



**Substitute Senate Bill No. 67**

**Public Act No. 12-96**

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

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

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 Subsection (e) of section 36a-489 of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2012*):

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

Sec. 2. Subdivision (1) of subsection (a) of section 36a-534b of the

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2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2012*):

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

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procedures.

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

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

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

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

(b) Any Connecticut bank, Connecticut credit union or Connecticut

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credit union service organization which causes or has caused any electronic data processing services to be performed for such bank, credit union or credit union service organization either on or off its premises by an electronic data processing servicer shall enter into a written contract with such servicer. Such contract shall specify the duties and responsibilities of the bank, credit union or credit union service organization and such servicer and provide that such servicer shall allow the commissioner to examine such servicer's books, records and computer systems in accordance with this subsection, if required by the commissioner. The Connecticut bank, Connecticut credit union or Connecticut credit union service organization shall promptly notify the commissioner of any material change in its electronic data processing services. The commissioner may examine the books, records and computer systems of any electronic data processing servicer that performs electronic data processing services for a Connecticut bank, Connecticut credit union or Connecticut credit union service organization, if such services substantially impact the operations of the Connecticut bank, Connecticut credit union or Connecticut credit union service organization as determined by the commissioner, in order to (1) determine whether such servicer has the capacity to protect the customer information of such bank, credit union or credit union service organization, and (2) assess such servicer's potential for continued service. The commissioner may assess a fee of one hundred fifty dollars per day plus costs for each examiner who conducts such examination, the total cost of which the commissioner may allocate on a pro rata basis to all Connecticut banks, Connecticut credit unions and Connecticut credit union service organizations under contract with such servicer.

(c) For the purpose of any investigation, examination or proceeding under this title the commissioner may administer oaths and affirmations, subpoena witnesses, compel attendance of witnesses, take evidence, require written statements and require the production

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of any records which the commissioner deems relevant or material. The commissioner may require that certified copies of any such records be provided to the commissioner at the commissioner's office. The commissioner may issue subpoenas in this state at the request of another state, provided (1) the activities concerning which the information is sought would constitute a basis for an investigation, examination or proceeding under this title had such activities occurred in this state, and (2) such other state has reciprocal legal authority to issue subpoenas in such state on behalf of the commissioner.

(d) Any person who is the subject of any such investigation, examination or proceeding shall make its records available to the commissioner in readable form; provide personnel and equipment necessary, including, but not limited to, assistance in the analysis of computer-generated records; provide copies or computer printouts of records when so requested; furnish unrestricted access to all areas of its principal place of business or wherever records may be located; and otherwise cooperate with the commissioner.

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

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

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

(a) (1) Whenever the commissioner finds as the result of an investigation that any person has violated any provision of the general statutes within the jurisdiction of the commissioner, or any regulation, rule or order adopted or issued thereunder, the commissioner may send a notice to such person by registered or certified mail, return receipt requested, or by any express delivery carrier that provides a dated delivery receipt. The notice shall be deemed received by the person on the earlier of the date of actual receipt or seven days after mailing or sending. Any such notice shall include: (A) A statement of the time, place, and nature of the hearing; (B) a statement of the legal authority and jurisdiction under which the hearing is to be held; (C) a reference to the particular sections of the general statutes, regulations, rules or orders alleged to have been violated; (D) a short and plain statement of the matters asserted; (E) the maximum penalty that may be imposed for such violation; and (F) a statement indicating that such person may file a written request for a hearing on the matters asserted [within] not later than fourteen days [of] after receipt of the notice.

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

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

(b) Whenever it appears to the commissioner that any such person has violated, is violating or is about to violate any such provision, regulation, rule or order, the commissioner may, in the commissioner's discretion and in addition to any other remedy authorized by law: (1) Bring an action in the superior court for the judicial district of Hartford to enjoin the acts or practices and to enforce compliance with any such provision, regulation, rule or order. Upon a proper showing, a permanent or temporary injunction, restraining order or writ of mandamus shall be granted and a receiver or conservator may be appointed for such person or such person's assets. The court shall not require the commissioner to post a bond; (2) seek a court order imposing a penalty not to exceed one hundred thousand dollars per violation against any such person found to have violated any such provision, regulation, rule or order; or (3) apply to the superior court for the judicial district of Hartford for an order of restitution whereby such person shall be ordered to make restitution of any sums shown by the commissioner to have been obtained by such person in violation of any such provision, regulation, rule or order, plus interest at the rate set forth in section 37-3a. Such restitution shall, at the option of the court, be payable to the receiver or conservator appointed pursuant to this subsection, or directly to the person whose assets were obtained in violation of any such provision, regulation, rule or order. Whenever the commissioner prevails in any action brought under this subsection, the court may allow to the state its costs.

(c) Whenever the commissioner finds as the result of an investigation that any person has violated any provision of the general statutes within the jurisdiction of the commissioner, or any regulation, rule or order adopted or issued under such provisions, the commissioner may, in addition to any other remedy authorized by

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law, order such person to (1) make restitution of any sums shown to have been obtained in violation of any such provision, regulation, rule or order plus interest at the legal rate set forth in section 37-1; (2) provide disgorgement of any sums shown to have been obtained in violation of any such provision, regulation, rule or order; or (3) both make restitution and provide disgorgement in accordance with subdivisions (1) and (2) of this subsection. After the commissioner issues such an order, the person named in the order may, not later than fourteen days after the receipt of such order, file a written request for a hearing. The order shall be deemed received by the person on the earlier of the date of actual receipt or seven days after mailing or sending. Any such hearing shall be held in accordance with the provisions of chapter 54.

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

Sec. 6. Section 36a-3 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2012*):

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

"Account". Sections 36a-155 and 36a-365.

"Additional proceeds". Section 36a-746e.

"Administrative expense". Section 36a-237.

"Advance fee". Sections 36a-485, as amended by this act, and 36a-615.

"Advertise", [or] "advertisement" or "advertising". Section 36a-485, as amended by this act.

"Agency bank". Section 36a-285.

"Agent". Section 36a-494, as amended by this act.

"Alternative mortgage loan". Section 36a-265.

"Amount financed". Section 36a-690.

"Annual percentage rate". Section 36a-690.

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- "Annual percentage yield". Section 36a-316.
- "Annuities". Section 36a-455a.
- "Applicant". Section 36a-736.
- "APR". Section 36a-746a.
- "Assessment area". Section 36a-37.
- "Assets". Section 36a-70.
- "Associate". Section 36a-184.
- "Associated member". Section 36a-458a.
- "Bank". Section 36a-30.
- "Bankers' bank". Section 36a-70.
- "Banking business". Section 36a-425.
- "Basic services". Section 36a-437a.
- "Billing cycle". Section 36a-565.
- "Bona fide nonprofit organization". Section 36a-487, as amended by this act, and section 36a-655.
- "Branch". Sections 36a-145, as amended by this act, 36a-410 and 36a-435b.
- "Branch office". Section 36a-485, as amended by this act.
- "Branch or agency net payment entitlement". Section 36a-428n.
- "Branch or agency net payment obligation". Section 36a-428n.
- "Broker". Section 36a-746a.
- "Business and industrial development corporation". Section 36a-626.
- "Business and property in this state". Section 36a-428n.
- "Capital". Section 36a-435b.
- "Cash advance". Section 36a-564.
- "Cash price". Section 36a-770.
- "Certificate of incorporation". Section 36a-435b.
- "CHFA loan". Section 36a-760.
- "Clerical or support duties". Section 36a-485, as amended by this act.
- "Closely related activities". Sections 36a-250 and 36a-455a.
- "Collective managing agency account". Section 36a-365.
- "Commercial vehicle". Section 36a-770.
- "Community bank". Section 36a-70.

