



General Assembly

**Substitute Bill No. 67**

February Session, 2012

\* \_\_\_\_\_SB00067BA\_\_\_\_\_031612\_\_\_\_\_\*

**AN ACT CONCERNING REVISIONS TO THE BANKING STATUTES.**

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

1 Section 1. Subsection (e) of section 36a-489 of the 2012 supplement  
2 to the general statutes is repealed and the following is substituted in  
3 lieu thereof (*Effective October 1, 2012*):

4 (e) The commissioner may deem an application for a license under  
5 this section abandoned if the applicant fails to respond to any request  
6 for information required under sections 36a-485 to 36a-498f, inclusive,  
7 as amended by this act, 36a-534a and 36a-534b, as amended by this act,  
8 or the regulations adopted pursuant to said sections. The  
9 commissioner shall notify the applicant [in writing] on the system that  
10 if such information is not submitted not later than sixty days from the  
11 date of such request the application shall be deemed abandoned. An  
12 application filing fee paid prior to the date an application is deemed  
13 abandoned pursuant to this subsection shall not be refunded.  
14 Abandonment of an application pursuant to this subsection shall not  
15 preclude the applicant from submitting a new application for a license  
16 under said sections 36a-485 to 36a-498f, inclusive, as amended by this  
17 act, 36a-534a and 36a-534b, as amended by this act.

18 Sec. 2. Subdivision (1) of subsection (a) of section 36a-534b of the  
19 2012 supplement to the general statutes is repealed and the following  
20 is substituted in lieu thereof (*Effective October 1, 2012*):

21 (a) (1) In addition to any other duties imposed upon the  
22 commissioner by law, the commissioner shall require mortgage  
23 lenders, mortgage correspondent lenders, mortgage brokers, mortgage  
24 loan originators and loan processors or underwriters to be licensed  
25 and registered through the system. In order to carry out this  
26 requirement, the commissioner shall participate in the system and  
27 permit the system to process applications for mortgage lender,  
28 mortgage correspondent lender, mortgage broker, mortgage loan  
29 originator and loan processor or underwriter licenses in this state and  
30 receive and maintain records related to such licenses that are allowed  
31 or required to be maintained by the commissioner. For this purpose,  
32 the commissioner may establish requirements as necessary for  
33 participation in the system, including: (A) Background checks for  
34 criminal history through (i) fingerprint or other databases, (ii) civil or  
35 administrative records, or (iii) credit history or any other information  
36 as deemed necessary by the system; (B) the payment of fees to apply  
37 for or renew licenses through the system; (C) the setting or resetting of  
38 renewal or reporting dates; and (D) the requirements for amending or  
39 surrendering a license or any other such activities as the commissioner  
40 deems necessary for participation in the system. For the purpose of  
41 participating in the system, the commissioner may waive or modify, in  
42 whole or in part, by regulation or order, any requirement of this  
43 section and sections 36a-485 to 36a-498f, inclusive, as amended by this  
44 act, and 36a-534a and [36a-534b and to] establish new requirements as  
45 reasonably necessary to participate in the system. For the purposes of  
46 implementing an orderly and efficient licensing process, the  
47 commissioner may adopt licensing regulations, in accordance with the  
48 provisions of chapter 54, and interim procedures for licensing and  
49 acceptance of applications. For previously licensed individuals, the  
50 commissioner may establish expedited review and licensing  
51 procedures.

52 Sec. 3. Subsection (c) of section 36a-628 of the 2012 supplement to  
53 the general statutes is repealed and the following is substituted in lieu  
54 thereof (*Effective from passage*):

55 (c) In connection with an application for such license and at any  
56 other time, the commissioner may, in accordance with section 29-17a,  
57 arrange for a criminal history records check requiring the  
58 fingerprinting of each principal, executive officer and director of the  
59 business and [individual] industrial development corporation or for  
60 conducting any other method of positive identification of such  
61 individuals required by the State Police Bureau of Identification.

62 Sec. 4. Section 36a-17 of the 2012 supplement to the general statutes  
63 is repealed and the following is substituted in lieu thereof (*Effective*  
64 *October 1, 2012*):

65 (a) The commissioner, in the commissioner's discretion, may, subject  
66 to the provisions of section 36a-21 and the Freedom of Information  
67 Act, as defined in section 1-200; (1) make such public or private  
68 investigations or examinations within or outside this state, concerning  
69 any person subject to the jurisdiction of the commissioner, as the  
70 commissioner deems necessary to carry out the duties of the  
71 commissioner, (2) require or permit any person to testify, produce a  
72 record or file a statement in writing, under oath, or otherwise as the  
73 commissioner determines, as to all the facts and circumstances  
74 concerning the matter to be investigated or about which an action or  
75 proceeding is pending, and (3) publish information concerning any  
76 violation of any provision of the general statutes within the jurisdiction  
77 of the commissioner or any regulation or order adopted or issued  
78 under such provision.

79 (b) Any Connecticut bank, Connecticut credit union or Connecticut  
80 credit union service organization which causes or has caused any  
81 electronic data processing services to be performed for such bank,  
82 credit union or credit union service organization either on or off its  
83 premises by an electronic data processing servicer shall enter into a  
84 written contract with such servicer. Such contract shall specify the  
85 duties and responsibilities of the bank, credit union or credit union  
86 service organization and such servicer and provide that such servicer  
87 shall allow the commissioner to examine such servicer's books, records

88 and computer systems in accordance with this subsection, if required  
89 by the commissioner. The Connecticut bank, Connecticut credit union  
90 or Connecticut credit union service organization shall promptly notify  
91 the commissioner of any material change in its electronic data  
92 processing services. The commissioner may examine the books,  
93 records and computer systems of any electronic data processing  
94 servicer that performs electronic data processing services for a  
95 Connecticut bank, Connecticut credit union or Connecticut credit  
96 union service organization, if such services substantially impact the  
97 operations of the Connecticut bank, Connecticut credit union or  
98 Connecticut credit union service organization as determined by the  
99 commissioner, in order to (1) determine whether such servicer has the  
100 capacity to protect the customer information of such bank, credit union  
101 or credit union service organization, and (2) assess such servicer's  
102 potential for continued service. The commissioner may assess a fee of  
103 one hundred fifty dollars per day plus costs for each examiner who  
104 conducts such examination, the total cost of which the commissioner  
105 may allocate on a pro rata basis to all Connecticut banks, Connecticut  
106 credit unions and Connecticut credit union service organizations  
107 under contract with such servicer.

108 (c) For the purpose of any investigation, examination or proceeding  
109 under this title the commissioner may administer oaths and  
110 affirmations, subpoena witnesses, compel attendance of witnesses,  
111 take evidence, require written statements and require the production  
112 of any records which the commissioner deems relevant or material.  
113 The commissioner may require that certified copies of any such  
114 records be provided to the commissioner at the commissioner's office.  
115 The commissioner may issue subpoenas in this state at the request of  
116 another state, provided (1) the activities concerning which the  
117 information is sought would constitute a basis for an investigation,  
118 examination or proceeding under this title had such activities occurred  
119 in this state, and (2) such other state has reciprocal legal authority to  
120 issue subpoenas in such state on behalf of the commissioner.

121 (d) Any person who is the subject of any such investigation,

122 examination or proceeding shall make its records available to the  
123 commissioner in readable form; provide personnel and equipment  
124 necessary, including, but not limited to, assistance in the analysis of  
125 computer-generated records; provide copies or computer printouts of  
126 records when so requested; furnish unrestricted access to all areas of  
127 its principal place of business or wherever records may be located; and  
128 otherwise cooperate with the commissioner.

129 (e) The superior court for the judicial district of Hartford, upon  
130 application of the commissioner, may issue to any person refusing to  
131 obey a subpoena issued pursuant to subsection (c) of this section an  
132 order requiring that person to appear before the commissioner or any  
133 officer designated by the commissioner to produce records so ordered  
134 or to give evidence concerning the matter under investigation or in  
135 question. Failure to obey the order of the court may be punished by the  
136 court as a contempt of court.

137 (f) As used in this section, "records" includes, but is not limited to,  
138 books, papers, correspondence, memoranda, agreements, diaries, logs,  
139 notes, ledgers, journals, visual, audio, magnetic or electronic  
140 recordings, computer printouts and software, and any other  
141 documents.

142 Sec. 5. Section 36a-50 of the general statutes is repealed and the  
143 following is substituted in lieu thereof (*Effective October 1, 2012*):

144 (a) (1) Whenever the commissioner finds as the result of an  
145 investigation that any person has violated any provision of the general  
146 statutes within the jurisdiction of the commissioner, or any regulation,  
147 rule or order adopted or issued thereunder, the commissioner may  
148 send a notice to such person by registered or certified mail, return  
149 receipt requested, or by any express delivery carrier that provides a  
150 dated delivery receipt. The notice shall be deemed received by the  
151 person on the earlier of the date of actual receipt or seven days after  
152 mailing or sending. Any such notice shall include: (A) A statement of  
153 the time, place, and nature of the hearing; (B) a statement of the legal

154 authority and jurisdiction under which the hearing is to be held; (C) a  
155 reference to the particular sections of the general statutes, regulations,  
156 rules or orders alleged to have been violated; (D) a short and plain  
157 statement of the matters asserted; (E) the maximum penalty that may  
158 be imposed for such violation; and (F) a statement indicating that such  
159 person may file a written request for a hearing on the matters asserted  
160 [~~within~~] not later than fourteen days [~~of~~] after receipt of the notice.

161 (2) If a hearing is requested within the time specified in the notice,  
162 the commissioner shall hold a hearing upon the matters asserted in the  
163 notice unless such person fails to appear at the hearing. After the  
164 hearing, if the commissioner finds that the person has violated any  
165 such provision, regulation, rule or order, the commissioner may, in the  
166 commissioner's discretion and in addition to any other remedy  
167 authorized by law, order that a civil penalty not exceeding one  
168 hundred thousand dollars per violation be imposed upon such person.  
169 If such person does not request a hearing within the time specified in  
170 the notice or fails to appear at the hearing, the commissioner may, as  
171 the facts require, order that a civil penalty not exceeding one hundred  
172 thousand dollars per violation be imposed upon such person.

173 (3) Each action undertaken by the commissioner under this  
174 subsection shall be in accordance with the provisions of chapter 54.

175 (b) Whenever it appears to the commissioner that any such person  
176 has violated, is violating or is about to violate any such provision,  
177 regulation, rule or order, the commissioner may, in the commissioner's  
178 discretion and in addition to any other remedy authorized by law: (1)  
179 Bring an action in the superior court for the judicial district of Hartford  
180 to enjoin the acts or practices and to enforce compliance with any such  
181 provision, regulation, rule or order. Upon a proper showing, a  
182 permanent or temporary injunction, restraining order or writ of  
183 mandamus shall be granted and a receiver or conservator may be  
184 appointed for such person or such person's assets. The court shall not  
185 require the commissioner to post a bond; (2) seek a court order  
186 imposing a penalty not to exceed one hundred thousand dollars per

187 violation against any such person found to have violated any such  
188 provision, regulation, rule or order; or (3) apply to the superior court  
189 for the judicial district of Hartford for an order of restitution whereby  
190 such person shall be ordered to make restitution of any sums shown  
191 by the commissioner to have been obtained by such person in violation  
192 of any such provision, regulation, rule or order, plus interest at the rate  
193 set forth in section 37-3a. Such restitution shall, at the option of the  
194 court, be payable to the receiver or conservator appointed pursuant to  
195 this subsection, or directly to the person whose assets were obtained in  
196 violation of any such provision, regulation, rule or order. Whenever  
197 the commissioner prevails in any action brought under this subsection,  
198 the court may allow to the state its costs.

199 (c) Whenever the commissioner finds as the result of an  
200 investigation that any person has violated any provision of the general  
201 statutes within the jurisdiction of the commissioner, or any regulation,  
202 rule or order adopted or issued under such provisions, the  
203 commissioner may, in addition to any other remedy authorized by  
204 law, order such person to (1) make restitution of any sums shown to  
205 have been obtained in violation of any such provision, regulation, rule  
206 or order plus interest at the legal rate set forth in section 37-1; (2)  
207 provide disgorgement of any sums shown to have been obtained in  
208 violation of any such provision, regulation, rule or order; or (3) both  
209 make restitution and provide disgorgement in accordance with  
210 subdivisions (1) and (2) of this subsection. After the commissioner  
211 issues such an order, the person named in the order may, not later than  
212 fourteen days after the receipt of such order, file a written request for a  
213 hearing. The order shall be deemed received by the person on the  
214 earlier of the date of actual receipt or seven days after mailing or  
215 sending. Any such hearing shall be held in accordance with the  
216 provisions of chapter 54.

217 [(c)] (d) The provisions of this section shall not apply to chapters  
218 672a, 672b and 672c.

219 Sec. 6. Section 36a-3 of the general statutes is repealed and the

220 following is substituted in lieu thereof (*Effective October 1, 2012*):

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

- T1 "Account". Sections 36a-155 and 36a-365.  
T2 "Additional proceeds". Section 36a-746e.  
T3 "Administrative expense". Section 36a-237.  
T4 "Advance fee". Sections 36a-485, as amended by this act, and 36a-615.  
T5 "Advertise", [or] "advertisement" or "advertising". Section 36a-485, as  
T6 amended by this act.  
T7 "Agency bank". Section 36a-285.  
T8 "Agent". Section 36a-494, as amended by this act.  
T9 "Alternative mortgage loan". Section 36a-265.  
T10 "Amount financed". Section 36a-690.  
T11 "Annual percentage rate". Section 36a-690.  
T12 "Annual percentage yield". Section 36a-316.  
T13 "Annuities". Section 36a-455a.  
T14 "Applicant". Section 36a-736.  
T15 "APR". Section 36a-746a.  
T16 "Assessment area". Section 36a-37.  
T17 "Assets". Section 36a-70.  
T18 "Associate". Section 36a-184.  
T19 "Associated member". Section 36a-458a.  
T20 "Bank". Section 36a-30.  
T21 "Bankers' bank". Section 36a-70.  
T22 "Banking business". Section 36a-425.  
T23 "Basic services". Section 36a-437a.  
T24 "Billing cycle". Section 36a-565.  
T25 "Bona fide nonprofit organization". Section 36a-487, as amended by this  
T26 act, and section 36a-655.  
T27 "Branch". Sections 36a-145, as amended by this act, 36a-410 and 36a-435b.  
T28 "Branch office". Section 36a-485, as amended by this act.  
T29 "Branch or agency net payment entitlement". Section 36a-428n.  
T30 "Branch or agency net payment obligation". Section 36a-428n.

