



General Assembly

**Substitute Bill No. 232**

January Session, 2013



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

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

1 Section 1. Subsection (a) of section 36a-17 of the general statutes is  
2 repealed and the following is substituted in lieu thereof (*Effective from*  
3 *passage*):

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

18 Sec. 2. Subsection (a) of section 36a-196 of the general statutes is  
19 repealed and the following is substituted in lieu thereof (*Effective from*  
20 *passage*):

21 (a) Following the reorganization of any mutual savings bank or  
22 mutual savings and loan association pursuant to sections 36a-192 to  
23 36a-199, inclusive, the reorganized savings institution of such mutual  
24 holding company shall not sell or offer to sell its common stock or  
25 securities convertible into common stock unless each eligible account  
26 holder of the reorganized savings institution receives, without  
27 payment, nontransferable subscription rights to purchase common  
28 stock or securities convertible into common stock, as the case may be,  
29 of the reorganized savings institution pursuant to a subscription  
30 offering: (1) In which every eligible account holder may receive the  
31 right, subject to modification in the event of an over-subscription to the  
32 subscription offering by all eligible account holders, to purchase up to  
33 a maximum of one-half of one per cent of the total number of the  
34 shares of common stock or securities convertible into common stock,  
35 as the case may be, being offered by the reorganized savings  
36 institution; (2) in which every eligible account holder, regardless of  
37 such account holder's relationship to the reorganized savings  
38 institution, may participate at the same time as every other eligible  
39 account holder; and (3) which offering shall precede any offering of the  
40 reorganized savings institution's common stock or securities  
41 convertible into common stock, as the case may be, to the members of  
42 the general public. The terms of the subscription offering may provide  
43 that any savings account with total balances of less than five hundred  
44 dollars, or any lesser amount as determined by the governing board of  
45 the reorganized savings institution, shall not constitute a qualifying  
46 deposit for participation in the subscription offering. Not later than  
47 fifteen days from the date of submission to the commissioner of a plan  
48 outlining the terms of the subscription offering, the reorganized  
49 savings institution shall mail by first class mail a notice to each eligible  
50 account holder as of the eligibility record date indicating that: [(1)] (A)  
51 The governing board of the reorganized savings institution has  
52 approved the sale of a certain number of shares of common stock or  
53 securities convertible into common stock, as the case may be; [(2)] (B)  
54 such eligible account holder shall have nontransferable rights to  
55 subscribe for shares of the common stock or securities convertible into

56 common stock, as the case may be, of the reorganized savings  
57 institution; [(3)] (C) the holders of capital stock of the reorganized  
58 savings bank shall have exclusive voting rights; [(4)] (D) the right to  
59 subscribe to shares of common stock or securities convertible into  
60 common stock, as the case may be, will expire unless such rights are  
61 exercised by the eligible account holder within the time period  
62 specified in such notice, which date shall not be less than sixty days  
63 from the date of the submission to the commissioner of the plan  
64 outlining the terms of the subscription offering; and [(5)] (E) in order to  
65 obtain further information with respect to the subscription offering,  
66 the eligible account holder shall indicate such eligible account holder's  
67 interest to the reorganized savings institution by returning a postage  
68 prepaid expression of interest sent by the reorganized savings  
69 institution not later than the date set forth in the notice, which date  
70 shall be not less than thirty days from the date of the submission to the  
71 commissioner of the plan outlining the terms of the subscription  
72 offering. In mailing such notice to eligible account holders, the  
73 reorganized savings institution may rely upon the last-known valid  
74 address of such account holder in its possession. The reorganized  
75 savings institution shall have no further obligation to forward  
76 information regarding the conversion offering to eligible account  
77 holders who have not returned postage prepaid expressions of interest  
78 or responded otherwise in writing to such notice.

79 Sec. 3. Subsection (c) of section 36a-380 of the general statutes is  
80 repealed and the following is substituted in lieu thereof (*Effective from*  
81 *passage*):

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

88 Sec. 4. Subdivision (15) of section 36a-485 of the general statutes is

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

91 (15) "Mortgage broker" (A) means a person who (i) for  
92 compensation or gain or with the expectation of compensation or gain  
93 (I) takes a residential mortgage loan application, or (II) offers or  
94 negotiates terms of a residential mortgage loan, and (ii) is not the  
95 prospective source of the funds for the residential mortgage loan, and  
96 (B) [but] does not include (i) an individual who is licensed as a  
97 mortgage loan originator acting as a mortgage loan originator on  
98 behalf of such mortgage loan originator's sponsoring mortgage lender,  
99 mortgage correspondent lender, mortgage broker or exempt registrant,  
100 or (ii) an individual exempt from mortgage loan originator licensure  
101 under subdivision (2) of subsection (b) of section 36a-486 when acting  
102 within the scope of such exemption;

103 Sec. 5. Subdivision (3) of subsection (c) of section 36a-534b of the  
104 general statutes is repealed and the following is substituted in lieu  
105 thereof (*Effective from passage*):

106 (3) Any person making any filing or submission of any information  
107 on the system shall do so in accordance with the procedures and  
108 requirements of the system and pay the applicable fees or charges to  
109 the system. Each mortgage lender, mortgage correspondent lender,  
110 mortgage broker, mortgage loan originator and loan processor or  
111 underwriter licensee and each exempt registrant, to the extent required  
112 by the system, shall timely submit to the system accurate reports of  
113 condition that shall be in such form and shall contain such information  
114 as the system may require. Failure by a licensee to submit a timely and  
115 accurate report of condition shall constitute a violation of this  
116 provision. Failure of an exempt registrant to timely and accurately  
117 submit a report of condition shall form a basis to inactivate the licenses  
118 of all sponsored mortgage loan originators or loan processor or  
119 underwriters. To the extent that the system does not require  
120 submission of reports of condition by individual mortgage loan  
121 originator or loan processor or underwriter licensees, such individual

122 licensees shall timely and accurately report all required information in  
123 their possession to their sponsor for purposes of their sponsor's  
124 reporting obligation. Failure of an individual licensee to timely and  
125 accurately report required information in [their] such licensee's  
126 possession to [their] such licensee's sponsor shall constitute a violation  
127 of this provision.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	36a-17(a)
Sec. 2	<i>from passage</i>	36a-196(a)
Sec. 3	<i>from passage</i>	36a-380(c)
Sec. 4	<i>from passage</i>	36a-485(15)
Sec. 5	<i>from passage</i>	36a-534b(c)(3)

**BA**      *Joint Favorable Subst.*