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"Community credit union". Section 36a-37.  
"Community development bank". Section 36a-70.  
"Community reinvestment performance". Section 36a-37.  
"Connecticut holding company". Sections 36a-53 and 36a-410.  
"Consolidate". Section 36a-145, as amended by this act.  
"Construction loan". Section 36a-458a.  
"Consumer". Sections 36a-155, 36a-676 and 36a-695.  
"Consumer Credit Protection Act". Section 36a-676.  
"Consumer debtor" and "debtor". Sections 36a-645 and 36a-800.  
"Consumer collection agency". Section 36a-800.  
"Consummation". Section 36a-746a.  
"Control person". Section 36a-485, as amended by this act.  
"Controlling interest". Section 36a-276.  
"Conventional mortgage rate". Section 36a-760.  
"Corporate". Section 36a-435b.  
"Credit". Sections 36a-645 and 36a-676.  
"Credit manager". Section 36a-435b.  
"Creditor". Sections 36a-676, 36a-695 and 36a-800.  
"Credit card", "cardholder" and "card issuer". Section 36a-676.  
"Credit clinic". Section 36a-700.  
"Credit rating agency". Section 36a-695.  
"Credit report". Section 36a-695.  
"Credit sale". Section 36a-676.  
"Credit union service organization". Section 36a-435b.  
"Credit union service organization services". Section 36a-435b.  
"De novo branch". Section 36a-410.  
"Debt". Section 36a-645.  
"Debt adjustment". Section 36a-655.  
"Debt mutual fund". Sections 36a-275 and 36a-459a.  
"Debt securities". Sections 36a-275 and 36a-459a.  
"Debtor". Section 36a-655.  
"Deliver". Section 36a-316.

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"Deposit". Section 36a-316.  
"Deposit account". Section 36a-316.  
"Deposit account charge". Section 36a-316.  
"Deposit account disclosures". Section 36a-316.  
"Deposit contract". Section 36a-316.  
"Deposit services". Section 36a-425.  
"Depositor". Section 36a-316.  
"Depository institution". Section 36a-485, as amended by this act.  
"Derivative transaction". Section 36a-262, as amended by this act.  
"Director". Section 36a-435b.  
"Dwelling". Section 36a-485, as amended by this act.  
"Earning period". Section 36a-316.  
"Electronic payment instrument". Section 36a-596.  
"Eligible collateral". Section 36a-330.  
"Eligible entity". Section 36a-34.  
"Employee". Section 36a-485, as amended by this act.  
"Entity". Section 36a-380, as amended by this act.  
"Equity mutual fund". Sections 36a-276 and 36a-459a.  
"Equity security". Sections 36a-276 and 36a-459a.  
"Executive officer". Sections 36a-263 and 36a-469c.  
"Expedited Connecticut bank". Section 36a-70.  
"Experience in the mortgage business". Section 36a-488, as amended by this act.  
"Federal banking agency". Section 36a-485, as amended by this act.  
"Federal Credit Union Act". Section 36a-435b.  
"Federal Home Mortgage Disclosure Act". Section 36a-736.  
"FHA loan". Section 36a-760.  
"Fiduciary". Section 36a-365.  
"Filing fee". Section 36a-770.  
"Finance charge". Sections 36a-690 and 36a-770.  
"Financial institution". Sections 36a-41, 36a-44a, 36a-155, 36a-316, 36a-330, 36a-435b, 36a-736 and 36a-755.

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"Financial records". Section 36a-41.

"First mortgage loan". Sections 36a-485, as amended by this act, 36a-705, 36a-715 and 36a-725.

"Foreign banking corporation". Section 36a-425.

"Fully indexed rate". Section 36a-760b.

"General facility". Section 36a-580.

"Global net payment entitlement". Section 36a-428n.

"Global net payment obligation". Section 36a-428n.

"Goods". Sections 36a-535 and 36a-770.

"Graduated payment mortgage loan". Section 36a-265.

"Guardian". Section 36a-365.

"High cost home loan". Section 36a-746a.

"Holder". Section 36a-596.

"Home banking services". Section 36a-170.

"Home banking terminal". Section 36a-170.

"Home improvement loan". Section 36a-736.

"Home purchase loan". Section 36a-736.

"Home state". Section 36a-410.

"Housing finance agency". Section 36a-487, as amended by this act.

"Immediate family member". Section 36a-435b and section 36a-485, as amended by this act.

"Independent contractor". Section 36a-485, as amended by this act.

"Individual". Section 36a-485, as amended by this act.

"Insider". Section 36a-454b.

"Installment loan contract". Sections 36a-535 and 36a-770.

"Insurance". Section 36a-455a.

"Insurance bank". Section 36a-285.

"Insurance department". Section 36a-285.

"Interest". Section 36a-316.

"Interest rate". Section 36a-316.

"Interim interest". Section 36a-746a.

"Lender". Sections 36a-746a, 36a-760 and 36a-770.

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"Lessor". Section 36a-676.

"License". Section 36a-626.

"Licensee". Sections 36a-596 and 36a-626.

"Limited branch". Section 36a-145, as amended by this act.

"Limited facility". Section 36a-580.

"Loan broker". Section 36a-615.

"Loan processor or underwriter". Section 36a-485, as amended by this act.

"Loss". Section 36a-330.

"Made in this state". Section 36a-770.

"Main office". Section 36a-485, as amended by this act.

"Managing agent". Section 36a-365.

"Manufactured home". Section 36a-457b.

"Material litigation". Section 36a-596.

"Member". Section 36a-435b.

"Member business loan". Section 36a-458a.

"Member in good standing". Section 36a-435b.

"Membership share". Section 36a-435b.

"Mobile branch". Sections 36a-145, as amended by this act, and 36a-435b.

"Money order". Section 36a-596.

"Money transmission". Section 36a-365.

"Mortgage". Section 36a-760g.

"Mortgage broker". Sections 36a-485, as amended by this act, 36a-705 and 36a-760.

"Mortgage correspondent lender". Section 36a-485, as amended by this act.

"Mortgage insurance". Section 36a-725.

"Mortgage lender". Sections 36a-485, as amended by this act, 36a-705 and 36a-725.

"Mortgage loan". Sections 36a-261, as amended by this act, 36a-265, 36a-457b [, 36a-485] and 36a-736.

"Mortgage loan originator". Section 36a-485, as amended by this act.

"Mortgage rate lock-in". Section 36a-705.

"Mortgage servicing company". Section 36a-715.

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- "Mortgagor". Section 36a-715.
- "Motor vehicle". Section 36a-770.
- "Multiple common bond membership". Section 36a-435b.
- "Municipality". Section 36a-800.
- "Net outstanding member business loan balance". Section 36a-458a.
- "Net worth". Sections 36a-441a, 36a-458a and 36a-596.
- "Network". Section 36a-155.
- "Nonprime home loan". Section 36a-760.
- "Nonrefundable". Section 36a-498.
- "Nontraditional mortgage product". Section 36a-489a, as amended by this act.
- "Note account". Sections 36a-301 and 36a-456b.
- "Office". Sections 36a-23, 36a-316 and 36a-485, as amended by this act.
- "Officer". Section 36a-435b.
- "Open-end credit plan". Section 36a-676.
- "Open-end line of credit". Section 36a-760.
- "Open-end loan". Section 36a-565.
- "Organization". Section 36a-800.
- "Out-of-state holding company". Section 36a-410.
- "Outstanding". Section 36a-596.
- "Passbook savings account". Section 36a-316.
- "Payment instrument". Section 36a-596.
- "Periodic statement". Section 36a-316.
- "Permissible investment". Section 36a-596.
- "Person". Section 36a-184 and section 36a-485, as amended by this act.
- "Post". Section 36a-316.
- "Prepaid finance charge". Section 36a-746a.
- "Prime quality". Section 36a-596.
- "Principal amount of the loan". Section 36a-485, as amended by this act.
- "Processor". Section 36a-155.
- "Public deposit". Section 36a-330.
- "Purchaser". Section 36a-596.

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"Qualified financial contract". Section 36a-428n.

"Qualified public depository" and "depository". Section 36a-330.

"Real estate". Section 36a-457b.

"Real estate brokerage activity". Section 36a-485, as amended by this act.

"Records". Section 36a-17, as amended by this act.

"Registered mortgage loan originator". Section 36a-485, as amended by this act.

"Related person". Section 36a-53.

"Relocate". Sections 36a-145, as amended by this act, and 36a-462a.