- T31 "Broker". Section 36a-746a.
- T32 "Business and industrial development corporation". Section 36a-626.
- T33 "Business and property in this state". Section 36a-428n.
- T34 "Capital". Section 36a-435b.
- T35 "Cash advance". Section 36a-564.
- T36 "Cash price". Section 36a-770.
- T37 "Certificate of incorporation". Section 36a-435b.
- T38 "CHFA loan". Section 36a-760.
- T39 "Clerical or support duties". Section 36a-485, as amended by this act.
- T40 "Closely related activities". Sections 36a-250 and 36a-455a.
- T41 "Collective managing agency account". Section 36a-365.
- T42 "Commercial vehicle". Section 36a-770.
- T43 "Community bank". Section 36a-70.
- T44 "Community credit union". Section 36a-37.
- T45 "Community development bank". Section 36a-70.
- T46 "Community reinvestment performance". Section 36a-37.
- T47 "Connecticut holding company". Sections 36a-53 and 36a-410.
- T48 "Consolidate". Section 36a-145, as amended by this act.
- T49 "Construction loan". Section 36a-458a.
- T50 "Consumer". Sections 36a-155, 36a-676 and 36a-695.
- T51 "Consumer Credit Protection Act". Section 36a-676.
- T52 "Consumer debtor" and "debtor". Sections 36a-645 and 36a-800.
- T53 "Consumer collection agency". Section 36a-800.
- T54 "Consummation". Section 36a-746a.
- T55 "Control person". Section 36a-485, as amended by this act.
- T56 "Controlling interest". Section 36a-276.
- T57 "Conventional mortgage rate". Section 36a-760.
- T58 "Corporate". Section 36a-435b.
- T59 "Credit". Sections 36a-645 and 36a-676.
- T60 "Credit manager". Section 36a-435b.
- T61 "Creditor". Sections 36a-676, 36a-695 and 36a-800.
- T62 "Credit card", "cardholder" and "card issuer". Section 36a-676.
- T63 "Credit clinic". Section 36a-700.
- T64 "Credit rating agency". Section 36a-695.
- T65 "Credit report". Section 36a-695.

- T66 "Credit sale". Section 36a-676.
- T67 "Credit union service organization". Section 36a-435b.
- T68 "Credit union service organization services". Section 36a-435b.
- T69 "De novo branch". Section 36a-410.
- T70 "Debt". Section 36a-645.
- T71 "Debt adjustment". Section 36a-655.
- T72 "Debt mutual fund". Sections 36a-275 and 36a-459a.
- T73 "Debt securities". Sections 36a-275 and 36a-459a.
- T74 "Debtor". Section 36a-655.
- T75 "Deliver". Section 36a-316.
- T76 "Deposit". Section 36a-316.
- T77 "Deposit account". Section 36a-316.
- T78 "Deposit account charge". Section 36a-316.
- T79 "Deposit account disclosures". Section 36a-316.
- T80 "Deposit contract". Section 36a-316.
- T81 "Deposit services". Section 36a-425.
- T82 "Depositor". Section 36a-316.
- T83 "Depository institution". Section 36a-485, as amended by this act.
- T84 "Derivative transaction". Section 36a-262, as amended by this act.
- T85 "Director". Section 36a-435b.
- T86 "Dwelling". Section 36a-485, as amended by this act.
- T87 "Earning period". Section 36a-316.
- T88 "Electronic payment instrument". Section 36a-596.
- T89 "Eligible collateral". Section 36a-330.
- T90 "Eligible entity". Section 36a-34.
- T91 "Employee". Section 36a-485, as amended by this act.
- T92 "Entity". Section 36a-380, as amended by this act.
- T93 "Equity mutual fund". Sections 36a-276 and 36a-459a.
- T94 "Equity security". Sections 36a-276 and 36a-459a.
- T95 "Executive officer". Sections 36a-263 and 36a-469c.
- T96 "Expedited Connecticut bank". Section 36a-70.
- T97 "Experience in the mortgage business". Section 36a-488, as amended by  
T98 this act.
- T99 "Federal banking agency". Section 36a-485, as amended by this act.
- T100 "Federal Credit Union Act". Section 36a-435b.

- T101 "Federal Home Mortgage Disclosure Act". Section 36a-736.
- T102 "FHA loan". Section 36a-760.
- T103 "Fiduciary". Section 36a-365.
- T104 "Filing fee". Section 36a-770.
- T105 "Finance charge". Sections 36a-690 and 36a-770.
- T106 "Financial institution". Sections 36a-41, 36a-44a, 36a-155, 36a-316, 36a-330,  
T107 36a-435b, 36a-736 and 36a-755.
- T108 "Financial records". Section 36a-41.
- T109 "First mortgage loan". Sections 36a-485, as amended by this act, 36a-705,  
T110 36a-715 and 36a-725.
- T111 "Foreign banking corporation". Section 36a-425.
- T112 "Fully indexed rate". Section 36a-760b.
- T113 "General facility". Section 36a-580.
- T114 "Global net payment entitlement". Section 36a-428n.
- T115 "Global net payment obligation". Section 36a-428n.
- T116 "Goods". Sections 36a-535 and 36a-770.
- T117 "Graduated payment mortgage loan". Section 36a-265.
- T118 "Guardian". Section 36a-365.
- T119 "High cost home loan". Section 36a-746a.
- T120 "Holder". Section 36a-596.
- T121 "Home banking services". Section 36a-170.
- T122 "Home banking terminal". Section 36a-170.
- T123 "Home improvement loan". Section 36a-736.
- T124 "Home purchase loan". Section 36a-736.
- T125 "Home state". Section 36a-410.
- T126 "Housing finance agency". Section 36a-487, as amended by this act.
- T127 "Immediate family member". Section 36a-435b and section 36a-485, as  
T128 amended by this act.
- T129 "Independent contractor". Section 36a-485, as amended by this act.
- T130 "Individual". Section 36a-485, as amended by this act.
- T131 "Insider". Section 36a-454b.
- T132 "Installment loan contract". Sections 36a-535 and 36a-770.
- T133 "Insurance". Section 36a-455a.
- T134 "Insurance bank". Section 36a-285.
- T135 "Insurance department". Section 36a-285.

- T136 "Interest". Section 36a-316.
- T137 "Interest rate". Section 36a-316.
- T138 "Interim interest". Section 36a-746a.
- T139 "Lender". Sections 36a-746a, 36a-760 and 36a-770.
- T140 "Lessor". Section 36a-676.
- T141 "License". Section 36a-626.
- T142 "Licensee". Sections 36a-596 and 36a-626.
- T143 "Limited branch". Section 36a-145, as amended by this act.
- T144 "Limited facility". Section 36a-580.
- T145 "Loan broker". Section 36a-615.
- T146 "Loan processor or underwriter". Section 36a-485, as amended by this act.
- T147 "Loss". Section 36a-330.
- T148 "Made in this state". Section 36a-770.
- T149 "Main office". Section 36a-485, as amended by this act.
- T150 "Managing agent". Section 36a-365.
- T151 "Manufactured home". Section 36a-457b.
- T152 "Material litigation". Section 36a-596.
- T153 "Member". Section 36a-435b.
- T154 "Member business loan". Section 36a-458a.
- T155 "Member in good standing". Section 36a-435b.
- T156 "Membership share". Section 36a-435b.
- T157 "Mobile branch". Sections 36a-145, as amended by this act, and 36a-435b.
- T158 "Money order". Section 36a-596.
- T159 "Money transmission". Section 36a-365.
- T160 "Mortgage". Section 36a-760g.
- T161 "Mortgage broker". Sections 36a-485, as amended by this act, 36a-705 and
- T162 36a-760.
- T163 "Mortgage correspondent lender". Section 36a-485, as amended by this act.
- T164 "Mortgage insurance". Section 36a-725.
- T165 "Mortgage lender". Sections 36a-485, as amended by this act, 36a-705 and
- T166 36a-725.
- T167 "Mortgage loan". Sections 36a-261, as amended by this act, 36a-265, 36a-
- T168 457b [, 36a-485] and 36a-736.
- T169 "Mortgage loan originator". Section 36a-485, as amended by this act.
- T170 "Mortgage rate lock-in". Section 36a-705.

- T171 "Mortgage servicing company". Section 36a-715.
- T172 "Mortgagor". Section 36a-715.
- T173 "Motor vehicle". Section 36a-770.
- T174 "Multiple common bond membership". Section 36a-435b.
- T175 "Municipality". Section 36a-800.
- T176 "Net outstanding member business loan balance". Section 36a-458a.
- T177 "Net worth". Sections 36a-441a, 36a-458a and 36a-596.
- T178 "Network". Section 36a-155.
- T179 "Nonprime home loan". Section 36a-760.
- T180 "Nonrefundable". Section 36a-498.
- T181 "Nontraditional mortgage product". Section 36a-489a, as amended by this
- T182 act.
- T183 "Note account". Sections 36a-301 and 36a-456b.
- T184 "Office". Sections 36a-23, 36a-316 and 36a-485, as amended by this act.
- T185 "Officer". Section 36a-435b.
- T186 "Open-end credit plan". Section 36a-676.
- T187 "Open-end line of credit". Section 36a-760.
- T188 "Open-end loan". Section 36a-565.
- T189 "Organization". Section 36a-800.
- T190 "Out-of-state holding company". Section 36a-410.
- T191 "Outstanding". Section 36a-596.
- T192 "Passbook savings account". Section 36a-316.
- T193 "Payment instrument". Section 36a-596.
- T194 "Periodic statement". Section 36a-316.
- T195 "Permissible investment". Section 36a-596.
- T196 "Person". Section 36a-184 and section 36a-485, as amended by this act.
- T197 "Post". Section 36a-316.
- T198 "Prepaid finance charge". Section 36a-746a.
- T199 "Prime quality". Section 36a-596.
- T200 "Principal amount of the loan". Section 36a-485, as amended by this act.
- T201 "Processor". Section 36a-155.
- T202 "Public deposit". Section 36a-330.
- T203 "Purchaser". Section 36a-596.
- T204 "Qualified financial contract". Section 36a-428n.
- T205 "Qualified public depository" and "depository". Section 36a-330.

- T206 "Real estate". Section 36a-457b.
- T207 "Real estate brokerage activity". Section 36a-485, as amended by this act.
- T208 "Records". Section 36a-17, as amended by this act.
- T209 "Registered mortgage loan originator". Section 36a-485, as amended by
- T210 this act.
- T211 "Related person". Section 36a-53.
- T212 "Relocate". Sections 36a-145, as amended by this act, and 36a-462a.
- T213 "Residential mortgage loan". Section 36a-485, as amended by this act.
- T214 ["Residential property". Section 36a-485.]
- T215 "Residential real estate". Section 36a-485, as amended by this act.
- T216 "Resulting entity". Section 36a-34.
- T217 "Retail buyer". Sections 36a-535 and 36a-770.
- T218 "Retail credit transaction". Section 42-100b.
- T219 "Retail installment contract". Sections 36a-535 and 36a-770.
- T220 "Retail installment sale". Sections 36a-535 and 36a-770.
- T221 "Retail seller". Sections 36a-535 and 36a-770.
- T222 "Reverse annuity mortgage loan". Section 36a-265.
- T223 "Sales finance company". Sections 36a-535 and 36a-770.
- T224 "Savings department". Section 36a-285.
- T225 "Savings deposit". Section 36a-316.
- T226 "Secondary mortgage loan". Section 36a-485, as amended by this act.
- T227 "Security convertible into a voting security". Section 36a-184.
- T228 "Senior management". Section 36a-435b.
- T229 "Settlement agent". Section 36a-494, as amended by this act.
- T230 "Share". Section 36a-435b.
- T231 "Simulated check". Section 36a-485, as amended by this act.
- T232 "Single common bond membership". Section 36a-435b.
- T233 "Special mortgage". Section 36a-760c.
- T234 "Social purpose investment". Section 36a-277.
- T235 "Sponsored". Section 36a-485, as amended by this act.
- T236 "Standard mortgage loan". Section 36a-265.
- T237 "System". Section 36a-485, as amended by this act.
- T238 "Table funding agreement". Section 36a-485, as amended by this act.
- T239 "Tax and loan account". Sections 36a-301 and 36a-456b.
- T240 "The Savings Bank Life Insurance Company". Section 36a-285.

- T241 "Time account". Section 36a-316.  
T242 "Travelers check". Section 36a-596.  
T243 "Troubled Connecticut credit union". Section 36a-448a.  
T244 "Unique identifier". Section 36a-485, as amended by this act.  
T245 "Unsecured loan". Section 36a-615.  
T246 "Warehouse agreement". Section 36a-485, as amended by this act.

