a resident of this state who negotiates or agrees to the terms of the services [contract] in person, by mail, by telephone or via the Internet; [while physically present in this state;] or

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(3) has its place of business located outside of this state and the [contract concerns] services concern a debt that is secured by property located within this state.

(c) An application for an original or renewal debt negotiation license shall be in writing on a form provided by the commissioner and shall include (1) the history of criminal convictions [for the ten-year period prior to the date of the application] of the (A) applicant, (B) partners, if the applicant is a partnership, (C) members, if the applicant is a limited liability company or association, or (D) officers, directors and principal employees, if the applicant is a corporation; and (2) sufficient information pertaining to the history of criminal convictions, in a form acceptable to the commissioner, on such applicant, partners, members, officers, directors and principal employees as the commissioner deems necessary to make the findings under subsection (d) of this section. The commissioner, in accordance with section 29-17a, may conduct a state and national criminal history records check of the applicant and of each partner, member, officer, director and principal employee of the applicant. The commissioner may deem an application for a debt negotiation license abandoned if the applicant fails to respond to any request for information required under sections 36a-671 to 36a-671d, inclusive, as amended by this act, or any regulations adopted pursuant to said sections 36a-671 to 36a-671d, inclusive. The commissioner shall notify the applicant, in writing, that if the applicant fails to submit such information not later than sixty days after the date on which such request for information was made, the application shall be deemed abandoned. An application filing fee paid prior to the date an application is deemed abandoned pursuant to this subsection shall not be refunded. Abandonment of an application pursuant to this subsection shall not preclude the applicant from submitting a new application for a license under sections 36a-671 to 36a-671d, inclusive, as amended by this act.

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(d) If the commissioner finds, upon the filing of an application for a debt negotiation license, that: (1) The financial responsibility, character, reputation, integrity and general fitness of the (A) applicant, (B) partners thereof, if the applicant is a partnership, (C) members, if the applicant is a limited liability company or association, and (D) 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-671 to 36a-671d, inclusive, as amended by this act; and (2) the applicant is solvent and no proceeding in bankruptcy, receivership or assignment for the benefit of creditors has been commenced against the applicant, the commissioner may thereupon issue the applicant a debt negotiation license. Such debt negotiation license shall not be transferable. Any change of location of a licensee shall require prior written notice to the commissioner. No licensee shall use any name unless such name has been approved by the commissioner. If the commissioner fails to make such findings, the commissioner shall not issue a license and shall notify the applicant of the reasons for such denial. The commissioner may deny an application if the commissioner finds that the applicant or any partner, member, officer, director or principal employee of the applicant has been convicted [, during the ten-year period prior to the date of application,] of any misdemeanor involving any aspect of the debt negotiation business or any felony. Any denial of an application by the commissioner shall, when applicable, be subject to the provisions of section 46a-80. Withdrawal of an application for a license shall become effective upon receipt by the commissioner of a notice of intent to withdraw such application. The commissioner may deny a license up to the date one year after the effective date of withdrawal.

Sec. 41. (NEW) (*Effective October 1, 2011*) (a) No person licensed to engage or offer to engage in debt negotiation or exempt from such licensure shall permit any individual to engage or offer to engage in

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debt negotiation of a residential mortgage loan on behalf of a mortgagor for compensation or gain or with the expectation of compensation or gain unless such individual is licensed as a mortgage loan originator under section 36a-489 of the general statutes, as amended by this act, or exempt from such licensure under subdivision (2) of subsection (b) of section 36a-486 of the general statutes, as amended by this act.

(b) No individual shall engage or offer to engage in debt negotiation of a residential mortgage loan on behalf of a mortgagor for compensation or gain or with the expectation of compensation or gain without first obtaining and maintaining annually a license as a mortgage loan originator under section 36a-489, as amended by this act, unless such individual is exempt from such licensure under subdivision (2) of subsection (b) of section 36a-486 of the general statutes, as amended by this act.