"Residential mortgage loan". Section 36a-485, as amended by this act.

["Residential property". Section 36a-485.]

"Residential real estate". Section 36a-485, as amended by this act.

"Resulting entity". Section 36a-34.

"Retail buyer". Sections 36a-535 and 36a-770.

"Retail credit transaction". Section 42-100b.

"Retail installment contract". Sections 36a-535 and 36a-770.

"Retail installment sale". Sections 36a-535 and 36a-770.

"Retail seller". Sections 36a-535 and 36a-770.

"Reverse annuity mortgage loan". Section 36a-265.

"Sales finance company". Sections 36a-535 and 36a-770.

"Savings department". Section 36a-285.

"Savings deposit". Section 36a-316.

"Secondary mortgage loan". Section 36a-485, as amended by this act.

"Security convertible into a voting security". Section 36a-184.

"Senior management". Section 36a-435b.

"Settlement agent". Section 36a-494, as amended by this act.

"Share". Section 36a-435b.

"Simulated check". Section 36a-485, as amended by this act.

"Single common bond membership". Section 36a-435b.

"Special mortgage". Section 36a-760c.

"Social purpose investment". Section 36a-277.

"Sponsored". Section 36a-485, as amended by this act.

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"Standard mortgage loan". Section 36a-265.

"System". Section 36a-485, as amended by this act.

"Table funding agreement". Section 36a-485, as amended by this act.

"Tax and loan account". Sections 36a-301 and 36a-456b.

"The Savings Bank Life Insurance Company". Section 36a-285.

"Time account". Section 36a-316.

"Travelers check". Section 36a-596.

"Troubled Connecticut credit union". Section 36a-448a.

"Unique identifier". Section 36a-485, as amended by this act.

"Unsecured loan". Section 36a-615.

"Warehouse agreement". Section 36a-485, as amended by this act.

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

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

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

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

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or by other electronic means of distributing information, by personal contact, or in any other way;

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

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

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

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

(7) "Employee" means an individual (A) whose manner and means of work performance are subject to the right of control of, or are controlled by, a person, and (B) whose compensation is reported or required to be reported on a W-2 form issued by the controlling person. For purposes of the definition of "registered mortgage loan

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originator", "employee" has the foregoing meaning or such other meaning as the federal banking agencies may issue in connection with such agencies' implementation of such agencies' responsibilities under the S.A.F.E. Mortgage Licensing Act of 2008, 12 USC 5101 et seq.;

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

[(7)] (9) "First mortgage loan" means a residential mortgage loan that is secured by a first mortgage;

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

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

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

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

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

[(12)] (15) "Mortgage broker" (A) means a person who [ ] (i) for compensation or gain or [in] with the expectation of compensation or gain [(A)] (I) takes a residential mortgage loan application, or [(B)] (II) offers or negotiates terms of a residential mortgage loan, [excluding] and (ii) is not the prospective source of the funds for the residential mortgage loan, (B) but does not include (i) an individual who is [sponsored by another] licensed as a mortgage loan originator acting as a mortgage loan originator on behalf of such mortgage loan originator's sponsoring mortgage lender, mortgage correspondent lender, [or] mortgage broker or exempt registrant, or (ii) an individual exempt from mortgage loan originator licensure under subdivision (2) of subsection (b) of section 36a-486, as amended by this act, when acting within the scope of such exemption;

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

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

[(15)] (18) "Mortgage loan originator" means an individual who for compensation or gain or with the expectation of compensation or gain, either for such individual or for the person employing or retaining such individual, (A) takes a residential mortgage loan application, or (B) offers or negotiates terms of a residential mortgage loan. "Mortgage loan originator" does not include (i) an individual engaged solely as a

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loan processor or underwriter; (ii) a person who only performs real estate brokerage activities and is licensed in accordance with chapter 392, unless the person is compensated by a mortgage lender, mortgage correspondent lender, mortgage broker or other mortgage loan originator or by any agent of such mortgage lender, mortgage correspondent lender, mortgage broker or other mortgage loan originator; (iii) a person solely involved in extensions of credit relating to timeshare plans, as that term is defined in Paragraph 53D of 11 USC 101; or (iv) any individual who solely renegotiates terms for existing mortgage loans on behalf of a mortgagee and who does not otherwise act as a mortgage loan originator, unless the United States Department of Housing and Urban Development, the Bureau of Consumer Financial Protection or a court of competent jurisdiction determines that the S.A.F.E. Mortgage Licensing Act of 2008, 12 USC Section 5101 et seq., requires such individual to be licensed as a mortgage loan originator under state laws implementing said S.A.F.E. Mortgage Licensing Act;

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

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

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

[(19)] (22) "Real estate brokerage activity" means any activity that involves offering or providing real estate brokerage services to the public, including (A) acting as a real estate agent or real estate broker for a buyer, seller, lessor or lessee of real property; (B) bringing together parties interested in the sale, purchase, lease, rental or exchange of real property; (C) negotiating, on behalf of any party, any portion of a contract relating to the sale, purchase, lease, rental or

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exchange of real property, other than in connection with providing financing with respect to any such transaction; (D) engaging in any activity for which a person engaged in the activity is required to be registered or licensed as a real estate agent or real estate broker under any applicable law; and (E) offering to engage in any activity, or act in any capacity, described in this subdivision;

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

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

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

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

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

[(25)] (28) "Sponsored" means employed or retained as an

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independent contractor;

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

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

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

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

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

(a) No person shall engage in the business of making residential mortgage loans or act as a mortgage broker in this state unless such person has first obtained the required license for its main office and each branch office where such business is conducted in accordance with the provisions of sections 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-534a and 36a-534b, as amended by this act. Effective April 1, 2010, any such person who is an individual shall also obtain a mortgage loan originator license prior to conducting such business unless such individual does not engage directly in the activities of a mortgage loan originator. A person, other than a licensed

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mortgage loan originator acting on behalf of a mortgage lender or mortgage correspondent lender, shall be deemed to be engaged in the business of making residential mortgage loans if such person advertises, causes to be advertised, solicits or offers to make residential mortgage loans, either directly or indirectly. A person, other than a licensed mortgage loan originator acting on behalf of a mortgage broker, shall be deemed to be acting as a mortgage broker if such person advertises or causes to be advertised that such person will negotiate, solicit, place or find a residential mortgage loan, either directly or indirectly. A mortgage correspondent lender shall not be deemed to be acting as a mortgage lender if such mortgage correspondent lender makes a loan utilizing its own funds in a situation where another person does not honor such person's commitment to fund the loan.

(b) (1) No person licensed as a mortgage lender, mortgage correspondent lender or mortgage broker shall engage the services of a mortgage loan originator or of a loan processor or underwriter required to be licensed under [subdivision (3) of this subsection] this section unless such mortgage loan originator or loan processor or underwriter is licensed under section 36a-489, as amended by this act. An individual, unless specifically exempted under subdivision (2) of this subsection, shall not engage in the business of a mortgage loan originator on behalf of a licensee or a person exempt under section 36a-487, as amended by this act, with respect to any residential mortgage loan without first obtaining and maintaining annually a license as a mortgage loan originator under section 36a-489, as amended by this act. An individual, unless specifically exempted under subdivision (2) of this subsection, shall be deemed to be engaged in the business of a mortgage loan originator if such individual: (A) Acts as a mortgage loan originator in connection with any residential mortgage loan on behalf of a licensee or person exempt under section 36a-487, as amended by this act; or (B) makes any representation to the public

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through advertising or other means of communication that such individual can or will act as a mortgage loan originator on behalf of a licensee or person exempt under section 36a-487, as amended by this act. Each licensed mortgage loan originator and each licensed loan processor or underwriter shall register with and maintain a valid unique identifier issued by the system. No individual may act as a mortgage loan originator for more than one person at the same time. No loan processor or underwriter licensee may be sponsored by more than one person at a time. The license of a mortgage loan originator or a loan processor or underwriter is not effective during any period when such mortgage loan originator or a loan processor or underwriter is not sponsored by a licensed mortgage lender, mortgage correspondent lender or mortgage broker, or by a person registered as an exempt registrant under subsection (c) of section 36a-487, as amended by this act, or during any period in which the license of the mortgage lender, mortgage correspondent lender or mortgage broker with whom such originator or loan processor or underwriter is associated has been suspended. Either the mortgage loan originator, the loan processor or underwriter or the sponsor may file a notification of the termination of sponsorship with the system.

