



General Assembly

January Session, 2013

***Raised Bill No. 911***

LCO No. 3188



Referred to Committee on BANKS

Introduced by:  
(BA)

***AN ACT CONCERNING MONEY TRANSMISSION, MORTGAGE  
SERVICERS AND CONSUMER COLLECTION AGENCIES.***

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

1 Section 1. Section 36a-595 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2013*):

3 Sections 36a-595 to 36a-610, inclusive, as amended by this act, and  
4 sections 18 and 19 of this act shall be known and may be cited as the  
5 "Money Transmission Act".

6 Sec. 2. Section 36a-596 of the general statutes is repealed and the  
7 following is substituted in lieu thereof (*Effective October 1, 2013*):

8 As used in sections 36a-595 to 36a-610, inclusive, as amended by this  
9 act, and sections 18 and 19 of this act:

10 (1) "Authorized delegate" means a person designated by a person  
11 licensed pursuant to sections 36a-595 to 36a-610, inclusive, as amended  
12 by this act, and sections 18 and 19 of this act, to provide money  
13 transmission services on behalf of such licensed person.

14 [(1)] (2) "Electronic payment instrument" means a card or other  
15 tangible object for the transmission of money or monetary value or  
16 payment of money which contains a microprocessor chip, magnetic  
17 stripe, or other means for the storage of information, that is prefunded  
18 and for which the value is decremented upon each use, but does not  
19 include a card or other tangible object that is redeemable by the issuer  
20 in the issuer's goods or services.

21 [(2)] (3) "Holder" means a person, other than a purchaser, who is  
22 either in possession of a [Connecticut] payment instrument and is the  
23 named payee thereon or in possession of a [Connecticut] payment  
24 instrument issued or endorsed to such person or bearer or in blank.  
25 "Holder" does not include any person who is in possession of a lost,  
26 stolen or forged [Connecticut] payment instrument.

27 [(3)] (4) "Licensee" means any person licensed or required to be  
28 licensed pursuant to sections 36a-595 to 36a-610, inclusive, as amended  
29 by this act, and sections 18 and 19 of this act.

30 [(4)] "Material litigation" means any litigation that, according to  
31 generally accepted accounting principles, is deemed significant to a  
32 person's financial health and would be required to be referenced in a  
33 person's annual audited financial statements, report to shareholders or  
34 similar documents.]

35 (5) "Monetary value" means a medium of exchange, whether or not  
36 redeemable in money.

37 [(6)] "Money order" means any check, draft, money order or other  
38 payment instrument. "Money order" does not include a travelers check  
39 or electronic payment instrument.]

40 [(7)] (6) "Money transmission" means engaging in the business of  
41 issuing or selling payment instruments or stored value, receiving  
42 money or monetary value for current or future transmission or the  
43 business of transmitting money or monetary value within the United

44 States or to locations outside the United States by any and all means  
45 including, but not limited to, payment instrument, wire, facsimile or  
46 electronic transfer. [or issuing stored value.]

47 [(8) "Net worth" means the excess of assets over liabilities as  
48 determined by generally accepted accounting principles.]

49 [(9)] ~~(7)~~ "Outstanding" means [ ] ~~(A)~~ in the case of a [money order,  
50 travelers check, electronic] payment instrument or stored value, that:  
51 [(A)] ~~(i)~~ It is sold or issued in the United States; [(B)] ~~(ii)~~ a report of it  
52 has been received by a licensee from its [agents] authorized delegates;  
53 and [(C)] ~~(iii)~~ it has not yet been paid by the issuer, and (B) for all other  
54 money transmissions, the value reported to the licensee for which the  
55 licensee or any authorized delegate has received money or its  
56 equivalent value from the customer for transmission, but has not yet  
57 completed the money transmission by delivering the money or  
58 monetary value to the person designated by the customer.

59 [(10)] ~~(8)~~ "Payment instrument" means a check, draft, money order,  
60 travelers check or electronic payment instrument that evidences either  
61 an obligation for the transmission of money or monetary value or  
62 payment of money, or the purchase or the deposit of funds for the  
63 purchase of such check, draft, money order, travelers check or  
64 electronic payment instrument. [A payment instrument is a  
65 "Connecticut payment instrument" if it is sold in this state.]

66 [(11)] ~~(9)~~ "Permissible investment" means: (A) Cash in United States  
67 currency; (B) time deposits, as defined in section 36a-2, or other debt  
68 instruments of a bank; (C) bills of exchange or bankers acceptances  
69 which are eligible for purchase by member banks of the Federal  
70 Reserve System; (D) commercial paper of prime quality; (E) interest-  
71 bearing bills, notes, bonds, debentures or other obligations issued or  
72 guaranteed by: (i) The United States or any of its agencies or  
73 instrumentalities, or (ii) any state, or any agency, instrumentality,  
74 political subdivision, school district or legally constituted authority of

75 any state if such investment is of prime quality; (F) interest-bearing  
76 bills or notes, or bonds, debentures or preferred stocks, traded on any  
77 national securities exchange or on a national over-the-counter market,  
78 if such debt or equity investments are of prime quality; (G) receivables  
79 due from [selling agents] authorized delegates consisting of the  
80 proceeds of the sale of payment instruments which are not past due or  
81 doubtful of collection; (H) gold; and (I) any other investments  
82 approved by the commissioner. Notwithstanding the provisions of this  
83 subdivision, if the commissioner at any time finds that an investment  
84 of a licensee is unsatisfactory for investment purposes, the investment  
85 shall not qualify as a permissible investment.