(c) Any individual required to obtain and annually maintain a license as a mortgage loan originator under subsection (b) of this section shall comply with all requirements imposed on a mortgage loan originator licensee under chapter 668 of the general statutes.

Sec. 42. Section 36a-671a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) The commissioner may suspend, revoke or refuse to renew any license or take any other action, in accordance with the provisions of section 36a-51, as amended by this act, for any reason that would be sufficient grounds for the commissioner to deny application for a license under sections 36a-671 to 36a-671d, inclusive, or section 41 of this act or if the commissioner finds that the licensee or any proprietor, director, officer, member, partner, shareholder, trustee, employee or agent of such licensee has done any of the following: (1) Made any material misstatement in the application; (2) committed any fraud or

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misappropriated funds; (3) violated any of the provisions of sections 36a-671 to 36a-671d, inclusive, as amended by this act, or any other law or regulation applicable to the conduct of its business; or (4) failed to perform any agreement with a debtor.

(b) Whenever it appears to the commissioner that any person has violated, is violating or is about to violate the provisions of sections 36a-671 to 36a-671d, inclusive, as amended by this act, or section 41 of this act or any licensee or any proprietor, director, officer, member, partner, shareholder, trustee, employee or agent of such licensee has committed any fraud, misappropriated funds or failed to perform any agreement with a debtor, the commissioner may take action against such person or licensee in accordance with sections 36a-50 and 36a-52. For purposes of sections 36a-671 to 36a-671d, inclusive, as amended by this act, and section 41 of this act, each engagement and each offer to engage in debt negotiation shall constitute a separate violation.

(c) Upon complaint, the [Banking Commissioner] commissioner may review any fees or charges assessed by a person engaging or offering to engage in debt negotiation services and order the reduction of such fees or charges or repayment of such amount of the fees or charges that the commissioner deems excessive, taking into consideration the fees that other persons performing similar debt negotiation services charge for such services and the benefit to the consumer of such services. In conducting an investigation pursuant to this subsection, the commissioner shall have the same authority as specified in section 36a-17.

Sec. 43. Section 36a-671c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

The provisions of sections 36a-671 to 36a-671d, inclusive, as amended by this act, shall not apply to the following: (1) Any attorney admitted to the practice of law in this state [, when engaged in such

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practice] who engages or offers to engage in debt negotiation as an ancillary matter to such attorney's representation of a client; (2) any bank, out-of-state bank, Connecticut credit union, federal credit union or out-of-state credit union, provided subsidiaries of such institutions other than operating subsidiaries of federal banks and federally-chartered out-of-state banks are not exempt from licensure; (3) any person licensed as a debt adjuster pursuant to sections 36a-655 to 36a-665, inclusive, as amended by this act, while performing debt adjuster services; (4) any person acting under the order of a court; or (5) any bona fide nonprofit organization organized under Section 501(c)(3) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time.

Sec. 44. Section 36a-671d of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

(a) (1) No debt negotiation license, and no renewal thereof, shall be granted unless the applicant has filed [a surety bond with the commissioner in an aggregate amount of forty thousand dollars for all licensed locations. Such surety] the surety bond required by this section, which bond shall be written by a surety authorized to write such bonds in this state.

(2) No application for a debt negotiation license for a main office, and no renewal of such a license, shall be granted unless the applicant has filed a single surety bond with the commissioner in an aggregate amount of fifty thousand dollars, or such other amount required by subdivision (4) of this subsection. No application for a debt negotiation license branch office, and no renewal of such a license, shall be granted unless the applicant has identified such branch office as a bonded location by addendum to the main office surety bond required by this section.

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(3) Each debt negotiation licensee shall file a single surety bond that complies with the requirements of this section in connection with the main office license with the commissioner in an aggregate amount of fifty thousand dollars or such other amount required in subdivision (4) of this subsection, which bond shall identify any licensed branch office as a bonded location on such bond by addendum.