223 Sec. 7. Section 36a-485 of the 2012 supplement to the general statutes  
224 is repealed and the following is substituted in lieu thereof (*Effective*  
225 *October 1, 2012*):

226 As used in this section and sections 36a-486 to 36a-498f, inclusive, as  
227 amended by this act, 36a-534a [and 36a-534b] to 36a-534c, inclusive, as  
228 amended by this act, unless the context otherwise requires:

229 (1) "Advance fee" means any consideration paid or given, directly or  
230 indirectly, to a mortgage lender, mortgage correspondent lender or  
231 mortgage broker required to be licensed pursuant to sections 36a-485  
232 to [36a-498a] ~~36a-498f~~, inclusive, as amended by this act, and sections  
233 36a-534a and 36a-534b, as amended by this act, prior to the closing of a  
234 residential mortgage loan to any person, including, but not limited to,  
235 loan fees, points, broker's fees or commissions, transaction fees or  
236 similar prepaid finance charges;

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

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

247 (4) "Control person" means an individual that directly or indirectly

248 exercises control over another person. Any person that (A) is a  
249 director, general partner or executive officer; (B) directly or indirectly  
250 has the right to vote ten per cent or more of a class of any voting  
251 security or has the power to sell or direct the sale of ten per cent or  
252 more of any class of voting securities; (C) in the case of a limited  
253 liability company, is a managing member; or (D) in the case of a  
254 partnership, has the right to receive upon dissolution, or has  
255 contributed, ten per cent or more of the capital, is presumed to be a  
256 control person. For purposes of this subdivision, "control" means the  
257 power, directly or indirectly, to direct the management or policies of a  
258 company, whether through ownership of securities, by contract or  
259 otherwise;

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

264 (6) "Dwelling" has the same meaning as provided in Section 103 of  
265 the Consumer Credit Protection Act, 15 USC 1602;

266 (7) "Employee" means an individual (A) whose manner and means  
267 of work performance are subject to the right of control of, or are  
268 controlled by, a person, and (B) whose compensation is reported or  
269 required to be reported on a W-2 form issued by the controlling  
270 person. For purposes of the definition of "registered mortgage loan  
271 originator", "employee" has the foregoing meaning or such other  
272 meaning as the federal banking agencies may issue in connection with  
273 such agencies' implementation of such agencies' responsibilities under  
274 the S.A.F.E. Mortgage Licensing Act of 2008, 12 USC 5101 et seq.;

275 [(6)] (8) "Federal banking agency" means the Board of Governors of  
276 the Federal Reserve System, the Comptroller of the Currency, the  
277 Director of the Office of Thrift Supervision, the National Credit Union  
278 Administration and the Federal Deposit Insurance Corporation;

279 [(7)] (9) "First mortgage loan" means a residential mortgage loan

280 that is secured by a first mortgage;

281 ~~[(8)]~~ (10) "Immediate family member" means a spouse, child, sibling,  
282 parent, grandparent or grandchild and includes stepparents,  
283 stepchildren, stepsiblings and adoptive relationships;

284 (11) "Independent contractor" means an individual retained on a  
285 basis where the individual is not an employee of any person in  
286 connection with the services such individual provides and whose  
287 compensation is reported or required to be reported on an Internal  
288 Revenue Service Form 1099 issued by the retaining person;

289 ~~[(9)]~~ (12) "Individual" means a natural person;

290 ~~[(10)]~~ (13) "Loan processor or underwriter" means an individual  
291 who performs clerical or support duties. The term "clerical or support  
292 duties" includes, subsequent to the receipt of an application, (A) the  
293 receipt, collection, distribution and analysis of information common  
294 for the processing or underwriting of a residential mortgage loan, and  
295 (B) communication with a consumer to obtain the information  
296 necessary for the processing or underwriting of a loan to the extent  
297 that such communication does not include offering or negotiating loan  
298 rates or terms or counseling consumers about residential mortgage  
299 loan rates or terms;

300 ~~[(11)]~~ (14) "Main office" means the main address designated on the  
301 system;

302 ~~[(12)]~~ (15) "Mortgage broker" ~~(A)~~ means a person who ~~[,]~~ (i) for  
303 compensation or gain or ~~[in]~~ with the expectation of compensation or  
304 gain ~~[(A)]~~ (I) takes a residential mortgage loan application, or ~~[(B)]~~ (II)  
305 offers or negotiates terms of a residential mortgage loan, ~~[excluding]~~  
306 and (ii) is not the prospective source of the funds for the residential  
307 mortgage loan, (B) but does not include (i) an individual who is  
308 [sponsored by another] licensed as a mortgage loan originator acting  
309 as a mortgage loan originator on behalf of such mortgage loan  
310 originator's sponsoring mortgage lender, mortgage correspondent

311 lender, [or] mortgage broker or exempt registrant, or (ii) an individual  
312 exempt from mortgage loan originator licensure under subdivision (2)  
313 of subsection (b) of section 36a-486, as amended by this act, when  
314 acting within the scope of such exemption;

315 [(13)] (16) "Mortgage correspondent lender" means a person  
316 engaged in the business of making residential mortgage loans in such  
317 person's own name where the loans are not held by such person for  
318 more than ninety days and are funded by another person through a  
319 warehouse agreement, table funding agreement or similar agreement;

320 [(14)] (17) "Mortgage lender" means a person engaged in the  
321 business of making residential mortgage loans in such person's own  
322 name utilizing such person's own funds or by funding loans through a  
323 warehouse agreement, table funding agreement or similar agreement;

324 [(15)] (18) "Mortgage loan originator" means an individual who for  
325 compensation or gain or with the expectation of compensation or gain,  
326 either for such individual or for the person employing or retaining  
327 such individual, (A) takes a residential mortgage loan application, or  
328 (B) offers or negotiates terms of a residential mortgage loan. "Mortgage  
329 loan originator" does not include (i) an individual engaged solely as a  
330 loan processor or underwriter; (ii) a person who only performs real  
331 estate brokerage activities and is licensed in accordance with chapter  
332 392, unless the person is compensated by a mortgage lender, mortgage  
333 correspondent lender, mortgage broker or other mortgage loan  
334 originator or by any agent of such mortgage lender, mortgage  
335 correspondent lender, mortgage broker or other mortgage loan  
336 originator; (iii) a person solely involved in extensions of credit relating  
337 to timeshare plans, as that term is defined in Paragraph 53D of 11 USC  
338 101; or (iv) any individual who solely renegotiates terms for existing  
339 mortgage loans on behalf of a mortgagee and who does not otherwise  
340 act as a mortgage loan originator, unless the United States Department  
341 of Housing and Urban Development, the Bureau of Consumer  
342 Financial Protection or a court of competent jurisdiction determines  
343 that the S.A.F.E. Mortgage Licensing Act of 2008, 12 USC Section 5101

344 et seq., requires such individual to be licensed as a mortgage loan  
345 originator under state laws implementing said S.A.F.E. Mortgage  
346 Licensing Act;

347 [(16)] (19) "Office" means a branch office or a main office;

348 [(17)] (20) "Person" means a natural person, corporation, company,  
349 limited liability company, partnership or association;

350 [(18)] (21) "Principal amount of the loan" means the gross amount  
351 the borrower is obligated to repay including any prepaid finance  
352 charge that is financed, and any other charge that is financed;

353 [(19)] (22) "Real estate brokerage activity" means any activity that  
354 involves offering or providing real estate brokerage services to the  
355 public, including (A) acting as a real estate agent or real estate broker  
356 for a buyer, seller, lessor or lessee of real property; (B) bringing  
357 together parties interested in the sale, purchase, lease, rental or  
358 exchange of real property; (C) negotiating, on behalf of any party, any  
359 portion of a contract relating to the sale, purchase, lease, rental or  
360 exchange of real property, other than in connection with providing  
361 financing with respect to any such transaction; (D) engaging in any  
362 activity for which a person engaged in the activity is required to be  
363 registered or licensed as a real estate agent or real estate broker under  
364 any applicable law; and (E) offering to engage in any activity, or act in  
365 any capacity, described in this subdivision;

366 [(20)] (23) "Registered mortgage loan originator" means any  
367 individual who (A) meets the definition of mortgage loan originator  
368 and is an employee of a depository institution, a subsidiary that is  
369 owned and controlled by a depository institution and regulated by a  
370 federal banking agency, or an institution regulated by the Farm Credit  
371 Administration; and (B) is registered with and maintains a unique  
372 identifier through the system;

373 [(21)] (24) "Residential mortgage loan" means any loan primarily for  
374 personal, family or household use that is secured by a mortgage, deed

375 of trust or other equivalent consensual security interest on a dwelling  
376 [as defined in Section 103 of the Consumer Credit Protection Act, 15  
377 USC 1602,] or residential real estate upon which is constructed or  
378 intended to be constructed a dwelling; [, as so defined;]

379 [(22)] (25) "Residential real estate" means any real property located  
380 in this state, upon which is constructed or intended to be constructed a  
381 dwelling; [as defined in Section 103 of the Consumer Credit Protection  
382 Act, 15 USC 1602]

383 [(23)] (26) "Secondary mortgage loan" means a residential mortgage  
384 loan that is secured, in whole or in part, by a mortgage, provided such  
385 property is subject to one or more prior mortgages;

386 [(24)] (27) "Simulated check" means a document that imitates or  
387 resembles a check but is not a negotiable instrument;

388 [(25)] (28) "Sponsored" means employed or retained as an  
389 independent contractor;

390 [(26)] (29) "System" means the Nationwide Mortgage Licensing  
391 System and Registry developed and maintained by the Conference of  
392 State Bank Supervisors and the American Association of Residential  
393 Mortgage Regulators for the licensing and registration of mortgage  
394 lenders, mortgage correspondent lenders, mortgage brokers, mortgage  
395 loan originators and loan processors or underwriters;

396 [(27)] (30) "Table funding agreement" means an agreement wherein  
397 a person agrees to fund mortgage loans to be made in another person's  
398 name and to purchase such loans after they are made;

399 [(28)] (31) "Unique identifier" means a number or other identifier  
400 assigned by protocols established by the system; and

401 [(29)] (32) "Warehouse agreement" means an agreement to provide  
402 credit to a person to enable the person to have funds to make  
403 residential mortgage loans and hold such loans pending sale to other  
404 persons.

405 Sec. 8. Section 36a-486 of the 2012 supplement to the general statutes  
406 is repealed and the following is substituted in lieu thereof (*Effective*  
407 *October 1, 2012*):

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

432 (b) (1) No person licensed as a mortgage lender, mortgage  
433 correspondent lender or mortgage broker shall engage the services of a  
434 mortgage loan originator or of a loan processor or underwriter  
435 required to be licensed under [subdivision (3) of this subsection] this  
436 section unless such mortgage loan originator or loan processor or  
437 underwriter is licensed under section 36a-489, as amended by this act.  
438 An individual, unless specifically exempted under subdivision (2) of

439 this subsection, shall not engage in the business of a mortgage loan  
440 originator on behalf of a licensee or a person exempt under section 36a-  
441 487, as amended by this act, with respect to any residential mortgage  
442 loan without first obtaining and maintaining annually a license as a  
443 mortgage loan originator under section 36a-489, as amended by this  
444 act. An individual, unless specifically exempted under subdivision (2)  
445 of this subsection, shall be deemed to be engaged in the business of a  
446 mortgage loan originator if such individual: (A) Acts as a mortgage  
447 loan originator in connection with any residential mortgage loan on  
448 behalf of a licensee or person exempt under section 36a-487, as  
449 amended by this act; or (B) makes any representation to the public  
450 through advertising or other means of communication that such  
451 individual can or will act as a mortgage loan originator on behalf of a  
452 licensee or person exempt under section 36a-487, as amended by this  
453 act. Each licensed mortgage loan originator and each licensed loan  
454 processor or underwriter shall register with and maintain a valid  
455 unique identifier issued by the system. No individual may act as a  
456 mortgage loan originator for more than one person at the same time.  
457 No loan processor or underwriter licensee may be sponsored by more  
458 than one person at a time. The license of a mortgage loan originator or  
459 a loan processor or underwriter is not effective during any period  
460 when such mortgage loan originator or a loan processor or  
461 underwriter is not sponsored by a licensed mortgage lender, mortgage  
462 correspondent lender or mortgage broker, or by a person registered as  
463 an exempt registrant under subsection (c) of section 36a-487, as  
464 amended by this act, or during any period in which the license of the  
465 mortgage lender, mortgage correspondent lender or mortgage broker  
466 with whom such originator or loan processor or underwriter is  
467 associated has been suspended. Either the mortgage loan originator,  
468 the loan processor or underwriter or the sponsor may file a notification  
469 of the termination of sponsorship with the system.

470 (2) The following are exempt from this section: (A) A registered  
471 mortgage loan originator or an employee of an institution or  
472 subsidiary described in subdivision [(20)] (23) of section 36a-485, as

473 amended by this act, who is not required to be registered under  
474 Section 1507 of the S.A.F.E. Mortgage Licensing Act of 2008, 12 USC  
475 Section 5101 et seq., when acting for such institution or subsidiary; [ ]  
476 (B) an individual who offers or negotiates the terms of a residential  
477 mortgage loan with or on behalf of an immediate family member of  
478 such individual; [ ] (C) an individual who offers or negotiates the  
479 terms of a residential mortgage loan secured by a dwelling [ , as  
480 defined in Section 103 of the Consumer Credit Protection Act, 15 USC  
481 1602,] that served as the individual's residence, [and] unless the  
482 context demonstrates that such individual engaged in such activities  
483 with a degree of habitualness or repetition; (D) a licensed attorney who  
484 negotiates the terms of a residential mortgage loan on behalf of a client  
485 as an ancillary matter to the attorney's representation of the client,  
486 unless the attorney is compensated by a mortgage lender, mortgage  
487 correspondent lender, mortgage broker or other mortgage loan  
488 originator or by any agent of such mortgage lender, mortgage  
489 correspondent lender, mortgage broker or other mortgage loan  
490 originator; (E) an individual who takes a residential mortgage loan  
491 application or offers or negotiates terms of a residential mortgage loan  
492 as an employee of a federal, state or local government agency or  
493 housing finance agency exempt from licensure pursuant to section 36a-  
494 487, as amended by this act, and who does so only pursuant to such  
495 individual's official duties as an employee of such agency; (F) an  
496 individual who takes a residential mortgage loan application or offers  
497 or negotiates terms of a residential mortgage loan as an employee of an  
498 organization that has obtained bona fide nonprofit status from the  
499 commissioner and is exempt from licensure pursuant to section 36a-  
500 487, as amended by this act, and who does so only pursuant to such  
501 individual's official duties as an employee of such organization; and  
502 (G) an individual who offers or negotiates the terms of a residential  
503 mortgage loan secured by a dwelling that is not the individual's  
504 residence but is owned by such individual, unless the context  
505 demonstrates that such individual engaged in such activities with a  
506 degree of habitualness or repetition.

507 [(3) A loan processor or underwriter who is: (A) An independent  
508 contractor, or (B) employed by any person other than: (i) A licensed  
509 mortgage lender, mortgage correspondent lender or mortgage broker;  
510 or (ii) any person exempt from such licensure under subdivision (1) of  
511 subsection (a) of section 36a-487 may not engage in the activities of a  
512 loan processor or underwriter unless such loan processor or  
513 underwriter obtains and maintains a license as a loan processor or  
514 underwriter under section 36a-489.]

515 (3) No individual shall engage in the activities of a loan processor or  
516 underwriter unless such individual obtains and maintains a license as  
517 a loan processor or underwriter under section 36a-489, as amended by  
518 this act. The following individuals are exempt from the foregoing  
519 license requirement:

520 (A) An employee of a licensed mortgage lender, mortgage  
521 correspondent lender or mortgage broker who engages in loan  
522 processor or underwriter activities (i) in connection with residential  
523 mortgage loans either originated or made by such licensee, and (ii) at  
524 the direction of and subject to the supervision of a licensed mortgage  
525 loan originator of such licensee;

526 (B) An employee of a person exempt from licensure under  
527 subdivision (1) of subsection (a) of section 36a-487, as amended by this  
528 act, who engages in loan processor or underwriter activities at the  
529 direction of and subject to the supervision of either a licensed  
530 mortgage loan originator or a registered mortgage loan originator of  
531 such exempt person; or

532 (C) Any individual engaged, in any capacity in loan processor or  
533 underwriter activities in connection with a residential mortgage loan  
534 originated by an individual not required to be licensed or registered as  
535 a mortgage loan originator under part I of chapter 668.