86 [(12)] (10) "Prime quality" of an investment means that it is within  
87 the top four rating categories in any rating service recognized by the  
88 commissioner unless the commissioner determines for any licensee  
89 that only those investments in the top three rating categories qualify as  
90 "prime quality".

91 [(13)] (11) "Purchaser" means a person who buys or has bought a  
92 [Connecticut] payment instrument or who has given money or  
93 monetary value for current or future transmission.

94 [(14)] (12) "Stored value" means monetary value that is evidenced by  
95 an electronic record. For the purposes of this subdivision, "electronic  
96 record" means information that is stored in an electronic medium and  
97 is retrievable in perceivable form.

98 [(15)] (13) "Travelers check" means a payment instrument for the  
99 payment of money that contains a provision for a specimen signature  
100 of the purchaser to be completed at the time of a purchase of the  
101 instrument and a provision for a countersignature of the purchaser to  
102 be completed at the time of negotiation.

103 [(16)] "Unsafe or unsound practice" means a practice or conduct by a  
104 licensee or an agent of such licensee that is likely to result in a material  
105 loss, insolvency or dissipation of the licensee's assets or otherwise

106 materially prejudice the interests of purchasers.]

107 Sec. 3. Section 36a-597 of the general statutes is repealed and the  
108 following is substituted in lieu thereof (*Effective October 1, 2013*):

109 (a) No person shall engage in the business of [issuing Connecticut  
110 payment instruments, or engage in the business of] money  
111 transmission in this state, or advertise or solicit such services, without  
112 a license issued by the commissioner as provided in [section 36a-600.  
113 No person shall engage in such business or in the business of selling  
114 Connecticut payment instruments as an agent] sections 36a-595 to 36a-  
115 610, inclusive, as amended by this act, and sections 18 and 19 of this  
116 act, except as an [agent] authorized delegate of a person that has been  
117 issued a license by the commissioner [as provided in section 36a-600 or  
118 an entity or a person exempt under section 36a-609] and in accordance  
119 with section 36a-607, as amended by this act. A person shall be deemed  
120 to be engaged in the business of money transmission in this state if  
121 such person: (1) Has a place of business in this state, (2) receives  
122 money or monetary value in this state or from a person located in this  
123 state, (3) transmits money or monetary value from a location in this  
124 state or to a person located in this state, (4) issues stored value or  
125 payment instruments that are sold in this state, or (5) sells stored value  
126 or payment instruments in this state. The licensee [and the agent] shall  
127 promptly notify the commissioner, in writing, of the termination of the  
128 contract between such licensee and [agent] authorized delegate.

129 (b) Any person who knowingly engages in the business of [issuing  
130 Connecticut payment instruments, or who knowingly engages in the  
131 business of] money transmission in this state, without obtaining a  
132 license, as provided in [section 36a-600] sections 36a-595 to 36a-610,  
133 inclusive, as amended by this act, and sections 18 and 19 of this act,  
134 shall be guilty of a class D felony. Each transaction in violation of the  
135 provisions of this subsection shall constitute a separate offense.

136 Sec. 4. Section 36a-598 of the general statutes is repealed and the

137 following is substituted in lieu thereof (*Effective October 1, 2013*):

138 (a) Each application for an [original] initial or renewal license  
139 required under sections 36a-595 to 36a-610, inclusive, as amended by  
140 this act, and sections 18 and 19 of this act, shall be made in writing and  
141 under oath to the commissioner in such form as the commissioner may  
142 prescribe. The application shall include:

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

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

148 (3) The complete name and address of each of the applicant's  
149 [branches, subsidiaries, affiliates and agents] locations and authorized  
150 delegates, if any, [engaging in this state in the business of selling or  
151 issuing Connecticut payment instruments, or engaging] through which  
152 the applicant intends to engage in the business of money transmission  
153 in this state;

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

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

164 (6) [The most recently] (A) A copy of the applicant's audited  
165 financial statements for the most recent fiscal year, (B) if the applicant