(4) In the case of a debt negotiation licensee engaging or offering to engage in the business of negotiating residential mortgage loans on behalf of mortgagors, such debt negotiation licensee shall file a bond in the penal sum amount set forth in subsection (f) of this section based on the aggregate dollar amount of the residential mortgage loans negotiated or offered to be negotiated by its sponsored mortgage loan originator licensees. The principal on a bond required by this subdivision shall annually confirm that it maintains the required penal sum in the amount required by this subdivision. Not later than September 1, 2012, and each September first thereafter, a licensee shall file with the commissioner such information as the commissioner may require to confirm that the penal sum of the bond remains consistent with the amount required by this section. The principal shall file not later than September first of the applicable year, or on such other date as the commissioner may require pursuant to subsection (h) of this section, any bond rider or endorsement to the surety bond on file with the commissioner to reflect any changes necessary to maintain the surety bond coverage required by this section.

[(2)] (b) The form of any surety bond submitted pursuant to subsection (a) of this section shall be approved by the Attorney General. Any surety bond filed under subsection (a) of this section shall be conditioned upon the debt negotiation licensee and any sponsored mortgage loan originator licensee faithfully performing any and all written agreements [with debtors] or commitments with or for the benefit of debtors and mortgagors, as applicable, truly and

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faithfully accounting for all funds received from a debtor or mortgagor by the principal or a mortgage loan originator sponsored by the principal in the principal's capacity as debt negotiation licensee, and conducting such business consistent with the provisions of sections 36a-485 to 36a-498f, inclusive, 36a-534a, 36a-534b and 36a-671 to 36a-671d, inclusive, as amended by this act. Any debtor or mortgagor who may be damaged by a failure to perform any written agreements, by the wrongful conversion of funds paid by a debtor or mortgagor to a debt negotiation licensee or mortgage loan originator licensee, or by conduct inconsistent with the provisions of sections 36a-485 to 36a-498f, inclusive, 36a-534a, 36a-534b and 36a-671 to 36a-671d, inclusive, as amended by this act, may proceed on any such surety bond against the principal or surety thereon, or both, to recover damages. The commissioner may proceed on any such surety 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 a licensee as determined pursuant to section 36a-65, as amended by this act. The proceeds of any bond, even if commingled with other assets of the [licensee] principal, shall be deemed by operation of law to be held in trust for the benefit of such claimants against the [licensee] principal in the event of bankruptcy of the [licensee] principal and shall be immune from attachment by creditors and judgment creditors. Any bond required by this section shall be maintained during the entire period of the license granted to the applicant, and the aggregate liability under any such bond shall not exceed the [principal] penal amount of the bond. The principal shall notify the commissioner of the commencement of an action on the bond. When an action is commenced on a principal's bond, the commissioner may require the filing of a new bond and immediately on recovery on any action on the bond, the principal shall file a new bond. Any mortgagor or prospective mortgagor who may be damaged by a failure of the debt negotiation licensee or mortgage loan originator licensee to satisfy a

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judgment against the licensee arising from the negotiation of or offer to negotiate a nonprime home loan, as defined in section 36a-760, as amended by this act, may proceed on such bond against the principal or surety on such bond, or both, to recover the amount of the judgment.

[(b)] (c) The surety shall have the right to cancel any bond written or issued under subsection (a) of this section at any time by a written notice to the debt negotiation 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. No such bond shall be cancelled unless the surety notifies the commissioner in writing not less than thirty days prior to the effective date of cancellation. After receipt of such notification from the surety, the commissioner shall give written notice to the debt negotiation licensee of the date such bond cancellation shall take effect. The commissioner shall automatically suspend the [license on such date] licenses of the debt negotiation licensee on such date and inactivate the license of any sponsored mortgage loan originator, unless prior to such date the debt negotiation licensee submits a letter of reinstatement of the bond from the surety or a new bond, [or the licensee has surrendered the license] surrenders all licenses or, in the case of a mortgage loan originator sponsored by a debt negotiation licensee, the sponsorship has been terminated and a new sponsor has been requested and approved. After a license has been automatically suspended, the commissioner shall give the debt negotiation licensee notice of the automatic suspension pending proceedings for revocation or refusal to renew and an opportunity for a hearing on such actions in accordance with section 36a-51, as amended by this act, and shall require the debt negotiation licensee to take or refrain from taking such action as, in the opinion of the commissioner, will effectuate the purposes of this section.