536 (4) An individual engaging solely in loan processor or underwriter  
537 activities shall not represent to the public, through advertising or other  
538 means of communicating or providing information, including the use

539 of business cards, stationery, brochures, signs, rate lists or other  
540 promotional items, that such individual can or will perform any of the  
541 activities of a mortgage loan originator.

542 (c) If the United States Department of Housing and Urban  
543 Development, the Bureau of Consumer Financial Protection or a court  
544 of competent jurisdiction determines that the S.A.F.E. Mortgage  
545 Licensing Act of 2008, 12 USC Section 5101 et seq., requires an  
546 individual described in subparagraph (B) (iv) of subdivision [(15)] (18)  
547 of section 36a-485, as amended by this act, to be licensed as a mortgage  
548 loan originator under state laws implementing said S.A.F.E. Mortgage  
549 Licensing Act, such individual may continue to act in such individual's  
550 current capacity, provided such individual files an application for a  
551 mortgage loan originator license not later than the date sixty days from  
552 the date of such determination by the United States Department of  
553 Housing and Urban Development, the Bureau of Consumer Financial  
554 Protection or a court of competent jurisdiction.

555 (d) Each residential mortgage loan taken, offered, negotiated,  
556 solicited, arranged, placed, found, [or] made, processed or  
557 underwritten without a license shall constitute a separate violation for  
558 purposes of section 36a-50, as amended by this act.

559 Sec. 9. Section 36a-487 of the 2012 supplement to the general statutes  
560 is repealed and the following is substituted in lieu thereof (*Effective*  
561 *October 1, 2012*):

562 (a) The following are exempt from licensing as a mortgage lender,  
563 mortgage correspondent lender or mortgage broker under sections  
564 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-534a and  
565 36a-534b, as amended by this act: (1) Any bank, out-of-state bank,  
566 Connecticut credit union, federal credit union or out-of-state credit  
567 union, provided such bank or credit union is federally insured, any  
568 operating subsidiary of a federal bank or federally-chartered out-of-  
569 state bank or any wholly-owned subsidiary of a Connecticut bank or a  
570 Connecticut credit union; (2) any person licensed under sections 36a-

571 671 to 36a-671d, inclusive, or exempt from licensure under section 36a-  
572 671c, who is negotiating or offering to negotiate terms of a residential  
573 mortgage loan as authorized by said sections 36a-671 to 36a-671d,  
574 inclusive; and (3) any person engaged solely in providing loan  
575 processing or underwriting services to persons (A) licensed as a  
576 mortgage lender, mortgage correspondent lender or mortgage broker,  
577 or (B) exempt from such licensure under subdivision (1) of this  
578 subsection. Each wholly-owned subsidiary of a Connecticut bank or  
579 Connecticut credit union that engages in the business of making  
580 residential mortgage loans or acts as a mortgage broker in this state  
581 shall provide written notification to the commissioner prior to  
582 engaging in such activity.

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

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

590 (2) Bona fide nonprofit [corporations] organizations making  
591 residential mortgage loans [to] that promote home ownership for the  
592 economically disadvantaged;

593 (3) Agencies of the federal government, or any state or municipal  
594 government, or any [quasi-governmental] housing finance agency  
595 making residential mortgage loans under the specific authority of the  
596 laws of any state or the United States. For purposes of this subdivision,  
597 a "housing finance agency" means any authority: (A) Chartered by a  
598 state to help meet the affordable housing needs of the residents of the  
599 state; (B) supervised directly or indirectly by the state government; (C)  
600 subject to audit and review by the state in which it operates; and (D)  
601 whose activities make it eligible to be a member of the National  
602 Council of State Housing Agencies;

603 (4) Persons licensed under sections 36a-555 to 36a-573, inclusive,  
604 when making residential mortgage loans authorized by said sections;

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

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

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

613 (8) Persons acting as fiduciaries with respect to any employee  
614 pension benefit plan qualified under the Internal Revenue Code of  
615 1986, or any subsequent corresponding internal revenue code of the  
616 United States, as from time to time amended, who make residential  
617 mortgage loans solely to plan participants from plan assets; and

618 (9) Persons making secondary mortgage loans to [individuals  
619 related to the maker by blood or marriage] immediate family  
620 members.

621 (c) A bona fide nonprofit organization shall be exempt from  
622 licensing as a mortgage broker under sections 36a-485 to 36a-498f,  
623 inclusive, as amended by this act, 36a-534a and 36a-534b, as amended  
624 by this act, to the extent that such bona fide nonprofit organization acts  
625 as a mortgage broker in connection with residential mortgage loans to  
626 be exclusively made by persons covered by the exemption set forth in  
627 either subdivision (6) or (7) of subsection (b) of this section.

628 [(c)] (d) Any person exempt from licensure under this section may  
629 register on the system as an exempt registrant for purposes of  
630 sponsoring a mortgage loan originator or a loan processor or  
631 underwriter pursuant to subdivision (1) of subsection (b) of section  
632 36a-486, as amended by this act. Such registration shall not affect the

633 exempt status of such person.

634 (e) For purposes of this section, a "bona fide nonprofit organization"  
635 means an organization that has filed a written certified submission to  
636 the commissioner in a form prescribed by the commissioner and with  
637 such documentation as may be required by the commissioner and that  
638 demonstrates to the satisfaction of the commissioner that the  
639 organization: (A) Has the status of a tax-exempt organization under  
640 Section 501(c)(3) of the Internal Revenue Code of 1986, or any  
641 subsequent corresponding internal revenue code of the United States,  
642 as from time to time amended; (B) promotes affordable housing or  
643 provides home ownership education or similar services; (C) conducts  
644 its activities in a manner that serves public or charitable purposes  
645 rather than commercial purposes; (D) receives funding and revenue  
646 and charges fees in a manner that does not incentivize it or its  
647 employees to act other than in the best interests of its clients; (E)  
648 compensates its employees in a manner that does not incentivize  
649 employees to act other than in the best interests of its clients; (F)  
650 provides or identifies for the borrower residential mortgage loans (i)  
651 with terms favorable to the borrower, which means such terms must  
652 be consistent with loan origination in a public or charitable context, not  
653 a commercial context, and (ii) comparable to mortgage loans and  
654 housing assistance provided under government housing assistance  
655 programs; and (G) meets such other standards as the commissioner  
656 may by regulation require. Any organization that demonstrates to the  
657 satisfaction of the commissioner its status as a bona fide nonprofit  
658 organization shall, not later than December thirty-first of each year,  
659 submit to the commissioner a renewed certification and  
660 documentation to update all information last filed in support of such  
661 status and timely report any change in any information previously  
662 submitted.

663 Sec. 10. Subdivision (1) of subsection (a) of section 36a-488 of the  
664 2012 supplement to the general statutes is repealed and the following  
665 is substituted in lieu thereof (*Effective October 1, 2012*):

666 (a) (1) The commissioner shall not issue a mortgage lender license, a  
667 mortgage correspondent lender license or a mortgage broker license to  
668 any person unless such person meets the following tangible net worth  
669 and experience requirements, as applicable: (A) The minimum tangible  
670 net worth requirement for a mortgage lender shall be two hundred  
671 fifty thousand dollars and the minimum tangible net worth  
672 requirement for a mortgage correspondent lender and a mortgage  
673 broker shall be (i) prior to March 2, 2009, twenty-five thousand dollars,  
674 and (ii) on and after March 2, 2009, fifty thousand dollars, and (B) a  
675 mortgage lender, mortgage correspondent lender or mortgage broker  
676 shall have, at the main office for which the license is sought, a qualified  
677 individual and, at each branch office, a branch manager (i) who have  
678 supervisory authority over the lending or brokerage activities, (ii) who  
679 have at least three years' experience in the mortgage business within  
680 the five years immediately preceding the date of the application for the  
681 license, [and] (iii) who, effective April 1, 2010, have completed the  
682 prelicensing education requirement described in section 36a-489a, as  
683 amended by this act, and passed a written test that meets the test  
684 requirement described in section 36a-489a, as amended by this act, and  
685 (iv) who, effective November 1, 2012, are licensed as a mortgage loan  
686 originator under section 36a-489, as amended by this act. As used in  
687 this subdivision, "experience in the mortgage business" means paid  
688 experience in the origination, processing or underwriting of residential  
689 mortgage loans, the marketing of such loans in the secondary market  
690 or in the supervision of such activities, or any other relevant  
691 experience as determined by the commissioner.

692 Sec. 11. Subsection (a) of section 36a-489 of the 2012 supplement to  
693 the general statutes is repealed and the following is substituted in lieu  
694 thereof (*Effective October 1, 2012*):

695 (a) (1) The commissioner shall not issue an initial license for a  
696 mortgage lender, mortgage correspondent lender or mortgage broker  
697 unless the commissioner, at a minimum, finds that: (A) The applicant  
698 meets the requirements of subsection (a) of section 36a-488, as  
699 amended by this act; (B) notwithstanding the provisions of section 46a-

700 80, the applicant, the control persons of the applicant and the qualified  
701 individual or branch manager with supervisory authority at the office  
702 for which the license is sought have not been convicted of, or pled  
703 guilty or nolo contendere to, a felony in a domestic, foreign or military  
704 court during the seven-year period preceding the date of the  
705 application for licensing or at any time preceding the date of  
706 application if such felony involved an act of fraud, dishonesty, a  
707 breach of trust or money laundering, provided any pardon or  
708 expungement of a conviction shall not be a conviction for purposes of  
709 this subdivision; (C) the applicant demonstrates that the financial  
710 responsibility, character and general fitness of the applicant, the  
711 control persons of the applicant and the qualified individual or branch  
712 manager having supervisory authority over the office for which the  
713 license is sought are such as to command the confidence of the  
714 community and to warrant a determination that the applicant will  
715 operate honestly, fairly and efficiently within the purposes of sections  
716 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-534a and  
717 36a-534b, as amended by this act; (D) the applicant has met the surety  
718 bond requirement under section 36a-492; and (E) the applicant has not  
719 made a material misstatement in the application. If the commissioner  
720 fails to make such findings, the commissioner shall not issue a license,  
721 and shall notify the applicant of the denial and the reasons for such  
722 denial. For purposes of this subsection, the level of offense of the crime  
723 and the status of any conviction, pardon or expungement shall be  
724 determined by reference to the law of the jurisdiction where the case  
725 was prosecuted. In the event that such jurisdiction does not use the  
726 term "felony", "pardon" or "expungement", such terms shall include  
727 legally equivalent events.

728 (2) (A) The minimum standards for license renewal for a mortgage  
729 lender, mortgage correspondent lender or mortgage broker shall  
730 include the following: (i) The applicant continues to meet the  
731 minimum standards under subdivision (1) of this subsection; (ii)  
732 effective April 1, 2010, each qualified [person] individual and branch  
733 manager has completed the preclicensing education requirement

734 described in section 36a-489a, as amended by this act, and passed a  
735 written test that meets the test requirement described in section 36a-  
736 489a, as amended by this act, or has satisfied the annual continuing  
737 education requirements described in subsection (c) of section 36a-489a,  
738 as amended by this act, as applicable, and effective November 1, 2012,  
739 each qualified individual and branch manager is licensed as a  
740 mortgage loan originator and has completed any applicable continuing  
741 education requirements described in subsection (c) of section 36a-489a,  
742 as amended by this act; and (iii) the mortgage lender, mortgage  
743 correspondent lender or mortgage broker has paid all required fees for  
744 renewal of the license.

745 (B) The license of a mortgage lender, mortgage correspondent  
746 lender or mortgage broker failing to satisfy the minimum standards for  
747 license renewal shall expire. The commissioner may adopt procedures  
748 for the reinstatement of expired licenses consistent with the standards  
749 established by the system. The commissioner may automatically  
750 suspend a mortgage lender, mortgage correspondent lender or  
751 mortgage broker license if the licensee receives a deficiency on the  
752 system indicating that the payment required by subparagraph (A) of  
753 this subdivision was Returned-ACH or returned pursuant to such  
754 other term as may be utilized by the system to indicate that the  
755 payment was not accepted. After a license has been automatically  
756 suspended pursuant to this section, the commissioner shall give such  
757 licensee notice of the automatic suspension, pending proceedings for  
758 revocation or refusal to renew pursuant to section 36a-494, as amended  
759 by this act, and an opportunity for a hearing on such action in  
760 accordance with section 36a-51, and require such licensee to take or  
761 refrain from taking such action that, in the opinion of the  
762 commissioner, will effectuate the purposes of this section.