166 is a wholly-owned subsidiary of another corporation, (i) the most  
167 recent audited consolidated annual financial statements of the parent  
168 corporation or the applicant's most recent audited consolidated annual  
169 financial statement, and (ii) the most recent audited unconsolidated  
170 financial statement of the applicant, including its balance sheet and  
171 receipts and disbursements for the preceding year, [prepared by an  
172 independent certified public accountant acceptable to the  
173 commissioner] (C) if the applicant is publicly traded, a copy of the  
174 most recent 10-K report filed with the Securities Exchange Commission  
175 or, if the applicant is a wholly-owned subsidiary of a publicly traded  
176 company, a copy of the parent company's most recent 10-K report filed  
177 with the Securities and Exchange Commission, and (D) if the applicant  
178 or parent company of a wholly-owned subsidiary applicant is publicly  
179 traded on a foreign exchange, a copy of similar documentation filed  
180 with the applicable securities regulator;

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

188 (8) The history of material litigation for the five-year period prior to  
189 the date of the application of the individual, if the applicant is an  
190 individual; the partners, if the applicant is a partnership; the directors,  
191 trustees, principal officers and any shareholder owning ten per cent or  
192 more of each class of its securities, if the applicant is a corporation or  
193 association; or the members, if the applicant is a limited liability  
194 company, and sufficient information pertaining to the history of  
195 material litigation, in a form acceptable to the commissioner, on such  
196 individual or the partners, directors, trustees, principal officers,  
197 members and any shareholder owning ten per cent or more of each  
198 class of the applicant's securities. For purposes of this section, "material

199 litigation" means any litigation that, according to generally accepted  
200 accounting principles, is deemed significant to a person's financial  
201 health and that such person is required to reference in an annual  
202 audited financial statement, a report to shareholders or a similar  
203 document;

204 (9) (A) The history of criminal convictions of the individual, if the  
205 applicant is an individual; the partners, if the applicant is a  
206 partnership; the directors, trustees, principal officers and any  
207 shareholder owning ten per cent or more of each class of its securities  
208 if the applicant is a corporation or association; or the members, if the  
209 applicant is a limited liability company, and (B) sufficient information  
210 pertaining to the history of criminal convictions, in a form acceptable  
211 to the commissioner, on such individual or the partners, directors,  
212 trustees, principal officers, members and any shareholder owning ten  
213 per cent or more of each class of the applicant's securities;

214 (10) (A) The surety bond required by subsection (a) of section 36a-  
215 602, as amended by this act, if applicable;

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

222 (11) A statement [of whether the applicant will engage in the  
223 business of issuing money orders, travelers checks or electronic  
224 payment instruments or engage in the business of money transmission  
225 in this state; and] describing the type of money transmission business  
226 that will be conducted by the applicant in this state;

227 (12) The name and address of any financial institution used by the  
228 applicant for its money transmission business in this state;

229 (13) For each authorized delegate, a sample of the contract  
230 evidencing the proposed arrangement between the applicant and the  
231 authorized delegate; and

232 ~~[(12)]~~ (14) Any other information the commissioner may require.

233 (b) The commissioner, in accordance with section 29-17a, may  
234 conduct a state and national criminal history records check of the  
235 individual applicant and of each partner, director, trustee, principal  
236 officer, member and shareholder owning ten per cent or more of each  
237 class of the securities of the applicant. The commissioner may deem an  
238 application for a license to engage in the business of [issuing  
239 Connecticut payment instruments or engage in the business of] money  
240 transmission in this state abandoned if the applicant fails to respond to  
241 any request for information required under sections 36a-595 to 36a-610,  
242 inclusive, as amended by this act, and sections 18 and 19 of this act, or  
243 any regulations adopted pursuant to said sections. The commissioner  
244 shall notify the applicant, in writing, that if the applicant fails to  
245 submit such information not later than sixty days after such request,  
246 the application shall be deemed abandoned. An application filing fee  
247 paid prior to the date an application is deemed abandoned pursuant to  
248 this subsection shall not be refunded. Abandonment of an application  
249 pursuant to this subsection shall not preclude the applicant from  
250 submitting a new application for a license under sections 36a-595 to  
251 36a-610, inclusive, as amended by this act, and sections 18 and 19 of  
252 this act.

253 (c) An applicant or licensee shall [promptly] notify the  
254 commissioner, in writing, of any change in the information provided  
255 in the application for license or most recent renewal of such license not  
256 later than fifteen days after the applicant or licensee has reason to  
257 know of such change.

258 (d) A licensee shall not change the name specified on its license  
259 unless, prior to such change in name, the licensee files an application

260 with the commissioner accompanied by the name change fee specified  
261 in subsection (a) of section 36a-599, as amended by this act, and  
262 receives the approval of the commissioner.

263 (e) A licensee shall provide a written notice to the commissioner  
264 [no] not later than one business day after the licensee has reason to  
265 know of the occurrence of any of the following events:

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

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

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

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

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

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

286 (7) A conviction or indictment of [its agent] an authorized delegate  
287 for a misdemeanor involving the money transmission business or a  
288 felony.