(2) The following are exempt from this section: (A) A registered mortgage loan originator or an employee of an institution or subsidiary described in subdivision [(20)] (23) of section 36a-485, as amended by this act, who is not required to be registered under Section 1507 of the S.A.F.E. Mortgage Licensing Act of 2008, 12 USC Section 5101 et seq., when acting for such institution or subsidiary; [,] (B) an individual who offers or negotiates the terms of a residential mortgage loan with or on behalf of an immediate family member of such individual; [,] (C) an individual who offers or negotiates the terms of a residential mortgage loan secured by a dwelling [, as defined in Section 103 of the Consumer Credit Protection Act, 15 USC 1602,] that served as the individual's residence, [and] unless the

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context demonstrates that such individual engaged in such activities with a degree of habitualness or repetition; (D) a licensed attorney who negotiates the terms of a residential mortgage loan on behalf of a client as an ancillary matter to the attorney's representation of the client, unless the attorney is compensated by a mortgage lender, mortgage correspondent lender, mortgage broker or other mortgage loan originator or by any agent of such mortgage lender, mortgage correspondent lender, mortgage broker or other mortgage loan originator; (E) an individual who takes a residential mortgage loan application or offers or negotiates terms of a residential mortgage loan as an employee of a federal, state or local government agency or housing finance agency exempt from licensure pursuant to section 36a-487, as amended by this act, and who does so only pursuant to such individual's official duties as an employee of such agency; (F) an individual who takes a residential mortgage loan application or offers or negotiates terms of a residential mortgage loan as an employee of an organization that has obtained bona fide nonprofit status from the commissioner and is exempt from licensure pursuant to section 36a-487, as amended by this act, and who does so only pursuant to such individual's official duties as an employee of such organization; and (G) an individual who offers or negotiates the terms of a residential mortgage loan secured by a dwelling that is not the individual's residence but is owned by such individual, unless the context demonstrates that such individual engaged in such activities with a degree of habitualness or repetition.

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

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underwriter under section 36a-489.]

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

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

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

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

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

(c) If the United States Department of Housing and Urban

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

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

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

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

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inclusive; and (3) any person engaged solely in providing loan processing or underwriting services to persons (A) licensed as a mortgage lender, mortgage correspondent lender or mortgage broker, or (B) exempt from such licensure under subdivision (1) of this subsection. Each wholly-owned subsidiary of a Connecticut bank or Connecticut credit union that engages in the business of making residential mortgage loans or acts as a mortgage broker in this state shall provide written notification to the commissioner prior to engaging in such activity.

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

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

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

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

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

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

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

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

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

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

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

[(c)] (d) Any person exempt from licensure under this section may register on the system as an exempt registrant for purposes of sponsoring a mortgage loan originator or a loan processor or

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underwriter pursuant to subdivision (1) of subsection (b) of section 36a-486, as amended by this act. Such registration shall not affect the exempt status of such person.

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

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

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

Sec. 11. Subsection (a) of section 36a-489 of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu

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thereof (*Effective October 1, 2012*):

(a) (1) The commissioner shall not issue an initial license for a mortgage lender, mortgage correspondent lender or mortgage broker unless the commissioner, at a minimum, finds that: (A) The applicant meets the requirements of subsection (a) of section 36a-488, as amended by this act; (B) notwithstanding the provisions of section 46a-80, the applicant, the control persons of the applicant and the qualified individual or branch manager with supervisory authority at the office for which the license is sought have not been convicted of, or pled guilty or nolo contendere to, a felony in a domestic, foreign or military court during the seven-year period preceding the date of the application for licensing or at any time preceding the date of application if such felony involved an act of fraud, dishonesty, a breach of trust or money laundering, provided any pardon or expungement of a conviction shall not be a conviction for purposes of this subdivision; (C) the applicant demonstrates that the financial responsibility, character and general fitness of the applicant, the control persons of the applicant and the qualified individual or branch manager having supervisory authority over the office for which the license is sought are such as to command the confidence of the community and to warrant a determination that the applicant will operate honestly, fairly and efficiently within the purposes of sections 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-534a and 36a-534b, as amended by this act; (D) the applicant has met the surety bond requirement under section 36a-492; and (E) the applicant has not made a material misstatement in the application. If the commissioner fails to make such findings, the commissioner shall not issue a license, and shall notify the applicant of the denial and the reasons for such denial. For purposes of this subsection, the level of offense of the crime and the status of any conviction, pardon or expungement shall be determined by reference to the law of the jurisdiction where the case was prosecuted. In the event that such jurisdiction does not use the

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term "felony", "pardon" or "expungement", such terms shall include legally equivalent events.

(2) (A) The minimum standards for license renewal for a mortgage lender, mortgage correspondent lender or mortgage broker shall include the following: (i) The applicant continues to meet the minimum standards under subdivision (1) of this subsection; (ii) effective April 1, 2010, each qualified [person] individual and branch manager has completed the prelicensing education requirement described in section 36a-489a, as amended by this act, and passed a written test that meets the test requirement described in section 36a-489a, as amended by this act, or has satisfied the annual continuing education requirements described in subsection (c) of section 36a-489a, as amended by this act, as applicable, and effective November 1, 2012, each qualified individual and branch manager is licensed as a mortgage loan originator and has completed any applicable continuing education requirements described in subsection (c) of section 36a-489a, as amended by this act; and (iii) the mortgage lender, mortgage correspondent lender or mortgage broker has paid all required fees for renewal of the license.

(B) The license of a mortgage lender, mortgage correspondent lender or mortgage broker failing to satisfy the minimum standards for license renewal shall expire. The commissioner may adopt procedures for the reinstatement of expired licenses consistent with the standards established by the system. The commissioner may automatically suspend a mortgage lender, mortgage correspondent lender or mortgage broker license if the licensee receives a deficiency on the system indicating that the payment required by subparagraph (A) of this subdivision was Returned-ACH or returned pursuant to such other term as may be utilized by the system to indicate that the payment was not accepted. After a license has been automatically suspended pursuant to this section, the commissioner shall give such

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licensee notice of the automatic suspension, pending proceedings for revocation or refusal to renew pursuant to section 36a-494, as amended by this act, and an opportunity for a hearing on such action in accordance with section 36a-51, and require such licensee to take or refrain from taking such action that, in the opinion of the commissioner, will effectuate the purposes of this section.

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

(b) (1) The commissioner shall not issue an initial license for a mortgage loan originator or a loan processor or underwriter unless the commissioner, at a minimum, finds that the applicant has: (A) Never had a mortgage loan originator or equivalent loan processor or underwriter license revoked in any governmental jurisdiction, except that a subsequent formal vacating of such revocation shall not be deemed a revocation; (B) notwithstanding the provisions of section 46a-80, not been convicted of, or pled guilty or nolo contendere to, a felony in a domestic, foreign or military court during the seven-year period preceding the date of the application for licensing or at any time preceding such date of application if such felony involved an act of fraud, dishonesty, a breach of trust, or money laundering, provided any pardon or expungement of a conviction shall not be a conviction for purposes of this subdivision; (C) demonstrated financial responsibility, character and general fitness so as to command the confidence of the community and to warrant a determination that the mortgage loan originator or loan processor or underwriter will operate honestly, fairly and efficiently within the purposes of sections 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-534a and 36a-534b, as amended by this act; (D) for mortgage loan originator applicants, effective April 1, 2010, and for loan processor or underwriter applicants, effective October 1, 2011, completed the prelicensing

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education requirement described in section 36a-489a, as amended by this act, and passed a written test that meets the test requirement described in section 36a-489a, as amended by this act, and, effective November 1, 2012, for qualified individuals or branch managers seeking initial licensure as a mortgage loan originator, completed any continuing education required of them in their position as qualified individuals and branch managers pursuant to section 36a-489a, as amended by this act; (E) effective July 31, 2010, met the surety bond requirement under section 36a-492 and, effective October 1, 2011, in the case of a mortgage loan originator required to be licensed under section 36a-671e, met the surety bond requirements under sections 36a-492 and 36a-671d; and (F) not made a material misstatement in the application. If the commissioner denies an application for a mortgage loan originator or a loan processor or underwriter license, the commissioner shall notify the applicant and may notify the sponsor or any other person the commissioner deems appropriate of the denial and the reasons for such denial. For purposes of this subsection, the level of offense of the crime and the status of any conviction, pardon or expungement shall be determined by reference to the law of the jurisdiction where the case was prosecuted. In the event that such jurisdiction does not use the term "felony", "pardon" or "expungement", those terms shall include legally equivalent events.