763 Sec. 12. Subdivision (1) of subsection (b) of section 36a-489 of the  
764 2012 supplement to the general statutes is repealed and the following  
765 is substituted in lieu thereof (*Effective October 1, 2012*):

766 (b) (1) The commissioner shall not issue an initial license for a

767 mortgage loan originator or a loan processor or underwriter unless the  
768 commissioner, at a minimum, finds that the applicant has: (A) Never  
769 had a mortgage loan originator or equivalent loan processor or  
770 underwriter license revoked in any governmental jurisdiction, except  
771 that a subsequent formal vacating of such revocation shall not be  
772 deemed a revocation; (B) notwithstanding the provisions of section  
773 46a-80, not been convicted of, or pled guilty or nolo contendere to, a  
774 felony in a domestic, foreign or military court during the seven-year  
775 period preceding the date of the application for licensing or at any  
776 time preceding such date of application if such felony involved an act  
777 of fraud, dishonesty, a breach of trust, or money laundering, provided  
778 any pardon or expungement of a conviction shall not be a conviction  
779 for purposes of this subdivision; (C) demonstrated financial  
780 responsibility, character and general fitness so as to command the  
781 confidence of the community and to warrant a determination that the  
782 mortgage loan originator or loan processor or underwriter will operate  
783 honestly, fairly and efficiently within the purposes of sections 36a-485  
784 to 36a-498f, inclusive, as amended by this act, 36a-534a and 36a-534b,  
785 as amended by this act; (D) for mortgage loan originator applicants,  
786 effective April 1, 2010, and for loan processor or underwriter  
787 applicants, effective October 1, 2011, completed the prelicensing  
788 education requirement described in section 36a-489a, as amended by  
789 this act, and passed a written test that meets the test requirement  
790 described in section 36a-489a, as amended by this act, and, effective  
791 November 1, 2012, for qualified individuals or branch managers  
792 seeking initial licensure as a mortgage loan originator, completed any  
793 continuing education required of them in their position as qualified  
794 individuals and branch managers pursuant to section 36a-489a, as  
795 amended by this act; (E) effective July 31, 2010, met the surety bond  
796 requirement under section 36a-492 and, effective October 1, 2011, in  
797 the case of a mortgage loan originator required to be licensed under  
798 section 36a-671e, met the surety bond requirements under sections 36a-  
799 492 and 36a-671d; and (F) not made a material misstatement in the  
800 application. If the commissioner denies an application for a mortgage  
801 loan originator or a loan processor or underwriter license, the

802 commissioner shall notify the applicant and may notify the sponsor or  
803 any other person the commissioner deems appropriate of the denial  
804 and the reasons for such denial. For purposes of this subsection, the  
805 level of offense of the crime and the status of any conviction, pardon or  
806 expungement shall be determined by reference to the law of the  
807 jurisdiction where the case was prosecuted. In the event that such  
808 jurisdiction does not use the term "felony", "pardon" or  
809 "expungement", those terms shall include legally equivalent events.

810 Sec. 13. Section 36a-489a of the 2012 supplement to the general  
811 statutes is repealed and the following is substituted in lieu thereof  
812 (*Effective October 1, 2012*):

813 (a) (1) In order to meet the prelicensing education and testing  
814 requirements referred to in sections 36a-488 and 36a-489, as amended  
815 by this act, an individual shall complete at least twenty hours of  
816 education approved in accordance with subdivision (2) of this  
817 subsection, which shall include at least (A) three hours of instruction  
818 on relevant federal law and regulations; (B) three hours of ethics,  
819 including instruction on fraud, consumer protection and fair lending  
820 issues; and (C) two hours of training related to lending standards for  
821 the nontraditional mortgage product marketplace.

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

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

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

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

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

846 (B) An individual who previously held a position as a qualified  
847 individual or branch manager subsequent to the applicable effective  
848 date of the prelicensing and testing requirements referred to in section  
849 36a-488, as amended by this act, at a time when such individual was  
850 not required to be licensed as a mortgage loan originator, may not hold  
851 such position again until such individual has completed all of the  
852 continuing education requirements for the year in which such  
853 individual last held such position and, effective November 1, 2012, has  
854 obtained the required mortgage loan originator license.

855 (b) (1) In order to meet the written test requirements referred to in  
856 sections 36a-488 and 36a-489, as amended by this act, an individual  
857 shall pass, in accordance with the standards established under this  
858 subsection, a qualified written test developed by the system and  
859 administered by a test provider approved by the system based upon  
860 reasonable standards.

861 (2) A written test shall not be treated as a qualified written test for  
862 purposes of subdivision (1) of this subsection unless the test  
863 adequately measures the individual's knowledge and comprehension  
864 in appropriate subject areas, including ethics, federal law and  
865 regulation pertaining to mortgage origination, state law and regulation

866 pertaining to mortgage origination, and federal and state law and  
867 regulation, including instruction on fraud, consumer protection, the  
868 nontraditional mortgage marketplace and fair lending issues.

869 (3) Nothing in this subsection shall prohibit a test provider  
870 approved by the system from providing a test at the location of the  
871 sponsor or employer, any subsidiary or affiliate of the sponsor or  
872 employer or any entity with which the individual holds an exclusive  
873 arrangement to conduct the business of a mortgage loan originator, [or  
874 acts as a qualified individual or branch manager.]

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

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

882 (C) (i) An individual who was licensed subsequent to the applicable  
883 effective date of the prelicensing and testing requirements referred to  
884 in section 36a-489, as amended by this act, who has not been licensed  
885 as a mortgage loan originator within the five-year period preceding the  
886 date of the filing of such individual's application for a mortgage loan  
887 originator license, not taking into account any time during which such  
888 individual is a registered mortgage loan originator, shall retake such  
889 test; and (ii) [a qualified individual or branch manager who held such  
890 a position after the effective date of prelicensing education and testing  
891 referred to in section 36a-488 and who has not held such position  
892 within the five-year period preceding the date of the filing on the  
893 system designating such individual as a qualified individual or branch  
894 manager shall retake such test, unless such individual was licensed as  
895 a mortgage loan originator during the five-year period preceding the  
896 date of the filing on the system designating such individual as a  
897 qualified individual or branch manager, not taking into account any

898 time during which such individual is a registered mortgage loan  
899 originator; and (iii)] effective October 1, 2011, an individual licensed as  
900 a loan processor or underwriter who applies to be licensed again shall  
901 retake the test if such individual has not been licensed as a loan  
902 processor or underwriter within the five-year period preceding the  
903 date of the filing of such application, not taking into account any time  
904 during which such individual is engaged in loan processing or  
905 underwriting but not required to be licensed under subdivision (3) of  
906 subsection (b) of section 36a-486, as amended by this act.

907 (c) (1) In order to meet the annual continuing education  
908 requirements referred to in subsections (a) and (b) of section 36a-489,  
909 as amended by this act, a licensed mortgage loan originator, a qualified  
910 individual or branch manager and, effective October 1, 2011, a licensed  
911 loan processor or underwriter, shall complete at least eight hours of  
912 education approved in accordance with subdivision (2) of this  
913 subsection. Such courses shall include at least (A) three hours of  
914 instruction on relevant federal law and regulation; (B) two hours of  
915 ethics, including instruction on fraud, consumer protection and fair  
916 lending issues; and (C) two hours of training related to lending  
917 standards for the nontraditional mortgage product marketplace.

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

923 (3) Nothing in this subsection shall preclude any education course  
924 approved by the system that is provided by the sponsor or employer  
925 or an entity that is affiliated with the mortgage loan originator,  
926 qualified individual or branch manager or, effective October 1, 2011,  
927 loan processor or underwriter by an agency contract, or by any  
928 subsidiary or affiliate of such sponsor, employer or entity.

929 (4) Continuing education may be offered either in a classroom,

930 online or by any other means approved by the system.

931 (5) Except as provided in procedures adopted under subsections (a)  
932 and (b) of section 36a-489, as amended by this act, or in regulations  
933 adopted under subdivision (9) of this subsection, a licensed mortgage  
934 loan originator, qualified individual or branch manager or, effective  
935 October 1, 2011, a licensed loan processor or underwriter, may only  
936 receive credit for a continuing education course in the year [in] for  
937 which the course is taken, and may not take the same approved course  
938 in the same or successive years to meet the annual requirements for  
939 continuing education.

940 (6) A licensed mortgage loan originator or a qualified individual or  
941 branch manager or, effective October 1, 2011, a licensed loan processor  
942 or underwriter who is an approved instructor of an approved  
943 continuing education course may receive credit for the licensee's own  
944 annual continuing education requirement at the rate of two hours  
945 credit for every one hour taught.

946 (7) When education requirements described in subdivision (1) of  
947 subsection (a) of this section are completed in another state, such out-  
948 of-state education requirements shall be accepted as credit towards  
949 completion of the education requirements of this state, provided such  
950 out-of-state education requirements are approved by the system.

951 (8) A licensed mortgage loan originator and, effective October 1,  
952 2011, a licensed loan processor or underwriter who subsequently  
953 becomes unlicensed must complete the continuing education  
954 requirements for the last year in which the license was held prior to  
955 issuance of an initial or renewed license. A qualified individual or  
956 branch manager who ceases to hold such position shall complete the  
957 continuing education requirements for the last year in which such  
958 individual or branch manager held such position prior to [holding  
959 such position again] licensure as a mortgage loan originator.

960 (9) A person who meets the requirements of subparagraphs (A)(i)  
961 and (A)(iii) of subdivision (2) of subsection (a) or (b) of section 36a-489,

962 as amended by this act, may compensate for any deficiency in an  
963 individual's continuing education requirements pursuant to  
964 regulations adopted by the commissioner.

965 (d) For purposes of this section "nontraditional mortgage product"  
966 means any mortgage product other than a thirty-year fixed rate  
967 mortgage.

968 Sec. 14. Subsections (a) and (b) of section 36a-494 of the 2012  
969 supplement to the general statutes are repealed and the following is  
970 substituted in lieu thereof (*Effective October 1, 2012*):

971 (a) (1) The commissioner may suspend, revoke or refuse to renew  
972 any mortgage lender, mortgage correspondent lender or mortgage  
973 broker license or take any other action, in accordance with the  
974 provisions of section 36a-51, for any reason which would be sufficient  
975 grounds for the commissioner to deny an application for such license  
976 under sections 36a-485 to 36a-498f, inclusive, as amended by this act,  
977 36a-534a and 36a-534b, as amended by this act, or if the commissioner  
978 finds that the licensee, any control person of the licensee, the qualified  
979 individual or branch manager with supervisory authority, trustee,  
980 employee or agent of such licensee has done any of the following: (A)  
981 Made any material misstatement in the application; (B) committed any  
982 fraud, misappropriated funds or misrepresented, concealed,  
983 suppressed, intentionally omitted or otherwise intentionally failed to  
984 disclose any of the material particulars of any residential mortgage  
985 loan transaction, including disclosures required by subdivision (6) of  
986 subsection (a) of section 36a-493, or part III of chapter 669 or  
987 regulations adopted pursuant thereto, to anyone entitled to such  
988 information; (C) violated any of the provisions of this title or of any  
989 regulations adopted pursuant thereto, or any other law or regulation  
990 applicable to the conduct of its business; or (D) failed to perform any  
991 agreement with a licensee or a borrower. For purposes of this  
992 subdivision, "agent" includes any settlement agent used by the licensee  
993 and "settlement agent" means the person specified in any HUD-1  
994 settlement statement or other settlement statement, provided such

995 settlement agent has been selected by the licensee. Any settlement  
996 agent whose name appears on the licensee's list of approved settlement  
997 agents shall be deemed selected by the licensee even if the settlement  
998 agent is selected from such list by the borrower.

999 (2) The commissioner may suspend, revoke or refuse to renew any  
1000 mortgage loan originator license or any loan processor or underwriter  
1001 license or take any other action, in accordance with the provisions of  
1002 section 36a-51, for any reason which would be sufficient grounds for  
1003 the commissioner to deny an application for such license under  
1004 sections 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-  
1005 534a and 36a-534b, as amended by this act, or if the commissioner  
1006 finds that the licensee has committed any fraud, misappropriated  
1007 funds, misrepresented, concealed, suppressed, intentionally omitted or  
1008 otherwise intentionally failed to disclose any of the material particulars  
1009 of any residential mortgage loan transaction or has violated any of the  
1010 provisions of this title or of any regulations adopted pursuant to such  
1011 title or any other law or regulation applicable to the conduct of such  
1012 licensee's business.

1013 (b) Whenever it appears to the commissioner that (1) any person has  
1014 violated, is violating or is about to violate any of the provisions of  
1015 sections 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-  
1016 534a and 36a-534b, as amended by this act, or any regulation adopted  
1017 pursuant thereto, (2) any person is, was, or would be a cause of the  
1018 violation of any such provisions or regulation due to an act or  
1019 omission such person knew or should have known would contribute  
1020 to such violation, or (3) any licensee has failed to perform any  
1021 agreement with a borrower, committed any fraud, misappropriated  
1022 funds or misrepresented, concealed, suppressed, intentionally omitted  
1023 or otherwise intentionally failed to disclose any of the material  
1024 particulars of any residential mortgage loan transaction, including  
1025 disclosures required by subdivision (6) of subsection (a) of section 36a-  
1026 493, or part III of chapter 669 or regulations adopted pursuant thereto,  
1027 to anyone entitled to such information, the commissioner may take  
1028 action against such person or licensee in accordance with sections 36a-

1029 50, as amended by this act, and 36a-52.

1030 Sec. 15. Subsection (a) of section 36a-498a of the general statutes is  
1031 repealed and the following is substituted in lieu thereof (*Effective*  
1032 *October 1, 2012*):

1033 (a) No mortgage lender licensee or mortgage correspondent lender  
1034 licensee under section 36a-489, as amended by this act, and no person  
1035 exempt from licensure under subdivision (1) of subsection (a) and  
1036 subdivisions (1), (4) and (5) of subsection (b) of section 36a-487, as  
1037 amended by this act, making a first mortgage loan may charge, impose  
1038 or cause to be paid, directly or indirectly, prepaid finance charges that  
1039 exceed in the aggregate, the greater of five per cent of the principal  
1040 amount of the loan or two thousand dollars. If the proceeds of the loan  
1041 are used to refinance an existing loan, the aggregate of the prepaid  
1042 finance charges for the current refinancing and any previous  
1043 financings by such licensee or exempt person or affiliate of such  
1044 licensee or exempt person within two years of the current refinancing  
1045 shall not exceed the greater of five per cent of the principal amount of  
1046 the initial loan or two thousand dollars. The provisions of this section  
1047 shall not prohibit such licensee or exempt person from charging,  
1048 imposing or causing to be paid, directly or indirectly, prepaid finance  
1049 charges in addition to those permitted by this section in connection  
1050 with any additional proceeds received by the borrower in the  
1051 refinancing, provided such prepaid finance charges on the additional  
1052 proceeds shall not exceed five per cent of the additional proceeds.

1053 Sec. 16. Subdivision (3) of subsection (c) of section 36a-534b of the  
1054 2012 supplement to the general statutes is repealed and the following  
1055 is substituted in lieu thereof (*Effective October 1, 2012*):

1056 (3) Any person making any filing or submission of any information  
1057 on the system shall do so in accordance with the procedures and  
1058 requirements of the system and pay the applicable fees or charges to  
1059 the system. Each mortgage lender, mortgage correspondent lender,  
1060 mortgage broker, mortgage loan originator and loan processor or

1061 underwriter licensee and each exempt registrant, to the extent required  
1062 by the system, shall timely submit to the system accurate reports of  
1063 condition that shall be in such form and shall contain such information  
1064 as the system may require. Failure by a licensee to submit a timely and  
1065 accurate report of condition shall constitute a violation of this  
1066 provision. Failure of an exempt registrant to timely and accurately  
1067 submit a report of condition shall form a basis to inactivate the licenses  
1068 of all sponsored mortgage loan originators or loan processor or  
1069 underwriters. To the extent that the system does not require  
1070 submission of reports of condition by individual mortgage loan  
1071 originator or loan processor or underwriter licensees, such individual  
1072 licensees shall timely and accurately report all required information in  
1073 their possession to their sponsor for purposes of their sponsor's  
1074 reporting obligation. Failure of an individual licensee to timely and  
1075 accurately report required information in their possession to their  
1076 sponsor shall constitute a violation of this provision.