289 Sec. 5. Section 36a-599 of the general statutes is repealed and the  
290 following is substituted in lieu thereof (*Effective October 1, 2013*):

291 (a) Each application for an [original] initial license shall be  
292 accompanied by a nonrefundable investigation fee of six hundred  
293 twenty-five dollars and a nonrefundable license fee of two thousand  
294 two hundred fifty dollars, except that if such application is filed not  
295 earlier than one year before the date such license will expire, the  
296 applicant shall pay a nonrefundable investigation fee of six hundred  
297 twenty-five dollars and a license fee of one thousand two hundred fifty  
298 dollars. Each application for a renewal license shall be accompanied by  
299 a nonrefundable license fee of two thousand two hundred fifty dollars,  
300 [ or in the case of a license that expires on June 30, 2007, a license fee of  
301 two thousand two hundred fifty dollars. The license fee shall be  
302 refunded if the application for an original license is denied, the  
303 commissioner refuses to issue a renewal license or an application for a  
304 license or renewal license is withdrawn prior to issuance of a license or  
305 renewal license by the commissioner.] Each licensee shall pay to the  
306 commissioner a nonrefundable name change fee of two hundred  
307 dollars for each application to change a name. No licensee shall use  
308 any name other than the name specified on the license issued by the  
309 commissioner.

310 (b) A license issued pursuant to sections 36a-595 to 36a-610,  
311 inclusive, as amended by this act, and sections 18 and 19 of this act,  
312 shall expire at the close of business on September thirtieth of the odd-  
313 numbered year following its issuance, unless renewed or earlier  
314 surrendered, suspended or revoked pursuant to said sections. [,  
315 provided any license that is renewed effective July 1, 2007, shall expire  
316 on September 30, 2009.] Not later than fifteen days after a licensee  
317 ceases to engage [in this state in the business of issuing Connecticut  
318 payment instruments or ceases to engage] in the business of money  
319 transmission in this state for any reason, including a business decision  
320 to terminate operations in this state, license revocation, bankruptcy or  
321 voluntary dissolution, such licensee shall provide written notice of

322 surrender and surrender to the commissioner [in person or by  
323 registered or certified mail] its license for each location in which such  
324 licensee has ceased to engage in such business. The written notice of  
325 surrender shall identify the location where the records of the licensee  
326 will be stored and the name, address and telephone number of an  
327 individual authorized to provide access to the records. The surrender  
328 of a license does not reduce or eliminate the licensee's civil or criminal  
329 liability arising from acts or omissions occurring prior to the surrender  
330 of the license, including any administrative actions undertaken by the  
331 commissioner to revoke or suspend a license, assess a civil penalty,  
332 order restitution or exercise any other authority provided to the  
333 commissioner.

334 Sec. 6. Section 36a-600 of the general statutes is repealed and the  
335 following is substituted in lieu thereof (*Effective October 1, 2013*):

336 (a) Upon the filing of an application for an [original] initial license,  
337 and the payment of the fees for investigation and license, the  
338 commissioner shall investigate the financial condition and  
339 responsibility, financial and business experience, character and general  
340 fitness of the applicant. The commissioner [shall approve conditionally  
341 any application,] may issue a license if the commissioner finds that:

342 (1) The applicant's financial condition is sound;

343 (2) The applicant's business will be conducted honestly, fairly,  
344 equitably, carefully and efficiently within the purposes and intent of  
345 sections 36a-595 to 36a-610, inclusive, as amended by this act, and  
346 sections 18 and 19 of this act, and in a manner commanding the  
347 confidence and trust of the community;

348 (3) (A) If the applicant is an individual, such individual is in all  
349 respects properly qualified and of good character, (B) if the applicant is  
350 a partnership, each partner is in all respects properly qualified and of  
351 good character, (C) if the applicant is a corporation or association, each  
352 president, chairperson of the executive committee, senior officer

353 responsible for the corporation's business, chief financial officer or any  
354 other person who performs similar functions as determined by the  
355 commissioner, director, trustee and each shareholder owning ten per  
356 cent or more of each class of the securities of such corporation is in all  
357 respects properly qualified and of good character, or (D) if the  
358 applicant is a limited liability company, each member is in all respects  
359 properly qualified and of good character;

360 (4) The applicant is in compliance with the provisions of sections  
361 [36a-603 and] 36a-602 to 36a-604, as amended by this act;

362 (5) No person on behalf of the applicant knowingly has made any  
363 incorrect statement of a material fact in the application, or in any  
364 report or statement made pursuant to sections 36a-595 to 36a-610,  
365 inclusive, as amended by this act, and sections 18 and 19 of this act;  
366 [and]

367 (6) No person on behalf of the applicant knowingly has omitted to  
368 state any material fact necessary to give the commissioner any  
369 information lawfully required by the commissioner; and

370 (7) The applicant has paid the investigation fee and license fee  
371 required under section 36a-599, as amended by this act.

372 [(b) If the commissioner conditionally approves an application, the  
373 applicant shall have thirty days, which the commissioner may extend  
374 for cause, to comply with the requirements of section 36a-602. Upon  
375 such compliance, the commissioner's conditional approval shall  
376 become final, and the commissioner shall issue a license to the  
377 applicant. The commissioner shall not issue a license to any applicant  
378 unless the applicant is in compliance with all the requirements of  
379 subsection (a) of this section and section 36a-602 and has paid the  
380 investigation and license fee required under section 36a-599.]