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

(a) (1) In order to meet the prelicensing education and testing requirements referred to in sections 36a-488 and 36a-489, as amended by this act, an individual shall complete at least twenty hours of education approved in accordance with subdivision (2) of this subsection, which shall include at least (A) three hours of instruction on relevant federal law and regulations; (B) three hours of ethics,

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including instruction on fraud, consumer protection and fair lending issues; and (C) two hours of training related to lending standards for the nontraditional mortgage product marketplace.

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

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

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

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

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

(B) An individual who previously held a position as a qualified individual or branch manager subsequent to the applicable effective

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date of the prelicensing and testing requirements referred to in section 36a-488, as amended by this act, at a time when such individual was not required to be licensed as a mortgage loan originator, may not hold such position again until such individual has completed all of the continuing education requirements for the year in which such individual last held such position and, effective November 1, 2012, has obtained the required mortgage loan originator license.

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

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

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

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

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

(C) (i) An individual who was licensed subsequent to the applicable effective date of the prelicensing and testing requirements referred to in section 36a-489, as amended by this act, who has not been licensed as a mortgage loan originator within the five-year period preceding the date of the filing of such individual's application for a mortgage loan originator license, not taking into account any time during which such individual is a registered mortgage loan originator, shall retake such test; and (ii) [a qualified individual or branch manager who held such a position after the effective date of prelicensing education and testing referred to in section 36a-488 and who has not held such position within the five-year period preceding the date of the filing on the system designating such individual as a qualified individual or branch manager shall retake such test, unless such individual was licensed as a mortgage loan originator during the five-year period preceding the date of the filing on the system designating such individual as a qualified individual or branch manager, not taking into account any time during which such individual is a registered mortgage loan originator; and (iii)] effective October 1, 2011, an individual licensed as a loan processor or underwriter who applies to be licensed again shall retake the test if such individual has not been licensed as a loan processor or underwriter within the five-year period preceding the date of the filing of such application, not taking into account any time during which such individual is engaged in loan processing or underwriting but not required to be licensed under subdivision (3) of subsection (b) of section 36a-486, as amended by this act.

(c) (1) In order to meet the annual continuing education requirements referred to in subsections (a) and (b) of section 36a-489,

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as amended by this act, a licensed mortgage loan originator, a qualified individual or branch manager and, effective October 1, 2011, a licensed loan processor or underwriter, shall complete at least eight hours of education approved in accordance with subdivision (2) of this subsection. Such courses shall include at least (A) three hours of instruction on relevant federal law and regulation; (B) two hours of ethics, including instruction on fraud, consumer protection and fair lending issues; and (C) two hours of training related to lending standards for the nontraditional mortgage product marketplace.

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

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

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

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

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continuing education.

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

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

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

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

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

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

(a) (1) The commissioner may suspend, revoke or refuse to renew any mortgage lender, mortgage correspondent lender or mortgage broker license or take any other action, in accordance with the provisions of section 36a-51, for any reason which would be sufficient grounds for the commissioner to deny an application for such license under sections 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-534a and 36a-534b, as amended by this act, or if the commissioner finds that the licensee, any control person of the licensee, the qualified individual or branch manager with supervisory authority, trustee, employee or agent of such licensee has done any of the following: (A) Made any material misstatement in the application; (B) committed any fraud, misappropriated funds or misrepresented, concealed, suppressed, intentionally omitted or otherwise intentionally failed to disclose any of the material particulars of any residential mortgage loan transaction, including disclosures required by subdivision (6) of subsection (a) of section 36a-493, or part III of chapter 669 or regulations adopted pursuant thereto, to anyone entitled to such information; (C) violated any of the provisions of this title or of any regulations adopted pursuant thereto, or any other law or regulation applicable to the conduct of its business; or (D) failed to perform any agreement with a licensee or a borrower. For purposes of this subdivision, "agent" includes any settlement agent used by the licensee and "settlement agent" means the person specified in any HUD-1 settlement statement or other settlement statement, provided such settlement agent has been selected by the licensee. Any settlement agent whose name appears on the licensee's list of approved settlement agents shall be deemed selected by the licensee even if the settlement agent is selected from such list by the borrower.

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

(b) Whenever it appears to the commissioner that (1) any person has violated, is violating or is about to violate any of the provisions of sections 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-534a and 36a-534b, as amended by this act, or any regulation adopted pursuant thereto, (2) any person is, was, or would be a cause of the violation of any such provisions or regulation due to an act or omission such person knew or should have known would contribute to such violation, or (3) any licensee has failed to perform any agreement with a borrower, committed any fraud, misappropriated funds or misrepresented, concealed, suppressed, intentionally omitted or otherwise intentionally failed to disclose any of the material particulars of any residential mortgage loan transaction, including disclosures required by subdivision (6) of subsection (a) of section 36a-493, or part III of chapter 669 or regulations adopted pursuant thereto, to anyone entitled to such information, the commissioner may take action against such person or licensee in accordance with sections 36a-50, as amended by this act, and 36a-52.

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

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

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

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

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

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

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

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

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

(1) "Affiliate" of a person means any person controlling, controlled by, or under common control with, that person;

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

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

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

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

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

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

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

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

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

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

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

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

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

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credit union;

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

(16) "Control" has the meaning given to that term in 12 USC Section 1841(a), as amended from time to time;

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

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

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

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

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

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

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

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

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

(26) "Executive officer" means every officer of a Connecticut bank who participates or has authority to participate, otherwise than in the capacity of a director, in major policy-making functions of such bank, regardless of whether such officer has an official title or whether that title contains a designation of assistant and regardless of whether such officer is serving without salary or other compensation. The president, vice president, secretary and treasurer of such bank are deemed to be executive officers, unless, by resolution of the governing board or by such bank's bylaws, any such officer is excluded from participation in major policy-making functions, otherwise than in the capacity of a director of such bank, and such officer does not actually participate in such policy-making functions;

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

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

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

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

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

(32) "Financial institution" means any Connecticut bank, Connecticut credit union, or other person whose activities in this state are subject to the supervision of the commissioner, but does not include a person whose activities are subject to the supervision of the commissioner solely pursuant to chapter 672a, 672b or 672c or any combination thereof;

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

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

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

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

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

(38) "Licensee" means any person who is licensed or required to be

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licensed pursuant to the applicable provisions of this title;

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

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

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

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

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

[(43)] "Nationwide Mortgage Licensing System" means the nationwide mortgage licensing system implemented pursuant to a uniform mortgage licensing project under the auspices of the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators;]

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

(45) "Out-of-state bank" means any institution that engages in the business of banking, but does not include a bank, Connecticut credit

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union, federal credit union or out-of-state credit union;

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

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

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

(49) "Point of sale terminal" means a device located in a commercial establishment at which sales transactions can be charged directly to the buyer's deposit, loan or credit account, but at which deposit transactions cannot be conducted;

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

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

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

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

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

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

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

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

(58) "Savings account" means a deposit account, other than an escrow account established pursuant to section 49-2a, into which savings deposits may be made and which account must be evidenced by periodic statements delivered at least semiannually or by a passbook;

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

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

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

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

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

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

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

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

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

(68) "Subsidiary holding company" means a stock holding company, controlled by a mutual holding company, that holds one hundred per cent of the stock of a reorganized savings institution;

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

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

(71) "Time deposit" means a deposit that the depositor or share

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account holder does not have a right and is not permitted to make withdrawals from within six days after the date of deposit, unless the deposit is subject to an early withdrawal penalty of at least seven days' simple interest on amounts withdrawn within the first six days after deposit, subject to those exceptions permissible under 12 CFR Part 204, as amended from time to time;

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

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

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

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

(A) Establishment of (i) a branch under subdivision (1) of subsection (b) of section 36a-145, two thousand dollars; (ii) a mobile branch under subdivision (1) of subsection (d) of section 36a-145, one thousand five hundred dollars; (iii) a limited branch under subdivision (1) of subsection (c) of section 36a-145, one thousand five hundred dollars; (iv) a special need limited branch under subdivision (4) of subsection (c) of section 36a-145, five hundred dollars; (v) an out-of-state branch under subsection (j) of section 36a-145, a reasonable fee not to exceed two thousand dollars from which any fees paid to a state other than this state or to a foreign country in connection with the establishment shall be deducted; and (vi) an out-of-state limited branch or mobile branch under subsection (j) of section 36a-145, a reasonable fee not to

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exceed one thousand five hundred dollars from which any fees paid to a state other than this state or to a foreign country in connection with the establishment shall be deducted.