1077       Sec. 17. Section 36a-534c of the general statutes is repealed and the  
1078 following is substituted in lieu thereof (*Effective October 1, 2012*):

1079       The Banking Commissioner shall submit to the joint standing  
1080 committee of the General Assembly having cognizance of matters  
1081 relating to banks three annual reports that shall include financial  
1082 statements of the State Regulatory Registry, LLC, concerning the  
1083 [Nationwide Mortgage Licensing System described in section 36a-  
1084 534b] system. Each such financial statement shall cover a twelve-  
1085 month period. The commissioner shall submit such reports for three  
1086 consecutive years not later than ten days after receipt of such financial  
1087 statements by the commissioner.

1088       Sec. 18. Section 36a-2 of the 2012 supplement to the general statutes  
1089 is repealed and the following is substituted in lieu thereof (*Effective*  
1090 *from passage*):

1091       As used in this title, unless the context otherwise requires:

1092       (1) "Affiliate" of a person means any person controlling, controlled

1093 by, or under common control with, that person;

1094 (2) "Applicant" with respect to any license or approval provision  
1095 pursuant to this title means a person who applies for that license or  
1096 approval;

1097 (3) "Automated teller machine" means a stationary or mobile  
1098 unattended device, including a satellite device but excluding a point of  
1099 sale terminal, at which banking transactions, including, but not limited  
1100 to, deposits, withdrawals, advances, payments or transfers, may be  
1101 conducted;

1102 (4) "Bank" means a Connecticut bank or a federal bank;

1103 (5) "Bank and trust company" means an institution chartered or  
1104 organized under the laws of this state as a bank and trust company;

1105 (6) "Bank holding company" has the meaning given to that term in  
1106 12 USC Section 1841(a), as amended from time to time, except that the  
1107 term "bank", as used in 12 USC Section 1841(a) includes a bank or out-  
1108 of-state bank that functions solely in a trust or fiduciary capacity;

1109 (7) "Capital stock" when used in conjunction with any bank or out-  
1110 of-state bank means a bank or out-of-state bank that is authorized to  
1111 accumulate funds through the issuance of its capital stock;

1112 (8) "Client" means a beneficiary of a trust for whom the Connecticut  
1113 bank acts as trustee, a person for whom the Connecticut bank acts as  
1114 agent, custodian or bailee, or other person to whom a Connecticut  
1115 bank owes a duty or obligation under a trust or other account  
1116 administered by such Connecticut bank, regardless of whether such  
1117 Connecticut bank owes a fiduciary duty to the person;

1118 (9) "Club deposit" means deposits to be received at regular intervals,  
1119 the whole amount deposited to be withdrawn by the owner or repaid  
1120 by the bank in not more than fifteen months from the date of the first  
1121 deposit, and upon which no interest or dividends need to be paid;

1122 (10) "Commissioner" means the Banking Commissioner and, with  
1123 respect to any function of the commissioner, includes any person  
1124 authorized or designated by the commissioner to carry out that  
1125 function;

1126 (11) "Company" means any corporation, joint stock company, trust,  
1127 association, partnership, limited partnership, unincorporated  
1128 organization, limited liability company or similar organization, but  
1129 does not include (A) any corporation the majority of the shares of  
1130 which are owned by the United States or by any state, or (B) any trust  
1131 which by its terms shall terminate within twenty-five years or not later  
1132 than twenty-one years and ten months after the death of beneficiaries  
1133 living on the effective date of the trust;

1134 (12) "Connecticut bank" means a bank and trust company, savings  
1135 bank or savings and loan association chartered or organized under the  
1136 laws of this state;

1137 (13) "Connecticut credit union" means a cooperative, nonprofit  
1138 financial institution that (A) is organized under chapter 667 and the  
1139 membership of which is limited as provided in section 36a-438a, (B)  
1140 operates for the benefit and general welfare of its members with the  
1141 earnings, benefits or services offered being distributed to or retained  
1142 for its members, and (C) is governed by a volunteer board of directors  
1143 elected by and from its membership;

1144 (14) "Connecticut credit union service organization" means a credit  
1145 union service organization that is incorporated under the laws of this  
1146 state, located in this state and established by at least one Connecticut  
1147 credit union;

1148 (15) "Consolidation" means a combination of two or more  
1149 institutions into a new institution; all institutions party to the  
1150 consolidation, other than the new institution, are "constituent"  
1151 institutions; the new institution is the "resulting" institution;

1152 (16) "Control" has the meaning given to that term in 12 USC Section

1153 1841(a), as amended from time to time;

1154 (17) "Credit union service organization" means an entity organized  
1155 under state or federal law to provide credit union service organization  
1156 services primarily to its members, to Connecticut credit unions, federal  
1157 credit unions and out-of-state credit unions other than its members,  
1158 and to members of any such other credit unions;

1159 (18) "Customer" means any person using a service offered by a  
1160 financial institution;

1161 (19) "Demand account" means an account into which demand  
1162 deposits may be made;

1163 (20) "Demand deposit" means a deposit that is payable on demand,  
1164 a deposit issued with an original maturity or required notice period of  
1165 less than seven days or a deposit representing funds for which the  
1166 bank does not reserve the right to require at least seven days' written  
1167 notice of the intended withdrawal, but does not include any time  
1168 deposit;

1169 (21) "Deposit" means funds deposited with a depository;

1170 (22) "Deposit account" means an account into which deposits may  
1171 be made;

1172 (23) "Depositor" includes a member of a mutual savings and loan  
1173 association;

1174 (24) "Director" means a member of the governing board of a  
1175 financial institution;

1176 (25) "Equity capital" means the excess of a Connecticut bank's total  
1177 assets over its total liabilities, as defined in the instructions of the  
1178 federal Financial Institutions Examination Council for consolidated  
1179 reports of condition and income;

1180 (26) "Executive officer" means every officer of a Connecticut bank

1181 who participates or has authority to participate, otherwise than in the  
1182 capacity of a director, in major policy-making functions of such bank,  
1183 regardless of whether such officer has an official title or whether that  
1184 title contains a designation of assistant and regardless of whether such  
1185 officer is serving without salary or other compensation. The president,  
1186 vice president, secretary and treasurer of such bank are deemed to be  
1187 executive officers, unless, by resolution of the governing board or by  
1188 such bank's bylaws, any such officer is excluded from participation in  
1189 major policy-making functions, otherwise than in the capacity of a  
1190 director of such bank, and such officer does not actually participate in  
1191 such policy-making functions;

1192 (27) "Federal agency" has the meaning given to that term in 12 USC  
1193 Section 3101, as amended from time to time;

1194 (28) "Federal bank" means a national banking association, federal  
1195 savings bank or federal savings and loan association having its  
1196 principal office in this state;

1197 (29) "Federal branch" has the meaning given to that term in 12 USC  
1198 Section 3101, as amended from time to time;

1199 (30) "Federal credit union" means any institution chartered or  
1200 organized as a federal credit union pursuant to the laws of the United  
1201 States having its principal office in this state;

1202 (31) "Fiduciary" means a person undertaking to act alone or jointly  
1203 with others primarily for the benefit of another or others in all matters  
1204 connected with its undertaking and includes a person acting in the  
1205 capacity of trustee, executor, administrator, guardian, assignee,  
1206 receiver, conservator, agent, custodian under the Connecticut Uniform  
1207 Gifts to Minors Act or the Uniform Transfers to Minors Act, and acting  
1208 in any other similar capacity;

1209 (32) "Financial institution" means any Connecticut bank,  
1210 Connecticut credit union, or other person whose activities in this state  
1211 are subject to the supervision of the commissioner, but does not

1212 include a person whose activities are subject to the supervision of the  
1213 commissioner solely pursuant to chapter 672a, 672b or 672c or any  
1214 combination thereof;

1215 (33) "Foreign bank" has the meaning given to that term in 12 USC  
1216 Section 3101, as amended from time to time;

1217 (34) "Foreign country" means any country other than the United  
1218 States and includes any colony, dependency or possession of any such  
1219 country;

1220 (35) "Governing board" means the group of persons vested with the  
1221 management of the affairs of a financial institution irrespective of the  
1222 name by which such group is designated;

1223 (36) "Holding company" means a bank holding company or a  
1224 savings and loan holding company, except, as used in sections 36a-180  
1225 to 36a-191, inclusive, "holding company" means a company that  
1226 controls a bank;

1227 (37) "Insured depository institution" has the meaning given to that  
1228 term in 12 USC Section 1813, as amended from time to time;

1229 (38) "Licensee" means any person who is licensed or required to be  
1230 licensed pursuant to the applicable provisions of this title;

1231 (39) "Loan" includes any line of credit or other extension of credit;

1232 (40) "Loan production office" means an office of a bank or out-of-  
1233 state bank, other than a foreign bank, whose activities are limited to  
1234 loan production and solicitation;

1235 ~~[(40)]~~ (41) "Merger" means the combination of one or more  
1236 institutions with another which continues its corporate existence; all  
1237 institutions party to the merger are "constituent" institutions; the  
1238 merging institution which upon the merger continues its existence is  
1239 the "resulting" institution;

1240        [(41)] ~~(42)~~ "Mutual" when used in conjunction with any institution  
1241 that is a bank or out-of-state bank means any such institution without  
1242 capital stock;

1243        [(42)] ~~(43)~~ "Mutual holding company" means a mutual holding  
1244 company organized under sections 36a-192 to 36a-199, inclusive, and  
1245 unless otherwise indicated, a subsidiary holding company controlled  
1246 by a mutual holding company organized under sections 36a-192 to  
1247 36a-199, inclusive;

1248        [(43) "Nationwide Mortgage Licensing System" means the nation-  
1249 wide mortgage licensing system implemented pursuant to a uniform  
1250 mortgage licensing project under the auspices of the Conference of  
1251 State Bank Supervisors and the American Association of Residential  
1252 Mortgage Regulators;]

1253        (44) "Out-of-state" includes any state other than Connecticut and  
1254 any foreign country;

1255        (45) "Out-of-state bank" means any institution that engages in the  
1256 business of banking, but does not include a bank, Connecticut credit  
1257 union, federal credit union or out-of-state credit union;

1258        (46) "Out-of-state credit union" means any credit union other than a  
1259 Connecticut credit union or a federal credit union;

1260        (47) "Out-of-state trust company" means any company chartered to  
1261 act as a fiduciary but does not include a company chartered under the  
1262 laws of this state, a bank, an out-of-state bank, a Connecticut credit  
1263 union, a federal credit union or an out-of-state credit union;

1264        (48) "Person" means an individual, company, including a company  
1265 described in subparagraphs (A) and (B) of subdivision (11) of this  
1266 section, or any other legal entity, including a federal, state or municipal  
1267 government or agency or any political subdivision thereof;

1268        (49) "Point of sale terminal" means a device located in a commercial  
1269 establishment at which sales transactions can be charged directly to the

1270 buyer's deposit, loan or credit account, but at which deposit  
1271 transactions cannot be conducted;

1272 (50) "Prepayment penalty" means any charge or penalty for paying  
1273 all or part of the outstanding balance owed on a loan before the date  
1274 on which the principal is due and includes computing a refund of  
1275 unearned interest by a method that is less favorable to the borrower  
1276 than the actuarial method, as defined by Section 933(d) of the Housing  
1277 and Community Development Act of 1992, 15 USC 1615(d), as  
1278 amended from time to time;

1279 (51) "Reorganized savings bank" means any savings bank  
1280 incorporated and organized in accordance with sections 36a-192 and  
1281 36a-193;

1282 (52) "Reorganized savings and loan association" means any savings  
1283 and loan association incorporated and organized in accordance with  
1284 sections 36a-192 and 36a-193;

1285 (53) "Reorganized savings institution" means any reorganized  
1286 savings bank or reorganized savings and loan association;

1287 (54) "Representative office" has the meaning given to that term in 12  
1288 USC Section 3101, as amended from time to time;

1289 (55) "Reserves for loan and lease losses" means the amounts  
1290 reserved by a Connecticut bank against possible loan and lease losses  
1291 as shown on the bank's consolidated reports of condition and income;

1292 (56) "Retail deposits" means any deposits made by individuals who  
1293 are not "accredited investors", as defined in 17 CFR 230.501(a);

1294 (57) "Satellite device" means an automated teller machine which is  
1295 not part of an office of the bank, Connecticut credit union or federal  
1296 credit union which has established such machine;

1297 (58) "Savings account" means a deposit account, other than an  
1298 escrow account established pursuant to section 49-2a, into which

1299 savings deposits may be made and which account must be evidenced  
1300 by periodic statements delivered at least semiannually or by a  
1301 passbook;

1302 (59) "Savings and loan association" means an institution chartered or  
1303 organized under the laws of this state as a savings and loan  
1304 association;

1305 (60) "Savings bank" means an institution chartered or organized  
1306 under the laws of this state as a savings bank;

1307 (61) "Savings deposit" means any deposit other than a demand  
1308 deposit or time deposit on which interest or a dividend is paid  
1309 periodically;

1310 (62) "Savings and loan holding company" has the meaning given to  
1311 that term in 12 USC Section 1467a, as amended from time to time;

1312 (63) "Share account holder" means a person who maintains a share  
1313 account in a Connecticut credit union, federal credit union or out-of-  
1314 state credit union that maintains in this state a branch, as defined in  
1315 section 36a-435b;

1316 (64) "State" means any state of the United States, the District of  
1317 Columbia, any territory of the United States, Puerto Rico, Guam,  
1318 American Samoa, the trust territory of the Pacific Islands, the Virgin  
1319 Islands and the Northern Mariana Islands;

1320 (65) "State agency" has the meaning given to that term in 12 USC  
1321 Section 3101, as amended from time to time;

1322 (66) "State branch" has the meaning given to that term in 12 USC  
1323 Section 3101, as amended from time to time;

1324 (67) "Subsidiary" has the meaning given to that term in 12 USC  
1325 Section 1841(d), as amended from time to time;

1326 (68) "Subsidiary holding company" means a stock holding company,

1327 controlled by a mutual holding company, that holds one hundred per  
1328 cent of the stock of a reorganized savings institution;

1329 (69) "Supervisory agency" means: (A) The commissioner; (B) the  
1330 Federal Deposit Insurance Corporation; (C) the Resolution Trust  
1331 Corporation; (D) the Office of Thrift Supervision; (E) the National  
1332 Credit Union Administration; (F) the Board of Governors of the  
1333 Federal Reserve System; (G) the United States Comptroller of the  
1334 Currency; (H) the Bureau of Consumer Financial Protection; and (I)  
1335 any successor to any of the foregoing agencies or individuals;

1336 (70) "Time account" means an account into which time deposits may  
1337 be made;

1338 (71) "Time deposit" means a deposit that the depositor or share  
1339 account holder does not have a right and is not permitted to make  
1340 withdrawals from within six days after the date of deposit, unless the  
1341 deposit is subject to an early withdrawal penalty of at least seven days'  
1342 simple interest on amounts withdrawn within the first six days after  
1343 deposit, subject to those exceptions permissible under 12 CFR Part 204,  
1344 as amended from time to time;

1345 (72) "Trust bank" means a Connecticut bank organized to function  
1346 solely in a fiduciary capacity; and

1347 (73) "Uninsured bank" means a Connecticut bank that does not  
1348 accept retail deposits and for which insurance of deposits by the  
1349 Federal Deposit Insurance Corporation or its successor agency is not  
1350 required.