381 [(c)] (b) The commissioner may deny an application if the  
382 commissioner finds that the applicant or any of its partners, directors,

383 trustees, principal officers or shareholders owning ten per cent or more  
384 of the shares of the applicant or members (1) are listed on the specially  
385 designated nationals and blocked persons list prepared by the United  
386 States Department of the Treasury, or (2) have been convicted of any  
387 misdemeanor involving any aspect of the money transmission  
388 business [or the business of issuing payment instruments,] or any  
389 felony. Any denial of an application by the commissioner shall, when  
390 applicable, be subject to the provisions of section 46a-80.

391 Sec. 7. Section 36a-601 of the general statutes is repealed and the  
392 following is substituted in lieu thereof (*Effective October 1, 2013*):

393 (a) A license may be renewed for the ensuing twenty-four-month  
394 period upon the filing of an application containing all information  
395 required by section 36a-598, as amended by this act. Such renewal  
396 application shall be filed on or before September first of the year in  
397 which the license expires. [, or in the case of an application for renewal  
398 of a license that expires on June 30, 2007, on or before June 1, 2007.]  
399 Any renewal application filed with the commissioner after September  
400 first [, or in the case of a license that expires on June 30, 2007, after June  
401 1, 2007,] shall be accompanied by a one-hundred-dollar late fee and  
402 any such filing shall be deemed to be timely and sufficient for  
403 purposes of subsection (b) of section 4-182. If an application for a  
404 renewal license has been filed with the commissioner on or before the  
405 date the license expires, the license sought to be renewed shall  
406 continue in full force and effect until the issuance by the commissioner  
407 of the renewal license applied for or until the commissioner has  
408 notified the licensee in writing of the commissioner's refusal to issue  
409 such renewal license together with the grounds upon which such  
410 refusal is based. The commissioner may refuse to issue a renewal  
411 license on any ground on which the commissioner might refuse to  
412 issue an [original] initial license.

413 (b) If the commissioner determines that a check filed with the  
414 commissioner to pay an investigation or license fee has been

415 dishonored or if made by ACH, has been returned, the commissioner  
416 shall automatically suspend a renewal license that has been issued but  
417 is not yet effective. The commissioner shall give the licensee notice of  
418 the automatic suspension pending proceedings for refusal to renew  
419 such license and an opportunity for a hearing on such actions in  
420 accordance with section 36a-51.

421 Sec. 8. Section 36a-602 of the general statutes is repealed and the  
422 following is substituted in lieu thereof (*Effective October 1, 2013*):

423 (a) As a condition for the issuance and retention of the license,  
424 applicants for a license and licensees shall file with the commissioner a  
425 surety bond, the form of which shall be approved by the Attorney  
426 General, issued by a bonding company or insurance company  
427 authorized to do business in this state. The bond shall be conditioned  
428 upon the licensee and the licensee's authorized delegates faithfully  
429 performing all obligations with respect to the licensee's money  
430 transmission business in this state and conducting such business in  
431 this state consistent with the provisions of sections 36a-595 to 36a-610,  
432 inclusive, as amended by this act, and sections 18 and 19 of this act.  
433 The bond shall be in favor of the commissioner, [cover claims that arise  
434 during the period the license remains in full force and effect and the  
435 succeeding two years after such license has been surrendered, revoked  
436 or suspended or has expired, in accordance with the provisions of  
437 sections 36a-595 to 36a-610, inclusive, and be in the principal sum of (1)  
438 three hundred thousand dollars for any applicant and any licensee that  
439 engages in the business of issuing Connecticut payment instruments  
440 with an average daily balance of outstanding Connecticut payment  
441 instruments during the two previous reporting quarters of three  
442 hundred thousand dollars or less or any licensee that engages in the  
443 business of money transmission with an average weekly amount of  
444 money or monetary value received or transmitted, whichever amount  
445 is greater, during the two previous reporting quarters of one hundred  
446 fifty thousand dollars or less; (2) five hundred thousand dollars for any  
447 licensee that engages in the business of issuing Connecticut payment