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

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

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

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

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

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

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

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organization of an interim Connecticut bank.

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

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

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

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

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

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

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

(a) As used in this section:

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

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

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

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

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

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

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

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

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

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

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

(a) Except as otherwise provided in this section, the total direct or indirect liabilities of any one obligor that are not fully secured, however incurred, to any Connecticut bank, exclusive of such bank's investment in the investment securities of such obligor, shall not exceed at the time incurred fifteen per cent of the equity capital and reserves for loan and lease losses of such bank. The total direct or indirect liabilities of any one obligor that are fully secured, however incurred, to any Connecticut bank, exclusive of such bank's investment

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in the investment securities of such obligor, shall not exceed at the time incurred ten per cent of the equity capital and reserves for loan and lease losses of such bank, provided this limitation shall be separate from and in addition to the limitation on liabilities that are not fully secured. Notwithstanding any provision of this subsection, the limitation on the liabilities of any one obligor shall take into account the credit exposure to such obligor arising from a derivative transaction. The commissioner shall have the authority to establish the method for determining the credit exposure and the extent to which the credit exposure shall be taken into account. As used in this subsection, "derivative transaction" includes any transaction that is a contract, agreement, swap, warrant, note or option that is based, in whole or in part, on the value of any interest in, or any quantitative measure or the occurrence of any event leading to, one or more commodities, securities, currencies, interest or other rates, indices or other assets. The commissioner may adopt regulations in accordance with the provisions of chapter 54 establishing the method for determining credit exposure to derivative transactions and the extent to which the credit exposure shall be taken into account. For purposes of this section, a liability shall be considered to be fully secured if it is secured by readily marketable collateral having a market value, as determined by reliable and continuously available price quotations, at least equal to the amount of the liability. For purposes of determining the limitations of this section, in computing the liabilities of an obligor, a liability is incurred at the time of the closing of the transaction, unless such closing is preceded by a legally binding written commitment to enter into the transaction, in which case such liability is incurred at the time of commitment and is net of any liabilities of the obligor to such bank that will be paid with the proceeds of the commitment at the time of closing. The limitations provided for in this subsection may be exceeded for a period of time not to exceed six hours if at the closing of any transaction at which such obligor incurs such liabilities to a Connecticut bank in excess of such limitations, such bank immediately

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

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

(a) Except as provided in this section, no [corporation] entity, other than a bank or out-of-state bank that maintains in this state a branch as defined in section 36a-410, shall have or exercise in this state the power to receive, by grant, assignment, transfer, devise, bequest or otherwise, any money, securities or other personal property, or any interest in real estate from any person [or corporation] in trust, to hold, manage or dispose of the same for the benefit of any third person, [or corporation,] or to accept or execute any such trust, unless such [corporation] entity is specifically empowered so to act by a general

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statute of this state or by a special act of the General Assembly. Any [corporation] entity so empowered to act as trustee, other than such bank or out-of-state bank, shall, before so acting, obtain a license from the commissioner as provided in subsection (b) of this section.

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

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

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State Police Bureau of Identification.

(c) As used in sections 36a-380 to 36a-386, inclusive, as amended by this act, "entity" means corporation, joint stock company, association, partnership, limited partnership, unincorporated organization, limited liability company or similar organization, but does not include any corporation of which the majority of the shares are owned by the United States or by any state.

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

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

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

The commissioner shall annually or more often examine each [corporation] entity licensed under sections 36a-380 to 36a-386, inclusive, as amended by this act, and special acts 93-12, 93-19 and 93-20, any provision in the charter, certificate of incorporation,

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partnership agreement, articles of association, articles of organization or similar document, as applicable, of any such [corporation] entity to the contrary notwithstanding, and shall require that such [corporation] entity file an annual report in such form as the commissioner may prescribe and such other reports as the commissioner may require. Each such licensed [corporation] entity shall pay the cost of such examination as determined by the commissioner and shall, in addition, pay to the commissioner an annual license fee of one hundred dollars. Such license fee shall be payable [on] not later than the thirtieth day of June in each year and the fee for licenses granted upon any other date shall be prorated to the thirtieth day of June next following the issuance thereof, provided no fee for the unexpired portion of any license year shall be less than twenty dollars.

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

If it at any time appears to the commissioner that any [corporation] entity so licensed has failed to comply with a cease and desist order issued by the commissioner or is insolvent or likely to become insolvent, the commissioner may revoke such license in accordance with section 36a-51 and apply to the superior court for the judicial district of Hartford or the judicial district in which such [corporation] entity is located for an injunction restraining such [corporation] entity from continuing to receive property in trust and restraining it from administering any and all trusts including such as may be then in force and effect, and for an order appointing some suitable person to succeed such [corporation] entity as trustee of any trust property then in its possession or in or to which it has any right, title, interest or claim, or for any other or further order as appears to the court as necessary or advisable to protect and secure the interests of the beneficiaries of any such trust property. The court, after reasonable notice to such [corporation] entity and hearing thereon, may issue such

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injunction or other order or grant such other equitable relief as the facts may warrant and, pending such hearing, the court may issue such temporary injunction or restraining order as the court deems equitable.

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

The securities and investments of each trust committed to any such [corporation] entity so licensed shall be set apart and segregated and shall not be mingled with the securities and investments of any other trust or of the [corporation] entity. Any undistributed or temporarily uninvested cash held by such [corporation] entity as trustee shall be deposited in the name of the trust or in the name of the [corporation] entity as trustee in a bank, provided, when any such undistributed or uninvested cash is deposited in the name of the [corporation] entity as trustee, such deposits shall be so identified on the books of the [corporation] entity as to disclose the beneficial ownership thereof.

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

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

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

(2) Any out-of-state bank, other than a foreign bank, may, with the approval of the commissioner, and in accordance with the provisions

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of this subdivision, establish a de novo branch in this state. [Such establishment shall not take place unless the laws of the home state of such out-of-state bank authorize, under conditions no more restrictive than those imposed by the laws of this state, as determined by the commissioner, a bank to establish a de novo branch in the home state of such out-of-state bank, provided the commissioner may waive such reciprocity requirement for the establishment of a de novo branch the activities of which are limited to the exercise of fiduciary or trust powers if the commissioner finds that such establishment will result in net new benefits to this state. Any request for such waiver of reciprocity submitted by an out-of-state bank shall include a detailed statement of the reasons for the request and statistical and other information to support a finding of such net new benefits.] Any such establishment shall be effected in accordance with and subject to the filing requirements and any limitations imposed by section 36a-145, as amended by this act. Any such out-of-state bank that engages in business in this state shall comply with the requirements of section 33-920 or subsection (a) of section 33-1210. Before approving any such establishment, the commissioner shall make such considerations, determinations and findings as required by section 36a-145, as amended by this act, and, in addition, shall consider whether such establishment can reasonably be expected to produce benefits to the public and whether such benefits clearly outweigh possible adverse effects, including, but not limited to, an undue concentration of resources and decreased or unfair competition. The commissioner shall not approve such establishment unless the commissioner considers whether: (A) The investment and lending policies of the out-of-state bank are consistent with safe and sound banking practices and will benefit the economy of this state; (B) the proposed services of the branch are consistent with safe and sound banking practices and will benefit the economy of this state; (C) the establishment will not substantially lessen competition in this state; (D) the out-of-state bank is adequately managed and will continue to be adequately managed