[(c)] (d) No licensee shall use, attempt to use or make reference to,

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either directly or indirectly, any word or phrase that states or implies that the licensee is endorsed, sponsored, recommended, bonded or insured by the state.

(e) The penal sum of the bond required by subdivision (4) of subsection (a) of this section shall be determined as follows:

(1) An initial applicant for a debt negotiation license shall file a bond in a penal sum of fifty thousand dollars.

(2) A debt negotiation licensee sponsoring and bonding at least one mortgage loan originator as an exempt registrant under subdivision (2) of subsection (a) and subsection (c) of section 36a-487, as amended by this act, shall file a bond with a penal sum in the following amount:

(A) If the aggregate dollar amount of all residential mortgage loans negotiated or offered to be negotiated by all sponsored mortgage loan originators during the preceding twelve-month period ending July thirty-first of the current year is less than thirty million dollars, the penal sum of the bond shall be fifty thousand dollars;

(B) If the aggregate dollar amount of all residential mortgage loans negotiated or offered to be negotiated by all sponsored mortgage loan originators during the preceding twelve-month period ending July thirty-first of the current year is thirty million dollars or more but less than fifty million dollars, the penal sum of the bond shall be one hundred thousand dollars; and

(C) If the aggregate dollar amount of all residential mortgage loans negotiated or offered to be negotiated by all sponsored mortgage loan originators during the preceding twelve-month period ending July thirty-first of the current year is fifty million dollars or more, the penal sum of the bond shall be one hundred fifty thousand dollars.

(f) For purposes of subsection (e) of this section, the aggregate dollar

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amount of all residential mortgage loans negotiated or offered to be negotiated shall mean the aggregate underlying dollar amount of all residential mortgage loans for which a sponsored mortgage loan originator provides debt negotiation services.

(g) Financial information necessary to verify the aggregate amount of residential mortgage loans negotiated or offered to be negotiated shall be filed with the commissioner as the commissioner may require, and shall be reported on the system, as defined in section 36a-485, as amended by this act, at such time and in such form as the system may require. The commissioner may require a change in the penal sum of the bond if the commissioner determines at any time that the aggregate dollar amount of all residential mortgage loans negotiated or offered to be negotiated warrants a change in the penal sum of the bond.

(h) The commissioner may adopt regulations in accordance with chapter 54 with respect to the requirements for such surety bonds.

Sec. 45. Section 36a-760 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) As used in this section and sections 36a-760a to 36a-760j, inclusive, as amended by this act:

(1) "APR" has the same meaning as provided in section 36a-746a;

(2) "CHFA loan" means a loan made, insured, purchased, subsidized or guaranteed by the Connecticut Housing Finance Authority;

(3) "FHA loan" means a loan made, insured, purchased, subsidized or guaranteed by the Federal Housing Administration;

(4) "First mortgage loan" has the same meaning as provided in section 36a-485, as amended by this act:

(5) "Lender" means any person engaged in the business of the

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making of mortgage loans who is required to be licensed by the Department of Banking under chapter 668, or such person's successors or assigns, and also means any bank, out-of-state bank, Connecticut credit union, federal credit union, out-of-state credit union, or an operating subsidiary of a federal bank or a federally chartered out-of-state bank where such subsidiary engages in the business of making mortgage loans, and their successors and assigns, but does not include any mortgage broker, as defined in this section, or any mortgage loan originator, as defined in section 36a-485, as amended by this act;

(6) "Mortgage broker" means any person, other than a lender, who (A) for a fee, commission or other valuable consideration, negotiates, solicits, arranges, places or finds a mortgage, and (B) who is required to be licensed by the Department of Banking under chapter 668, or such person's successors or assigns;