1351 Sec. 19. Subdivision (1) of subsection (d) of section 36a-65 of the 2012  
1352 supplement to the general statutes is repealed and the following is  
1353 substituted in lieu thereof (*Effective from passage*):

1354 (d) (1) The fee for investigating and processing each application is as  
1355 follows:

1356 (A) Establishment of (i) a branch under subdivision (1) of subsection

1357 (b) of section 36a-145, two thousand dollars; (ii) a mobile branch under  
1358 subdivision (1) of subsection (d) of section 36a-145, one thousand five  
1359 hundred dollars; (iii) a limited branch under subdivision (1) of  
1360 subsection (c) of section 36a-145, one thousand five hundred dollars;  
1361 (iv) a special need limited branch under subdivision (4) of subsection  
1362 (c) of section 36a-145, five hundred dollars; (v) an out-of-state branch  
1363 under subsection (j) of section 36a-145, a reasonable fee not to exceed  
1364 two thousand dollars from which any fees paid to a state other than  
1365 this state or to a foreign country in connection with the establishment  
1366 shall be deducted; and (vi) an out-of-state limited branch or mobile  
1367 branch under subsection (j) of section 36a-145, a reasonable fee not to  
1368 exceed one thousand five hundred dollars from which any fees paid to  
1369 a state other than this state or to a foreign country in connection with  
1370 the establishment shall be deducted.

1371 (B) Sale of (i) a branch under subsection (i) of section 36a-145, two  
1372 thousand dollars, except there shall be no fee for the sale of a branch of  
1373 a Connecticut bank to another Connecticut bank or to a Connecticut  
1374 credit union; and (ii) a limited branch, including a special need limited  
1375 branch or mobile branch under subsection (i) of section 36a-145, a fee  
1376 not to exceed one thousand five hundred dollars.

1377 (C) Relocation of (i) a main office of a Connecticut bank under  
1378 subsection (a) of section 36a-81, two thousand dollars; and (ii) a branch  
1379 or a limited branch under subsections (g) and (k) of section 36a-145,  
1380 five hundred dollars.

1381 (D) Conversions from (i) a branch to a limited branch under  
1382 subdivision (3) of subsection (c) of section 36a-145; and (ii) a limited  
1383 branch to a branch under subdivision (3) of subsection (b) of section  
1384 36a-145, five hundred dollars.

1385 (E) Merger or consolidation involving a Connecticut bank under  
1386 section 36a-125 or subsection (a) of section 36a-126, two thousand five  
1387 hundred dollars if two institutions are involved and five thousand  
1388 dollars if three or more institutions are involved.

1389 (F) Acquisition of assets or business under section 36a-210, two  
1390 thousand five hundred dollars.

1391 (G) Organization of a holding company under section 36a-181, two  
1392 thousand five hundred dollars.

1393 (H) Organization of any Connecticut bank under section 36a-70,  
1394 including the conditional preliminary approval for an expedited bank,  
1395 fifteen thousand dollars, except no fee shall be required for the  
1396 organization of an interim Connecticut bank.

1397 (I) Reorganization of a mutual savings bank or mutual savings and  
1398 loan association into a mutual holding company under section 36a-192,  
1399 five thousand dollars.

1400 (J) Conversions under (i) sections 36a-135 to 36a-138, inclusive, five  
1401 thousand dollars; (ii) sections 36a-139, 36a-139a and 36a-469c, two  
1402 thousand five hundred dollars; and (iii) section 36a-139b, fifteen  
1403 thousand dollars.

1404 (K) Acquiring, altering or improving real estate for present or future  
1405 use in the business of the bank or purchasing real estate adjoining any  
1406 parcel of real estate owned by the bank under subdivision (33) of  
1407 subsection (a) of section 36a-250, five hundred dollars, except that no  
1408 fee shall be charged for such application if it is filed in connection with  
1409 an application to relocate a main office of a Connecticut bank under  
1410 subsection (a) of section 36a-81 or establish (i) a branch in this state  
1411 under subdivision (1) of subsection (b) of section 36a-145, (ii) a limited  
1412 branch in this state under subdivision (1) of subsection (c) of section  
1413 36a-145, or (iii) a branch or limited branch outside of this state under  
1414 subsection (j) of section 36a-145.

1415 (L) Investigation and processing an interstate banking transaction  
1416 application filed under section 36a-411 or 36a-412, as amended by this  
1417 act, two thousand five hundred dollars, unless the transaction  
1418 otherwise requires an investigation and processing fee under this  
1419 section.

1420 (M) Issuance of a final certificate of authority for an expedited  
1421 Connecticut bank, fifteen thousand dollars.

1422 (N) Establishment of a loan production office under subsection (o)  
1423 of section 36a-145, as amended by this act, or subsection (d) of section  
1424 36a-412, as amended by this act, one thousand dollars.

1425 Sec. 20. Subsection (a) of section 36a-145 of the general statutes is  
1426 repealed and the following is substituted in lieu thereof (*Effective from*  
1427 *passage*):

1428 (a) As used in this section:

1429 (1) "Branch" means any office at a fixed location of a Connecticut  
1430 bank, other than the main office, at which deposits are received, checks  
1431 paid and money lent and which, at a minimum, is open for banking  
1432 business Monday through Friday, except as provided in subsection (a)  
1433 of section 36a-23.

1434 (2) "Commercial activities" means activities in which a bank holding  
1435 company, as defined in 12 USC 1841(a)(1), a financial holding  
1436 company, as defined in 12 USC 1841(p), a national banking association  
1437 established under 12 USC 21, or a financial subsidiary of a national  
1438 bank established under 12 USC 24a, may not engage under federal  
1439 law.

1440 (3) "Consolidate" means to combine within the same neighborhood,  
1441 without substantially affecting the nature of the business or customers  
1442 served, (A) two or more branches into a single branch; (B) one or more  
1443 branches and one or more limited branches into a single branch or  
1444 limited branch; (C) two or more limited branches into a single limited  
1445 branch; or (D) one or more branches or limited branches into a main  
1446 office.

1447 (4) "Limited branch" means any office at a fixed location of a  
1448 Connecticut bank at which banking business is conducted other than  
1449 the main office, branch, [or] mobile branch or loan production office.

1450 (5) "Mobile branch" means any office of a Connecticut bank at which  
1451 banking business is conducted which is in fact moved or transported  
1452 to one or more predetermined locations in accordance with a  
1453 predetermined schedule.

1454 (6) "Relocate" means to move within the same immediate  
1455 neighborhood without substantially affecting the nature of the  
1456 business or customers served.

1457 Sec. 21. Section 36a-145 of the general statutes is amended by adding  
1458 subsection (o) as follows (*Effective from passage*):

1459 (NEW) (o) With the approval of the commissioner, a Connecticut  
1460 bank may establish a loan production office in this state.

1461 Sec. 22. Subsection (f) of section 36a-261 of the 2012 supplement to  
1462 the general statutes is repealed and the following is substituted in lieu  
1463 thereof (*Effective from passage*):

1464 (f) Notwithstanding the provisions of subdivision (2) of subsection  
1465 (h) of this section, the Connecticut bank, in its discretion and for such a  
1466 period as it deems advisable, may excuse the borrower on a mortgage  
1467 loan from amortization of the principal of such loan, provided the  
1468 governing board of the Connecticut bank, or a management committee  
1469 or board committee appropriately designated by such governing  
1470 board, has reviewed the particular mortgage loan and has determined  
1471 such action to be prudent under the circumstances.

1472 Sec. 23. Subsection (a) of section 36a-262 of the general statutes is  
1473 repealed and the following is substituted in lieu thereof (*Effective*  
1474 *October 1, 2012*):

1475 (a) Except as otherwise provided in this section, the total direct or  
1476 indirect liabilities of any one obligor that are not fully secured,  
1477 however incurred, to any Connecticut bank, exclusive of such bank's  
1478 investment in the investment securities of such obligor, shall not  
1479 exceed at the time incurred fifteen per cent of the equity capital and

1480 reserves for loan and lease losses of such bank. The total direct or  
1481 indirect liabilities of any one obligor that are fully secured, however  
1482 incurred, to any Connecticut bank, exclusive of such bank's investment  
1483 in the investment securities of such obligor, shall not exceed at the time  
1484 incurred ten per cent of the equity capital and reserves for loan and  
1485 lease losses of such bank, provided this limitation shall be separate  
1486 from and in addition to the limitation on liabilities that are not fully  
1487 secured. Notwithstanding any provision of this subsection, the  
1488 limitation on the liabilities of any one obligor shall take into account  
1489 the credit exposure to such obligor arising from a derivative  
1490 transaction. The commissioner shall have the authority to establish the  
1491 method for determining the credit exposure and the extent to which  
1492 the credit exposure shall be taken into account. As used in this  
1493 subsection, "derivative transaction" includes any transaction that is a  
1494 contract, agreement, swap, warrant, note or option that is based, in  
1495 whole or in part, on the value of any interest in, or any quantitative  
1496 measure or the occurrence of any event leading to, one or more  
1497 commodities, securities, currencies, interest or other rates, indices or  
1498 other assets. The commissioner may adopt regulations in accordance  
1499 with the provisions of chapter 54 establishing the method for  
1500 determining credit exposure to derivative transactions and the extent  
1501 to which the credit exposure shall be taken into account. For purposes  
1502 of this section, a liability shall be considered to be fully secured if it is  
1503 secured by readily marketable collateral having a market value, as  
1504 determined by reliable and continuously available price quotations, at  
1505 least equal to the amount of the liability. For purposes of determining  
1506 the limitations of this section, in computing the liabilities of an obligor,  
1507 a liability is incurred at the time of the closing of the transaction, unless  
1508 such closing is preceded by a legally binding written commitment to  
1509 enter into the transaction, in which case such liability is incurred at the  
1510 time of commitment and is net of any liabilities of the obligor to such  
1511 bank that will be paid with the proceeds of the commitment at the time  
1512 of closing. The limitations provided for in this subsection may be  
1513 exceeded for a period of time not to exceed six hours if at the closing of  
1514 any transaction at which such obligor incurs such liabilities to a

1515 Connecticut bank in excess of such limitations, such bank immediately  
1516 assigns or participates out to one or more other persons an amount  
1517 that constitutes not less than the excess over the applicable limitation.  
1518 Obligations as endorser or guarantor of negotiable or nonnegotiable  
1519 installment consumer paper which carry an agreement to repurchase  
1520 on default, unless the bank's sole recourse is to an agreed reserve held  
1521 by it, in which case the liability shall be excluded, a full recourse  
1522 endorsement or an unconditional guarantee by the person,  
1523 partnership, association or corporation transferring the same, shall be  
1524 subject under this section to a limitation of fifteen per cent of the bank's  
1525 equity capital and reserves for loan and lease losses in addition to the  
1526 applicable limitations of this section with respect to the makers of such  
1527 obligations; provided, upon certification by an officer of the bank  
1528 designated for that purpose by the governing board that the  
1529 responsibility of each maker of such obligations has been evaluated  
1530 and the bank is relying primarily upon each such maker for the  
1531 payment of such obligations, the limitations of this section as to the  
1532 obligations of each maker shall be the sole applicable loan limitation;  
1533 and provided such certification shall be in writing and shall be  
1534 retained as part of the records of such bank.

1535 Sec. 24. Section 36a-380 of the 2012 supplement to the general  
1536 statutes is repealed and the following is substituted in lieu thereof  
1537 (*Effective October 1, 2012*):

1538 (a) Except as provided in this section, no [corporation] entity, other  
1539 than a bank or out-of-state bank that maintains in this state a branch as  
1540 defined in section 36a-410, shall have or exercise in this state the power  
1541 to receive, by grant, assignment, transfer, devise, bequest or otherwise,  
1542 any money, securities or other personal property, or any interest in real  
1543 estate from any person [or corporation] in trust, to hold, manage or  
1544 dispose of the same for the benefit of any third person, [or  
1545 corporation,] or to accept or execute any such trust, unless such  
1546 [corporation] entity is specifically empowered so to act by a general  
1547 statute of this state or by a special act of the General Assembly. Any  
1548 [corporation] entity so empowered to act as trustee, other than such

1549 bank or out-of-state bank, shall, before so acting, obtain a license from  
1550 the commissioner as provided in subsection (b) of this section.

1551 (b) (1) Application for such license shall be in writing upon forms to  
1552 be furnished by the commissioner and shall contain the full name and  
1553 address of the applicant [corporation] entity and of each of its  
1554 principals and officers and a statement of the assets and liabilities of  
1555 such [corporation] entity in such form as the commissioner requires. If,  
1556 upon examination of such application and upon any further  
1557 investigation that the commissioner deems necessary, the  
1558 commissioner is satisfied that such [corporation] entity is solvent and  
1559 conducting its business according to law, the commissioner may issue  
1560 to such [corporation] entity a license to receive property in trust and to  
1561 execute and administer trusts to the extent and in the manner  
1562 authorized by the charter, certificate of incorporation, partnership  
1563 agreement, articles of association, articles of organization or similar  
1564 document, as applicable, of such [corporation] entity or by any general  
1565 or special law of this state, but not otherwise. If it appears to the  
1566 commissioner that any such applicant [corporation] entity is insolvent,  
1567 or that its business is being conducted contrary to law or to the  
1568 provisions of its charter, certificate of incorporation, partnership  
1569 agreement, articles of association, articles of organization or similar  
1570 document, as applicable, the commissioner shall refuse to issue such  
1571 license.