448 instruments with an average daily balance of outstanding Connecticut  
449 payment instruments during the two previous reporting quarters of  
450 greater than three hundred thousand dollars but less than five  
451 hundred thousand dollars or any licensee that engages in the business  
452 of money transmission with an average weekly amount of money or  
453 monetary value received or transmitted, whichever amount is greater,  
454 during the two previous reporting quarters of greater than one  
455 hundred fifty thousand dollars but less than two hundred fifty  
456 thousand dollars; and (3) one million dollars for any licensee that  
457 engages in the business of issuing Connecticut payment instruments  
458 with an average daily balance of outstanding Connecticut payment  
459 instruments during the two previous reporting quarters equal to or  
460 greater than five hundred thousand dollars or any licensee that  
461 engages in the business of money transmission with an average weekly  
462 amount of money or monetary value received or transmitted,  
463 whichever amount is greater, during the two previous reporting  
464 quarters of two hundred fifty thousand dollars or greater.] run  
465 concurrently with the period of the license and be in the principal sum  
466 of not less than: (1) Three hundred thousand dollars for any applicant  
467 and any licensee with an average weekly amount of money  
468 transmissions in this state of less than three hundred thousand dollars  
469 for the most recent twelve-month period ending June thirtieth, (2) five  
470 hundred thousand dollars for any licensee with an average weekly  
471 amount of money transmissions in this state equal to or greater than  
472 three hundred thousand dollars but less than or equal to five hundred  
473 thousand dollars for the most recent twelve-month period ending June  
474 thirtieth, or (3) one million dollars for any licensee with an average  
475 weekly amount of money transmissions in this state exceeding five  
476 hundred thousand dollars for the most recent twelve-month period  
477 ending June thirtieth. For purposes of this section, "money  
478 transmission" includes (A) money or monetary value received or  
479 transmitted in this state, and (B) stored value and payment  
480 instruments issued or sold in this state.

481       **(b)** The proceeds of the bond, even if commingled with other assets  
482 of the licensee, shall be deemed by operation of law to be held in trust  
483 for the benefit of any claimants against the licensee to serve the faithful  
484 performance of the obligations of the licensee and the licensee's  
485 authorized delegates with respect to the [receipt, handling,  
486 transmission or payment of money or monetary value in connection  
487 with the sale and issuance of Connecticut payment instruments or  
488 transmission of money or monetary value] licensee's money  
489 transmission business in this state in the event of the bankruptcy of the  
490 licensee, and shall be immune from attachment by creditors or  
491 judgment creditors. Any person who may be damaged as a result of  
492 the failure by the licensee or the licensee's authorized delegates to  
493 perform obligations with respect to the licensee's money transmission  
494 business in this state may proceed against the licensee's bond to  
495 recover damages. The commissioner may proceed on such bond  
496 against the principal or surety thereon, or both, to collect any civil  
497 penalty imposed upon the licensee pursuant to subsection (a) of  
498 section 36a-50, any restitution imposed pursuant to subsection (c) of  
499 section 36a-50, and any unpaid costs of examination of the licensee as  
500 determined pursuant to subdivision (6) of subsection (c) of section 36a-  
501 65, as amended by this act. [In the event a license has been  
502 surrendered, revoked or suspended or has expired, in accordance with  
503 the provisions of sections 36a-595 to 36a-610, inclusive, the  
504 commissioner, in the commissioner's discretion, may lower the  
505 required principal sum of the bond based on the licensee's level of  
506 business and outstanding Connecticut payment instruments.] The  
507 bond shall cover claims for damages arising from the licensee's money  
508 transmission business in this state made not later than two years from  
509 the date of the act, error or omission that allegedly caused or resulted  
510 in such damages. When an action is commenced on a licensee's bond,  
511 the commissioner may require the filing of a new bond and,  
512 immediately upon recovery on any action on the bond, the licensee  
513 shall file a new bond. If the commissioner finds that the financial  
514 condition of a licensee so requires, as evidenced by the reduction of

515 tangible net worth, financial losses or potential losses as a result of a  
516 violation of sections 36a-595 to 36a-610, inclusive, as amended by this  
517 act, or section 18 or 19 of this act, the commissioner may require one or  
518 more additional bonds meeting the standards set forth in this section.  
519 The licensee shall file any such additional bonds not later than ten days  
520 after receipt of the commissioner's written notice of such requirement.

521       [(b)] (c) The surety company may cancel the bond at any time by a  
522 written notice to the licensee, stating the date cancellation shall take  
523 effect. Such notice shall be sent by certified mail to the licensee at least  
524 thirty days prior to the date of cancellation. A surety bond shall not be  
525 cancelled unless the surety company notifies the commissioner in  
526 writing not less than thirty days prior to the effective date of  
527 cancellation. After receipt of such notification from the surety  
528 company, the commissioner shall give written notice to the licensee of  
529 the date such bond cancellation shall take effect. The commissioner  
530 shall automatically suspend the license on such date, unless the  
531 licensee, prior to such date, submits (1) a letter of reinstatement of the  
532 bond from the surety company, (2) a new bond, (3) evidence that all of  
533 the principal sum of such surety bond has been invested as provided  
534 in subsection [(c)] (d) of this section, (4) a new bond that replaces the  
535 surety bond in part and evidence that the remaining part of the  
536 principal sum of such surety bond has been invested as provided in  
537 subsection [(c)] (d) of this section, or (5) evidence that the licensee has  
538 ceased business and has surrendered the license. After a license has  
539 been automatically suspended, the commissioner shall give the  
540 licensee notice of the automatic suspension pending proceedings for  
541 revocation or refusal to renew such license and an opportunity for a  
542 hearing on such actions in accordance with section 36a-51 and require  
543 the licensee to take or refrain from taking such action as in the opinion  
544 of the commissioner will effectuate the purposes of this section.