(7) "Nonprime home loan" means any loan or extension of credit, excluding an open-end line of credit, and further excluding a reverse mortgage transaction, as defined in 12 CFR 226.33, as amended from time to time:

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

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

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

(D) In which the principal amount of the loan does not exceed four hundred seventeen thousand dollars;

(E) Where the loan is not a CHFA loan; and

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(F) In which the conditions set forth in clauses (i) and (ii) of this subparagraph apply, subject to any adjustments made pursuant to clause (iii) of this subparagraph:

(i) The difference, at the time of consummation, between the APR for the loan and the conventional mortgage rate is either equal to or greater than (I) one and three-quarters percentage points, if the loan is a first mortgage loan, or (II) three and three-quarters percentage points, if the loan is a secondary mortgage loan. For purposes of such calculation, "conventional mortgage rate" means the most recent contract interest rate on commitments for fixed-rate mortgages published by the Board of Governors of the Federal Reserve System in its statistical release H.15, or any publication that may supersede it, during the week preceding the week in which the interest rate for the loan is set. For purposes of determining the beginning of each weekly period, the first day of each week shall be the effective date for the applicable prime offer rate, as of the date the interest rate is set, as determined in accordance with subparagraph (F)(ii) of this subdivision.

(ii) The difference, at the time of consummation, between the APR for the loan or extension of credit and the average prime offer rate for a comparable transaction, as of the date the interest rate is set, is greater than one and one-half percentage points if the loan is a first mortgage loan or three and one-half percentage points if the loan is a secondary mortgage loan. For purposes of this subparagraph, "average prime offer rate" has the meaning as provided in 12 CFR 226.35, as amended from time to time. For purposes of subparagraphs (F)(i) and (F)(ii) of this subdivision, the date the interest rate is set is the last date the interest rate is set, provided the rate is adjusted on or before consummation.

(iii) The commissioner shall have the authority, after consideration of the relevant factors, to increase the percentages set forth in clauses

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(i) and (ii) of this subparagraph. [The authority of the commissioner, and any increases or decreases made under this clause, shall expire on August 31, 2010.] For purposes of this clause, the relevant factors to be considered by the commissioner shall include, but not be limited to, the existence and amount of increases in fees or charges in connection with purchases of mortgages by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation and increases in fees or charges imposed by mortgage insurers and the impact, including the magnitude of the impact, that such increases have had, or will likely have, on APRs for mortgage loans in this state. When considering such factors, the commissioner shall focus on those increases that are related to the deterioration in the housing market and credit conditions. The commissioner may refrain from increasing such percentages if it appears that lenders are increasing interest rates or fees in bad faith or if increasing the percentages would be contrary to the purposes of sections 36a-760 to 36a-760f, inclusive, as amended by this act. No increase authorized by the commissioner to a particular percentage shall exceed one-quarter of one percentage point, and the total of all increases to a particular percentage under this clause shall not exceed one-half of one percentage point. No increase shall be made unless: (I) The increase is noticed in the Banking Department Bulletin and the Connecticut Law Journal, and (II) a public comment period of twenty days is provided. Any increase made under this clause shall be reduced proportionately when the need for the increase has diminished or no longer exists. The commissioner, in the exercise of his discretion, may authorize an increase in the percentages with respect to all loans or just with respect to a certain class or classes of loans;

(8) "Open-end line of credit" means a mortgage extended by a lender under a plan in which: (A) The lender reasonably contemplates repeated transactions; (B) the lender may impose a finance charge from time to time on an outstanding unpaid balance; (C) the amount of credit that may be extended to the consumer during the term of the

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plan, up to any limit set by the lender, is generally made available to the extent that any outstanding balance is repaid; and (D) none of the proceeds of the open-end line of credit are used at closing to (i) purchase the borrower's primary residence, or (ii) refinance a mortgage loan that had been used by the borrower to purchase the borrower's primary residence;

[(9) "Residential property" has the same meaning as provided in section 36a-485;]

[(10)] (9) "Secondary mortgage loan" has the same meaning as provided in section 36a-485, as amended by this act.