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upon establishment of such branch; and (E) the out-of-state bank is in compliance with applicable minimum capital requirements. The commissioner shall not approve such establishment unless the commissioner makes the findings required by section 36a-34. An out-of-state bank which has established a de novo branch in this state in accordance with this subdivision may establish additional branches in this state, [, provided the activities of such additional branches of an out-of-state bank for which the commissioner waived such reciprocity requirement shall be limited to the exercise of fiduciary or trust powers. As used in this subdivision, "net new benefits" means (i) initial capital investments, including any new construction, (ii) job creation plans, including, but not limited to, the number of jobs to be created and the average wage rates for each category of such jobs, (iii) the potential for increasing state and municipal tax revenues from increased economic activity and increased employment, (iv) consumer and business services and other benefits to the state, local community and citizens, and (v) such other matters as the commissioner may deem necessary or advisable.]

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

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

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

(i) (1) On and after July 1, 1993, each landlord other than a landlord of a residential unit in any building owned or controlled by any educational institution and used by such institution for the purpose of housing students of such institution and their families, and each

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landlord or owner of a mobile manufactured home or of a mobile manufactured home space or lot or park, as such terms are defined in subdivisions (1), (2) and (3) of section 21-64, shall pay interest on each security deposit received by [him] such landlord at a rate of not less than the average rate paid, as of December 30, 1992, on savings deposits by insured commercial banks as published in the Federal Reserve Board Bulletin rounded to the nearest one-tenth of one percentage point, except in no event shall the rate be less than one and one-half per cent. On and after January 1, [2012] 1994, the rate for each calendar year shall be not less than the deposit index, as defined in subdivision (2) of this subsection, for that year, except in no event shall the rate be less than one and one-half per cent. On and after January 1, 2012, the rate for each calendar year shall be not less than the deposit index, as defined in subdivision (2) of this subsection, for that year. On the anniversary date of the tenancy and annually thereafter, such interest shall be paid to the tenant or resident or credited toward the next rental payment due from the tenant or resident, as the landlord or owner shall determine. If the tenancy is terminated before the anniversary date of such tenancy, or if the landlord or owner returns all or part of a security deposit prior to termination of the tenancy, the landlord or owner shall pay the accrued interest to the tenant or resident not later than thirty days after such termination or return. In any case where a tenant or resident has been delinquent for more than ten days in the payment of any monthly rent, such resident or tenant shall forfeit any interest that would otherwise be payable to such resident or tenant for that month, except that there shall be no such forfeiture if, pursuant to a provision of the rental agreement, a late charge is imposed for failure to pay such rent within the time period provided by section 47a-15a. No landlord or owner shall increase the rent due on any quarters or property subject to the provisions of this section because of the requirement that interest be paid on any security deposit made with respect to such quarters or property.

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Sec. 33. Subsection (b) of section 36a-17 of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(b) Any Connecticut bank, Connecticut credit union or Connecticut credit union service organization which causes or has caused any electronic data processing services to be performed for such bank, credit union or credit union service organization either on or off its premises by an electronic data processing servicer shall enter into a written contract with such servicer. Such contract shall specify the duties and responsibilities of the bank, credit union or credit union service organization and such servicer and provide that such servicer shall allow the commissioner to examine such servicer's books, records and computer systems in accordance with this subsection, if required by the commissioner. The Connecticut bank, Connecticut credit union or Connecticut credit union service organization shall promptly notify the commissioner of any material change in its electronic data processing services. In the case of a material change which triggers a notice requirement under 12 USC 1867, a Connecticut bank may satisfy the notice requirements of this subsection by providing the commissioner with a copy of the notice provided to the Federal Deposit Insurance Corporation under 12 USC 1867. The commissioner may examine the books, records and computer systems of any electronic data processing servicer that performs electronic data processing services for a Connecticut bank, Connecticut credit union or Connecticut credit union service organization, if such services substantially impact the operations of the Connecticut bank, Connecticut credit union or Connecticut credit union service organization as determined by the commissioner, in order to (1) determine whether such servicer has the capacity to protect the customer information of such bank, credit union or credit union service organization, and (2) assess such servicer's potential for continued service. The commissioner may assess a fee of one hundred

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fifty dollars per day plus costs for each examiner who conducts such examination, the total cost of which the commissioner may allocate on a pro rata basis to all Connecticut banks, Connecticut credit unions and Connecticut credit union service organizations under contract with such servicer.

Sec. 34. Section 36a-760j of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

No person shall influence real estate appraisals of residential property. For the purposes of this section, "influence [residential] real estate appraisals" means to directly or indirectly [coerce, influence or otherwise encourage an appraiser to misstate or misrepresent the value of residential property and includes, but is not limited to: (1) Refusal, or intentional failure, to pay an appraiser for an appraisal that reflects a fair market value estimate that is less than the sale contract price; or (2) refusal, or intentional failure, to utilize, or encouraging other mortgage brokers not to utilize, an appraiser based solely on the fact that the appraiser provided an appraisal reflecting a fair market value estimate that was less than the sale contract price.] cause or attempt to cause, through coercion, extortion, inducement, bribery, intimidation, compensation, instruction or collusion, the value assigned to the residential property to be based on any factor other than the independent judgment of the person who prepares the appraisal.

Sec. 35. Subdivision (7) of section 36a-330 of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(7) "Qualified public depository" or "depository" means a bank, Connecticut credit union, federal credit union or an out-of-state bank that maintains in this state a branch, as defined in section 36a-410,

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which receives or holds public deposits and, to the extent applicable, (A) segregates eligible collateral for public deposits as described in section 36a-333, as amended by this act, or (B) arranges for a letter of credit to be issued in accordance with section 36a-337, as amended by this act.

Sec. 36. Section 36a-330 of the 2012 supplement to the general statutes is amended by adding subdivision (8) as follows (*Effective from passage*):

(NEW) (8) "Uninsured public deposit" means the portion of a public deposit that is not insured or guaranteed by the Federal Deposit Insurance Corporation or by the National Credit Union Administration. For purposes of this subdivision, amounts of a public deposit that are insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration include amounts that have been redeposited, with the authorization of the public depositor, into deposit accounts in one or more federally insured banks, out-of-state banks, Connecticut credit unions or federal credit unions, including the qualified public depository, provided the full amounts so included are eligible for insurance coverage by the Federal Deposit Insurance Corporation or by the National Credit Union Administration.

Sec. 37. Subsection (a) of section 36a-333 of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) To secure public deposits, each qualified public depository shall at all times maintain, segregated from its other assets as provided in subsection (b) of this section, eligible collateral in an amount at least equal to the following percentage of uninsured public deposits held by the depository: (1) For any qualified public depository having a risk-based capital ratio of ten per cent or greater, a sum equal to ten per

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cent of all uninsured public deposits held by the depository; (2) for any qualified public depository having a risk-based capital ratio of less than ten per cent but greater than or equal to eight per cent, a sum equal to twenty-five per cent of all uninsured public deposits held by the depository; (3) for any qualified public depository having a risk-based capital ratio of less than eight per cent but greater than or equal to three per cent, a sum equal to one hundred per cent of all uninsured public deposits held by the depository; (4) for any qualified public depository having a risk-based capital ratio of less than three per cent, and, notwithstanding the provisions of subdivisions (1) to (3), inclusive, of this subsection, for any qualified public depository which has been conducting business in this state for a period of less than two years except for a qualified public depository that is a successor institution to a qualified public depository which conducted business in this state for two years or more, a sum equal to one hundred twenty per cent of all uninsured public deposits held by the depository; provided, the qualified public depository and the public depositor may agree on an amount of eligible collateral to be maintained by the depository that is greater than the minimum amounts required under subdivisions (1) to (4), inclusive, of this subsection; (5) notwithstanding the risk-based capital ratio provisions of subdivisions (1) to (3), inclusive, of this subsection, for any qualified public depository that is an uninsured bank, a sum equal to one hundred twenty per cent of all public deposits held by the depository; and (6) notwithstanding the risk-based capital ratio provisions of subdivisions (1) to (3), inclusive, of this subsection, for any qualified public depository that is subject to an order to cease and desist, consent order or a preliminary warning letter, or has entered into a stipulation and agreement, memorandum of understanding or a letter of understanding and agreement with a bank or credit union supervisor, a sum equal to one hundred twenty per cent of all uninsured public deposits held by the depository, [provided] or, in the case of such a qualified public depository that satisfies the requirements of subsection (f) of this section, as amended