545       [(c)] (d) In lieu of all or part of the principal sum of such surety  
546 bonds, applicants for a license and licensees may invest such sum as  
547 provided in this subsection. The book or market value, whichever is

548 lower, of such investments shall be equal to the amount of the bond  
549 required by subsection (a) of this section less the amount of the bond  
550 filed with the commissioner by the applicant or licensee. Such  
551 applicants and licensees shall keep such investments with such banks,  
552 Connecticut credit unions or federal credit unions as such applicants or  
553 licensees may designate and the commissioner may approve, and  
554 subject to such conditions as the commissioner deems necessary for the  
555 protection of consumers and in the public interest. As used in this  
556 subsection, "investments" means: (1) Dollar deposits; and (2) interest-  
557 bearing bills, notes, bonds, debentures or other obligations issued or  
558 guaranteed by (A) the United States or any of its agencies or  
559 instrumentalities, or (B) any state, or any agency, instrumentality,  
560 political subdivision, school district or legally constituted authority of  
561 any state if such investment is of prime quality. The investments shall  
562 secure the same obligation as would a surety bond filed under this  
563 section. The investments shall be held at such banks or credit unions to  
564 cover claims during the period the license remains in full force and  
565 effect and the succeeding two years after such license has been  
566 surrendered, revoked or suspended or has expired in accordance with  
567 the provisions of sections 36a-595 to 36a-610, inclusive, as amended by  
568 this act, and sections 18 and 19 of this act. The licensee shall be  
569 permitted to collect interest on such investments and at any time to  
570 exchange, examine and compare such investments. The investments  
571 made pursuant to this section, even if commingled with other assets of  
572 the licensee, shall be deemed by operation of law to be held in trust for  
573 the benefit of any claimants against the licensee to serve the faithful  
574 performance of the obligations of the licensee and the licensee's  
575 authorized delegates with respect to the [receipt, handling,  
576 transmission or payment of money or monetary value in connection  
577 with the sale and issuance of Connecticut payment instruments or  
578 transmission of money or monetary value] licensee's money  
579 transmission business in this state in the event of the bankruptcy of the  
580 licensee, and shall be immune from attachment by creditors or  
581 judgment creditors.

582 Sec. 9. Section 36a-603 of the general statutes is repealed and the  
583 following is substituted in lieu thereof (*Effective October 1, 2013*):

584 (a) Each licensee shall at all times maintain permissible investments  
585 having a value, computed in accordance with generally accepted  
586 accounting principles, at least equal to the aggregate amount of its  
587 outstanding [Connecticut payment instruments and stored value]  
588 money transmissions in this state, provided the value of receivables  
589 due from authorized delegates consisting of the proceeds of the sale of  
590 payment instruments that are not past due or doubtful of collection  
591 shall not exceed thirty per cent of the permissible investments held by  
592 the licensee and receivables due from any one person shall not exceed  
593 ten per cent of the value of permissible investments held by the  
594 licensee.

595 (b) As used in subsection (a) of this section, "value" means the lower  
596 of book or market value, except that with regard to debt obligations  
597 which the licensee as a matter of policy retains until maturity, "value"  
598 means the greater of book or market value unless the commissioner  
599 orders that for some or all investments of a particular licensee, "value"  
600 means the lower of book or market value.

601 (c) Permissible investments, even if commingled with other assets of  
602 the licensee, shall be deemed by operation of law to be held in trust for  
603 the benefit of any claimants against the licensee to serve the faithful  
604 performance of the obligations of the licensee and the licensee's  
605 authorized delegates with respect to the [receipt, handling,  
606 transmission or payment of money or monetary value in connection  
607 with the sale and issuance of Connecticut payment instruments or  
608 transmission of money or monetary value] licensee's money  
609 transmission business in the event of the bankruptcy of the licensee,  
610 and shall be immune from attachment by creditors or judgment  
611 creditors.

612 Sec. 10. Section 36a-604 of the general statutes is repealed and the

613 following is substituted in lieu thereof (*Effective October 1, 2013*):

614 (a) Each licensee which issues [Connecticut] or sells payment  
615 instruments in this state which are checks, drafts or money orders shall  
616 at all times have a tangible net worth of at least one hundred thousand  
617 dollars.

618 (b) Each licensee which issues [Connecticut] or sells payment  
619 instruments in this state which are travelers checks or electronic  
620 payment instruments shall at all times have a tangible net worth of at  
621 least one million dollars.

622 (c) Each licensee that engages in the business of money transmission  
623 in this state, except by issuing or selling stored value or payment  
624 instruments, shall at all times have a tangible net worth of at least five  
625 hundred thousand dollars. Each licensee that [engages in the business  
626 of money transmission by issuing] issues or sells stored value in this  
627 state shall at all times have a tangible net worth of at least [five  
628 hundred thousand] one million dollars or a higher amount as  
629 determined by the commissioner, in accordance with generally  
630 accepted accounting principles.