(b) The provisions of sections 36a-760a to 36a-760i, inclusive, shall be applicable to nonprime home loans and mortgages, as appropriate, for which applications have been received on or after August 1, 2008.

Sec. 46. Section 36a-760j of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

No person shall influence real estate appraisals of residential property. For the purposes of this section, "influence residential real estate appraisals" means to directly or indirectly coerce, influence or otherwise encourage an appraiser to misstate or misrepresent the value of residential property and includes, but is not limited to: (1) Refusal, or intentional failure, to pay an appraiser for an appraisal that reflects a fair market value estimate that is less than the sale contract price; or (2) refusal, or intentional failure, to utilize, or encouraging other mortgage brokers not to utilize, an appraiser based solely on the fact that the appraiser provided an appraisal reflecting a fair market value estimate that was less than the sale contract price.

Sec. 47. Subdivision (1) of subsection (b) of section 36a-801 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

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(b) (1) Any person desiring to act within this state as a consumer collection agency shall make a written application to the commissioner for such license in such form as the commissioner prescribes. Such application shall be accompanied by (A) a financial statement prepared by a certified public accountant or a public accountant, the accuracy of which is sworn to under oath before a notary public by the proprietor, a general partner or a corporate officer or a member duly authorized to execute such documents, (B) (i) the history of criminal convictions [for the ten-year period prior to the date of the application] of the (I) applicant; (II) partners, if the applicant is a partnership; (III) members, if the applicant is a limited liability company or association; or (IV) officers, directors and principal employees, if the applicant is a corporation, and (ii) sufficient information pertaining to the history of criminal convictions of such applicant, partners, members, officers, directors and principal employees in a form acceptable to the commissioner, (C) a license fee of eight hundred dollars, or in the case of an initial application that is filed not earlier than one year before the date such license will expire, a license fee of four hundred dollars, and (D) an investigation fee of one hundred dollars. The commissioner shall cause to be made such inquiry and examination as to the qualifications of each such applicant or any partner, member, officer, director or principal employee of the applicant as the commissioner deems necessary. The commissioner, in accordance with section 29-17a, may conduct a state and national criminal history records check of the applicant and of each partner, member, officer, director and principal employee of such applicant. Each applicant shall furnish satisfactory evidence to the commissioner that the applicant is a person of good moral character and is financially responsible. If the commissioner is satisfied that such applicant is in all respects properly qualified and trustworthy and that the granting of such license is not against the public interest, the commissioner may issue to such applicant a license, in such form as the commissioner may adopt, to act within this state as a consumer collection agency. The commissioner

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may deny an application if the commissioner finds that the applicant or any partner, member, officer, director or principal employee of such applicant has been convicted [, during the ten-year period prior to the date of application,] of any misdemeanor involving any aspect of the consumer collection agency business, or any felony. Any denial of an application by the commissioner shall, when applicable, be subject to the provisions of section 46a-80. Any such license issued by the commissioner shall expire at the close of business on September thirtieth of the odd-numbered year following its issuance, unless such license is renewed. The commissioner may renew such application, in the commissioner's discretion, upon filing of a proper renewal application accompanied by a license fee of eight hundred dollars, and satisfactory proof that such applicant at that time possesses the required qualifications for the license. The commissioner may deny a renewal application if the commissioner finds that the applicant has been convicted [, during the ten-year period prior to the date of application,] of any misdemeanor involving any aspect of the consumer collection agency business, or any felony. Any denial of an application by the commissioner shall, when applicable, be subject to the provisions of section 46a-80. Such renewal application shall be filed with the commissioner on or before September first of the year in which the license expires. Any renewal application filed with the commissioner after September first shall be accompanied by a one-hundred-dollar late fee and any such filing shall be deemed to be timely and sufficient for purposes of subsection (b) of section 4-182. Whenever an application for a license, other than a renewal application, is filed under sections 36a-800 to 36a-810, inclusive, as amended by this act, by any person who was a licensee under said sections 36a-800 to 36a-810, inclusive, as amended by this act, and whose license expired less than sixty days prior to the date such application was filed, such application shall be accompanied by a one-hundred-dollar processing fee in addition to the application fee. To further the enforcement of this section and to determine the eligibility