1572 (2) In connection with an application for such license and at any  
1573 other time, the commissioner may, in accordance with section 29-17a,  
1574 arrange for a criminal history records check requiring the  
1575 fingerprinting of each principal [, executive officer and director of the  
1576 corporation] and officer of the entity or conducting of any other  
1577 method of positive identification of such individuals required by the  
1578 State Police Bureau of Identification.

1579 (c) As used in sections 36a-380 to 36a-386, inclusive, as amended by  
1580 this act, "entity" means corporation, joint stock company, association,  
1581 partnership, limited partnership, unincorporated organization, limited

1582 liability company or similar organization, but does not include any  
1583 corporation of which the majority of the shares are owned by the  
1584 United States or by any state.

1585 Sec. 25. Section 36a-381 of the general statutes is repealed and the  
1586 following is substituted in lieu thereof (*Effective October 1, 2012*):

1587 The provisions of sections 36a-380 to 36a-386, inclusive, as amended  
1588 by this act, shall not apply to the administration of: (1) Any trust for  
1589 cemetery purposes by an incorporated cemetery association; (2) any  
1590 charitable, religious or educational trust by [a corporation] an entity  
1591 organized for charitable, religious or educational purposes; (3) any  
1592 trust by a life insurance company of the proceeds of its insurance  
1593 policies; (4) any trust by [a corporation] an entity without  
1594 compensation and not as a part of its regular business; (5) any trust in  
1595 real or personal property the trustee of which is a corporation acting  
1596 pursuant to the provisions of section 45a-206; (6) any trust the trustee  
1597 of which is [a corporation] acting as trustee under mortgage pursuant  
1598 to the provisions of section 36a-395; or (7) any trust the trustee of  
1599 which is [a corporation] an out-of-state trust company acting pursuant  
1600 to section 36a-434a.

1601 Sec. 26. Section 36a-382 of the general statutes is repealed and the  
1602 following is substituted in lieu thereof (*Effective October 1, 2012*):

1603 The commissioner shall annually or more often examine each  
1604 [corporation] entity licensed under sections 36a-380 to 36a-386,  
1605 inclusive, as amended by this act, and special acts 93-12, 93-19 and 93-  
1606 20, any provision in the charter of any such [corporation] entity to the  
1607 contrary notwithstanding, and shall require that such [corporation]  
1608 entity file an annual report in such form as the commissioner may  
1609 prescribe and such other reports as the commissioner may require.  
1610 Each such licensed [corporation] entity shall pay the cost of such  
1611 examination as determined by the commissioner and shall, in addition,  
1612 pay to the commissioner an annual license fee of one hundred dollars.  
1613 Such license fee shall be payable [on] not later than the thirtieth day of

1614 June in each year and the fee for licenses granted upon any other date  
1615 shall be prorated to the thirtieth day of June next following the  
1616 issuance thereof, provided no fee for the unexpired portion of any  
1617 license year shall be less than twenty dollars.

1618 Sec. 27. Section 36a-383 of the general statutes is repealed and the  
1619 following is substituted in lieu thereof (*Effective October 1, 2012*):

1620 If it at any time appears to the commissioner that any [corporation]  
1621 entity so licensed has failed to comply with a cease and desist order  
1622 issued by the commissioner or is insolvent or likely to become  
1623 insolvent, the commissioner may revoke such license in accordance  
1624 with section 36a-51 and apply to the superior court for the judicial  
1625 district of Hartford or the judicial district in which such [corporation]  
1626 entity is located for an injunction restraining such [corporation] entity  
1627 from continuing to receive property in trust and restraining it from  
1628 administering any and all trusts including such as may be then in force  
1629 and effect, and for an order appointing some suitable person to  
1630 succeed such [corporation] entity as trustee of any trust property then  
1631 in its possession or in or to which it has any right, title, interest or  
1632 claim, or for any other or further order as appears to the court as  
1633 necessary or advisable to protect and secure the interests of the  
1634 beneficiaries of any such trust property. The court, after reasonable  
1635 notice to such [corporation] entity and hearing thereon, may issue such  
1636 injunction or other order or grant such other equitable relief as the  
1637 facts may warrant and, pending such hearing, the court may issue such  
1638 temporary injunction or restraining order as the court deems equitable.

1639 Sec. 28. Section 36a-384 of the general statutes is repealed and the  
1640 following is substituted in lieu thereof (*Effective October 1, 2012*):

1641 The securities and investments of each trust committed to any such  
1642 [corporation] entity so licensed shall be set apart and segregated and  
1643 shall not be mingled with the securities and investments of any other  
1644 trust or of the [corporation] entity. Any undistributed or temporarily  
1645 uninvested cash held by such [corporation] entity as trustee shall be

1646 deposited in the name of the trust or in the name of the [corporation]  
1647 entity as trustee in a bank, provided, when any such undistributed or  
1648 uninvested cash is deposited in the name of the [corporation] entity as  
1649 trustee, such deposits shall be so identified on the books of the  
1650 [corporation] entity as to disclose the beneficial ownership thereof.

1651 Sec. 29. Section 36a-385 of the general statutes is repealed and the  
1652 following is substituted in lieu thereof (*Effective October 1, 2012*):

1653 No such [corporation] entity so licensed shall use, either as a part of  
1654 its name, or as a prefix or suffix thereto, or as a designation of the  
1655 business carried on by it, the word "bank", "banking", "banker",  
1656 "bankers", "trust" or "savings", notwithstanding any provision of the  
1657 charter, certificate of incorporation, partnership agreement, articles of  
1658 association, articles of organization or similar document, as applicable,  
1659 of any such [corporation to the contrary] entity.

1660 Sec. 30. Subdivision (2) of subsection (a) of section 36a-412 of the  
1661 general statutes is repealed and the following is substituted in lieu  
1662 thereof (*Effective from passage*):

1663 (2) Any out-of-state bank, other than a foreign bank, may, with the  
1664 approval of the commissioner, and in accordance with the provisions  
1665 of this subdivision, establish a de novo branch in this state. [Such  
1666 establishment shall not take place unless the laws of the home state of  
1667 such out-of-state bank authorize, under conditions no more restrictive  
1668 than those imposed by the laws of this state, as determined by the  
1669 commissioner, a bank to establish a de novo branch in the home state  
1670 of such out-of-state bank, provided the commissioner may waive such  
1671 reciprocity requirement for the establishment of a de novo branch the  
1672 activities of which are limited to the exercise of fiduciary or trust  
1673 powers if the commissioner finds that such establishment will result in  
1674 net new benefits to this state. Any request for such waiver of  
1675 reciprocity submitted by an out-of-state bank shall include a detailed  
1676 statement of the reasons for the request and statistical and other  
1677 information to support a finding of such net new benefits.] Any such

1678 establishment shall be effected in accordance with and subject to the  
1679 filing requirements and any limitations imposed by section 36a-145, as  
1680 amended by this act. Any such out-of-state bank that engages in  
1681 business in this state shall comply with the requirements of section  
1682 33-920 or subsection (a) of section 33-1210. Before approving any such  
1683 establishment, the commissioner shall make such considerations,  
1684 determinations and findings as required by section 36a-145, as  
1685 amended by this act, and, in addition, shall consider whether such  
1686 establishment can reasonably be expected to produce benefits to the  
1687 public and whether such benefits clearly outweigh possible adverse  
1688 effects, including, but not limited to, an undue concentration of  
1689 resources and decreased or unfair competition. The commissioner shall  
1690 not approve such establishment unless the commissioner considers  
1691 whether: (A) The investment and lending policies of the out-of-state  
1692 bank are consistent with safe and sound banking practices and will  
1693 benefit the economy of this state; (B) the proposed services of the  
1694 branch are consistent with safe and sound banking practices and will  
1695 benefit the economy of this state; (C) the establishment will not  
1696 substantially lessen competition in this state; (D) the out-of-state bank  
1697 is adequately managed and will continue to be adequately managed  
1698 upon establishment of such branch; and (E) the out-of-state bank is in  
1699 compliance with applicable minimum capital requirements. The  
1700 commissioner shall not approve such establishment unless the  
1701 commissioner makes the findings required by section 36a-34. An  
1702 out-of-state bank which has established a de novo branch in this state  
1703 in accordance with this subdivision may establish additional branches  
1704 in this state, [ provided the activities of such additional branches of an  
1705 out-of-state bank for which the commissioner waived such reciprocity  
1706 requirement shall be limited to the exercise of fiduciary or trust  
1707 powers. As used in this subdivision, "net new benefits" means (i) initial  
1708 capital investments, including any new construction, (ii) job creation  
1709 plans, including, but not limited to, the number of jobs to be created  
1710 and the average wage rates for each category of such jobs, (iii) the  
1711 potential for increasing state and municipal tax revenues from  
1712 increased economic activity and increased employment, (iv) consumer

1713 and business services and other benefits to the state, local community  
1714 and citizens, and (v) such other matters as the commissioner may  
1715 deem necessary or advisable.]

1716 Sec. 31. Section 36a-412 of the general statutes is amended by adding  
1717 subsection (d) as follows (*Effective from passage*):

1718 (NEW) (d) With the approval of the commissioner, any out-of-state  
1719 bank, other than a foreign bank, may establish a loan production office  
1720 in this state.

1721 Sec. 32. Subdivision (1) of subsection (i) of section 47a-21 of the 2012  
1722 supplement to the general statutes is repealed and the following is  
1723 substituted in lieu thereof (*Effective from passage*):

1724 (i) (1) On and after July 1, 1993, each landlord other than a landlord  
1725 of a residential unit in any building owned or controlled by any  
1726 educational institution and used by such institution for the purpose of  
1727 housing students of such institution and their families, and each  
1728 landlord or owner of a mobile manufactured home or of a mobile  
1729 manufactured home space or lot or park, as such terms are defined in  
1730 subdivisions (1), (2) and (3) of section 21-64, shall pay interest on each  
1731 security deposit received by [him] such landlord at a rate of not less  
1732 than the average rate paid, as of December 30, 1992, on savings  
1733 deposits by insured commercial banks as published in the Federal  
1734 Reserve Board Bulletin rounded to the nearest one-tenth of one  
1735 percentage point, except in no event shall the rate be less than one and  
1736 one-half per cent. On and after January 1, [2012] 1994, the rate for each  
1737 calendar year shall be not less than the deposit index, as defined in  
1738 subdivision (2) of this subsection, for that year, except in no event shall  
1739 the rate be less than one and one-half per cent. On and after January 1,  
1740 2012, the rate for each calendar year shall be not less than the deposit  
1741 index, as defined in subdivision (2) of this subsection, for that year. On  
1742 the anniversary date of the tenancy and annually thereafter, such  
1743 interest shall be paid to the tenant or resident or credited toward the  
1744 next rental payment due from the tenant or resident, as the landlord or

1745 owner shall determine. If the tenancy is terminated before the  
 1746 anniversary date of such tenancy, or if the landlord or owner returns  
 1747 all or part of a security deposit prior to termination of the tenancy, the  
 1748 landlord or owner shall pay the accrued interest to the tenant or  
 1749 resident not later than thirty days after such termination or return. In  
 1750 any case where a tenant or resident has been delinquent for more than  
 1751 ten days in the payment of any monthly rent, such resident or tenant  
 1752 shall forfeit any interest that would otherwise be payable to such  
 1753 resident or tenant for that month, except that there shall be no such  
 1754 forfeiture if, pursuant to a provision of the rental agreement, a late  
 1755 charge is imposed for failure to pay such rent within the time period  
 1756 provided by section 47a-15a. No landlord or owner shall increase the  
 1757 rent due on any quarters or property subject to the provisions of this  
 1758 section because of the requirement that interest be paid on any security  
 1759 deposit made with respect to such quarters or property.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2012</i>	36a-489(e)
Sec. 2	<i>October 1, 2012</i>	36a-534b(a)(1)
Sec. 3	<i>from passage</i>	36a-628(c)
Sec. 4	<i>October 1, 2012</i>	36a-17
Sec. 5	<i>October 1, 2012</i>	36a-50
Sec. 6	<i>October 1, 2012</i>	36a-3
Sec. 7	<i>October 1, 2012</i>	36a-485
Sec. 8	<i>October 1, 2012</i>	36a-486
Sec. 9	<i>October 1, 2012</i>	36a-487
Sec. 10	<i>October 1, 2012</i>	36a-488(a)(1)
Sec. 11	<i>October 1, 2012</i>	36a-489(a)
Sec. 12	<i>October 1, 2012</i>	36a-489(b)(1)
Sec. 13	<i>October 1, 2012</i>	36a-489a
Sec. 14	<i>October 1, 2012</i>	36a-494(a) and (b)
Sec. 15	<i>October 1, 2012</i>	36a-498a(a)
Sec. 16	<i>October 1, 2012</i>	36a-534b(c)(3)
Sec. 17	<i>October 1, 2012</i>	36a-534c
Sec. 18	<i>from passage</i>	36a-2
Sec. 19	<i>from passage</i>	36a-65(d)(1)

Sec. 20	<i>from passage</i>	36a-145(a)
Sec. 21	<i>from passage</i>	36a-145
Sec. 22	<i>from passage</i>	36a-261(f)
Sec. 23	<i>October 1, 2012</i>	36a-262(a)
Sec. 24	<i>October 1, 2012</i>	36a-380
Sec. 25	<i>October 1, 2012</i>	36a-381
Sec. 26	<i>October 1, 2012</i>	36a-382
Sec. 27	<i>October 1, 2012</i>	36a-383
Sec. 28	<i>October 1, 2012</i>	36a-384
Sec. 29	<i>October 1, 2012</i>	36a-385
Sec. 30	<i>from passage</i>	36a-412(a)(2)
Sec. 31	<i>from passage</i>	36a-412
Sec. 32	<i>from passage</i>	47a-21(i)(1)

**BA**      *Joint Favorable Subst.*