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by this act, a sum equal to one hundred per cent of all uninsured public deposits held by the depository. Notwithstanding the provisions of this subsection, the qualified public depository and the public depositor may agree on an amount of eligible collateral to be maintained by the depository that is greater than the minimum amounts required under subdivisions (1) to (6), inclusive, of this subsection. For purposes of this subsection, the amount of all uninsured public deposits held by the depository shall be determined at the close of business on the day of receipt of any public deposit and any deficiency in the amount of eligible collateral required under this section shall be cured not later than the close of business on the following business day. For purposes of this subsection, the depository's risk-based capital ratio shall be determined, in accordance with applicable federal regulations and regulations adopted by the commissioner in accordance with chapter 54, based on the most recent quarterly call report, provided (A) if, during any calendar quarter after the issuance of such report, the depository experiences a decline in its risk-based capital ratio to a level that would require the depository to maintain a higher amount of eligible collateral under subdivisions (1) to (4), inclusive, or subdivision (6) of this subsection, the depository shall increase the amount of eligible collateral maintained by it to the minimum required under subdivisions (1) to (4), inclusive, or subdivision (6) of this subsection, as applicable, based on such lower risk-based capital ratio and shall notify the commissioner of its actions; and (B) if, during any calendar quarter after the issuance of such report, the commissioner reasonably determines that the depository's risk-based capital ratio is likely to decline to a level that would require the depository to maintain a higher amount of eligible collateral under subdivisions (1) to (4), inclusive, or subdivision (6) of this subsection, the commissioner may require that the depository increase the amount of eligible collateral maintained by it to the minimum required under subdivisions (1) to (4), inclusive, or subdivision (6) of this subsection, as applicable, based on the commissioner's determination of such

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lower risk-based capital ratio. For purposes of determining the minimum market value of the eligible collateral under subsection (e) of this section, a qualified public depository shall apply the collateral ratio using uninsured public deposits.

Sec. 38. Subsection (c) of section 36a-333 of the 2012 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(c) The depository shall have the right to make substitutions of eligible collateral at any time without notice. The depository shall have the right to reduce the amount of eligible collateral maintained under subsection (a) of this section provided such reduction shall be determined based on the amount of all uninsured public deposits held by the depository and the depository's risk-based capital ratio as determined in accordance with said subsection (a). The depository shall provide written notice to its public depositors of any such reduction in the amount of eligible collateral maintained under subsection (a) of this section.

Sec. 39. Section 36a-333 of the 2012 supplement to the general statutes is amended by adding subsection (f) as follows (*Effective from passage*):

(NEW) (f) A qualified public depository that is subject to an order to cease and desist, consent order or a preliminary warning letter, or has entered into a stipulation and agreement, memorandum of understanding or a letter of understanding and agreement with a bank or credit union supervisor, may maintain eligible collateral in a sum equal to or greater than one hundred per cent of all uninsured public deposits held by the depository, provided (1) the depository has a risk-based capital ratio of twelve per cent or greater, and (2) the depository satisfies the following conditions, to the extent applicable: (A) The depository may not pledge eligible collateral in the form described in

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subsection (e)6. of this section, except for mortgage pass-through or participation certificates or similar securities that have been issued or guaranteed by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation and for which prices are quoted; (B) the depository may not pledge eligible collateral in the form described in subsection (e)4.C. of this section; (C) if the public depository pledges eligible collateral in the form described in subsection (e)7. of this section, the collateral ratio for such mortgages shall be one hundred fifty per cent; and (D) if the public depository pledges eligible collateral in the form described in subsection (e)8. of this section, such collateral shall be rated in the three highest rating categories by a rating service recognized by the commissioner. The depository may pledge any other eligible collateral that is not limited by subdivision (2) of this subsection.

Sec. 40. Subsection (c) of section 36a-337 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(c) In lieu of eligible collateral required under section 36a-333, as amended by this act, all or any part of the uninsured public deposits held by any qualified public depository may be secured solely by an irrevocable letter of credit issued by [the Federal Home Loan Bank of Boston, provided such] a federal home loan bank that has a credit rating of the highest rating level from a rating service recognized by the commissioner [and] or by a federal home loan bank that has otherwise been deemed acceptable for such purposes by the commissioner, provided [further] the amount of the letter of credit when combined with any eligible collateral pledged by the depository, as a percentage of the uninsured public deposits, is no less than the amount required by section 36a-333, as amended by this act, for eligible collateral for the particular depository.

Sec. 41. Section 36a-334 of the 2012 supplement to the general

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statutes is repealed and the following is substituted in lieu thereof  
(*Effective from passage*):

When the commissioner determines that a loss has occurred, the commissioner shall as soon as possible make payment to the proper public officers of all public deposits subject to such loss, pursuant to the following procedure: (1) For the purposes of determining the sums to be paid, the commissioner or receiver shall, within twenty days after issuance of a restraining order or taking possession of any qualified public depository, ascertain the amount of public deposits held by the depository as disclosed by its records and the amount [thereof covered by deposit insurance] of such deposits that are uninsured deposits and certify the amounts to each public depositor having public funds on deposit in the depository; (2) within ten days after receipt of such certification, each such public depositor shall furnish to the commissioner verified statements of its deposits in the depository as disclosed by its records plus information concerning any letters of credit issued to the public depositor or any private insurance policy used to secure public deposits, pursuant to section 36a-337, as amended by this act; (3) upon receipt of such certificate and statements, the commissioner shall ascertain and fix the amount of such uninsured public deposits, net after deduction of any [deposit insurance and any] amount received or to be received by the public depositor pursuant to a letter of credit or private insurance policy issued in accordance with section 36a-337, as amended by this act, and assess the same against the depository in which the loss occurred; (4) the assessment made by the commissioner shall be payable on the second business day following demand, and in case of the failure of the qualified public depository so to pay, the commissioner shall immediately take possession of the eligible collateral, if any, segregated by the depository pursuant to sections 36a-330 to 36a-338, inclusive, as amended by this act, and liquidate the same for the purpose of paying such assessment; (5) upon receipt of the assessment,

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the commissioner shall reimburse the public depositors of the depository in which the loss occurred to the extent of the depository's net deposit liability to them.

Sec. 42. Section 36a-338 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

On each call report date, each qualified public depository shall file with the commissioner a written report, certified under oath, indicating [its] (1) the qualified public depository's risk-based capital ratio and total capital, as determined in accordance with applicable federal regulations and regulations adopted by the commissioner in accordance with chapter 54, (2) the total amount of public deposits held by [it and] the qualified public depository other than deposits that have been redeposited into the qualified public depository by another insured depository institution pursuant to a reciprocal deposit arrangement that makes such funds eligible for insurance coverage by the Federal Deposit Insurance Corporation or the National Credit Union Administration, (3) the amount and nature of [the] any eligible collateral segregated and designated to secure the uninsured public deposits in accordance with sections 36a-330 to 36a-338, inclusive, as amended by this act, and (4) the amount and the name of the issuer of any letter of credit issued pursuant to section 36a-337, as amended by this act. Each depository shall furnish a copy of its most recent report to any public depositor having public funds on deposit in the depository, upon request of the depositor. Any public depository which refuses or neglects to furnish any report or give any information as required by this section shall no longer be a qualified public depository and shall be excluded from the right to receive public deposits.