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of any person holding a license, the commissioner may, as often as the commissioner deems necessary, examine the licensee's books and records, and may, at any time, require the licensee to submit such a financial statement for the examination of the commissioner, so that the commissioner may determine whether the licensee is financially responsible to carry on a consumer collection agency business within the intents and purposes of sections 36a-800 to 36a-810, inclusive, as amended by this act. Any financial statement submitted by a licensee shall be confidential and shall not be a public record unless introduced in evidence at a hearing conducted by the commissioner. The applicant or licensee shall notify the commissioner, in writing, of any change in the information provided in its initial application for license or most recent renewal application for such license, as applicable, not later than ten business days after the occurrence of the event that results in such information becoming inaccurate. The commissioner may deem an application for a license to act as a consumer collection agency abandoned if the applicant fails to respond to any request for information required under sections 36a-801 to 36a-810, inclusive, as amended by this act, or any regulations adopted pursuant to said sections 36a-801 to 36a-810, inclusive. The commissioner shall notify the applicant, in writing, that if the applicant fails to submit such information not later than sixty days after the date on which such request for information was made, the application shall be deemed abandoned. An application filing fee paid prior to the date an application is deemed abandoned pursuant to this subsection shall not be refunded. Abandonment of an application pursuant to this subsection shall not preclude the applicant from submitting a new application for a license under sections 36a-801 to 36a-810, inclusive, as amended by this act.

Sec. 48. Subdivision (3) of subsection (b) of section 53-379a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2011*):

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(3) For purposes of this section, (A) "person" means (i) a mortgage broker, mortgage lender, [mortgage loan originator or] mortgage correspondent lender, [as] mortgage loan originator, loan processor or underwriter, as such terms are defined in section 36a-485, as amended by this act, or (ii) any other individual who is a mortgagor on more than three individual mortgage loans or who purchases or sells more than three residential properties in a consecutive twelve-month period; (B) "mortgage lending process" means the process through which an individual seeks or obtains a residential mortgage loan, including solicitation, application, origination, negotiation of terms, underwriting, signing, closing and funding of a residential mortgage loan and services provided incident to such mortgage loan, including the appraisal of the residential property; and (C) "residential property" means "residential property" as defined in section 36a-485, as amended by this act.

Sec. 49. Subsection (e) of section 36b-6 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(e) The following investment advisers are exempted from the registration requirements under subsection (c) of this section: Any investment adviser that (1) is registered or required to be registered under Section 203 of the Investment Advisers Act of 1940; (2) is excepted from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940; or (3) has no place of business in this state and, during the preceding twelve months, has had no more than five clients who are residents of this state. Any investment adviser claiming an exemption pursuant to subdivision (1) [or (2)] of this subsection that is not otherwise excluded under subsection (11) of section 36b-3, shall first file with the commissioner a notice of exemption together with a consent to service of process as required by subsection (g) of section 36b-33 and shall pay to the

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commissioner or to any person designated by the commissioner in writing to collect such fee on behalf of the commissioner a nonrefundable fee of two hundred fifty dollars. The notice of exemption shall contain such information as the commissioner may require. Such notice of exemption shall be valid until December thirty-first of the calendar year in which it was first filed and may be renewed annually thereafter upon submission of such information as the commissioner may require together with a nonrefundable fee of one hundred fifty dollars. If any investment adviser that is exempted from registration pursuant to subdivision (1) [or (2)] of this subsection fails or refuses to pay any fee required by this subsection, the commissioner may require such investment adviser to register pursuant to subsection (c) of this section. For purposes of this subsection, a delay in the payment of a fee or an underpayment of a fee which is promptly remedied shall not constitute a failure or refusal to pay such fee.

Approved July 13, 2011