631 Sec. 11. Section 36a-605 of the general statutes is repealed and the  
632 following is substituted in lieu thereof (*Effective October 1, 2013*):

633 In connection with the examination of a licensee under section 36a-  
634 17, the commissioner may also examine the [agents] authorized  
635 delegates of such licensee. The commissioner, in lieu of conducting an  
636 examination, may accept the report of examination of any other state  
637 or federal supervisory agency or any organization affiliated with or  
638 representing such supervisory agency with respect to the examination  
639 or other supervision of any person subject to the provisions of sections  
640 36a-595 to 36a-610, inclusive, as amended by this act, and sections 18  
641 and 19 of this act, or a report prepared by an independent accounting  
642 firm, and reports so accepted are considered for purposes of sections  
643 36a-595 to 36a-610, inclusive, as amended by this act, and sections 18

644 and 19 of this act, as an official examination report of the  
645 commissioner.

646 Sec. 12. Section 36a-606 of the general statutes is repealed and the  
647 following is substituted in lieu thereof (*Effective October 1, 2013*):

648 (a) On or before the thirtieth day of April each year, each licensee  
649 shall file with the commissioner:

650 (1) [Its most recently audited unconsolidated financial statement,  
651 including its balance sheet and receipts and disbursements for the  
652 preceding year, prepared by an independent certified public  
653 accountant acceptable to the commissioner] (A) A copy of audited  
654 financial statements for the most recent fiscal year, (B) if a wholly-  
655 owned subsidiary of another corporation, (i) the most recent audited  
656 consolidated annual financial statements of the parent corporation or  
657 the licensee's most recent audited consolidated annual financial  
658 statement, and (ii) the most recent audited consolidated financial  
659 statement of the licensee, including its balance sheet and receipts and  
660 disbursements for the preceding year, (C) if publicly traded, a copy of  
661 the most recent 10-K report filed with the Securities and Exchange  
662 Commission, and (D) if a wholly owned subsidiary licensee is publicly  
663 traded on a foreign exchange, a copy of similar documentation filed  
664 with the applicable securities regulator should be filed;

665 (2) A list of permissible investments, the book and market value of  
666 such investments, and the dollar amount of the licensee's aggregate  
667 outstanding [payment instruments] money transmissions; and

668 (3) A list of investments maintained in accordance with subsection  
669 [(c)] (d) of section 36a-602, as amended by this act, if applicable, the  
670 book and market values of such investments and the dollar amount of  
671 the licensee's aggregate outstanding [Connecticut payment  
672 instruments and stored value] money transmissions in this state.

673 (b) The lists and other information filed as provided in subdivisions

674 (2) and (3) of subsection (a) of this section shall be as of the same date  
675 as the financial statement filed in accordance with subdivision (1) of  
676 subsection (a) of this section.

677 (c) The commissioner may require of any licensee such additional  
678 reports, under oath, certified, or otherwise, concerning such licensee's  
679 business in this state as the commissioner may consider necessary for  
680 the enforcement of sections 36a-595 to 36a-610, inclusive, as amended  
681 by this act, and sections 18 and 19 of this act.

682 Sec. 13. Section 36a-606a of the general statutes is repealed and the  
683 following is substituted in lieu thereof (*Effective October 1, 2013*):

684 Each licensee shall comply with the applicable provisions of the  
685 Currency and Foreign Transactions Reporting Act, 31 USC Section  
686 5311 et seq., as from time to time amended, and any regulations  
687 adopted under such provisions, as from time to time amended and,  
688 upon request, shall provide proof of such compliance to the  
689 commissioner. In addition to any other remedies provided by law, a  
690 violation of such federal law or regulation shall be deemed a violation  
691 of this section and a basis upon which the commissioner may take  
692 enforcement action pursuant to section 36a-608, as amended by this  
693 act.

694 Sec. 14. Section 36a-607 of the general statutes is repealed and the  
695 following is substituted in lieu thereof (*Effective October 1, 2013*):

696 (a) A licensee may conduct its business at one or more locations  
697 within this state as follows:

698 (1) The business may be conducted by the licensee or through or by  
699 means of such [agents] authorized delegates as the licensee may  
700 periodically designate or appoint. The licensee shall notify the  
701 commissioner of all authorized delegates that act on its behalf. An  
702 [agent] authorized delegate may not engage in the business of [issuing  
703 Connecticut payment instruments or the business of] money

704 transmission in this state on behalf of a licensee through or by means  
705 of [a subagent] any person who is not an authorized delegate of the  
706 licensee.

707 (2) No license under sections 36a-595 to 36a-610, inclusive, as  
708 amended by this act, and sections 18 and 19 of this act shall be  
709 required of any [agent of a licensee] authorized delegate.

710 (3) Each [agent of a licensee] authorized delegate shall, from the  
711 moment of receipt, hold the proceeds of a sale or delivery of a  
712 licensee's [Connecticut payment instruments] money transmissions in  
713 this state in trust for the benefit of such licensee.

714 (4) A licensee shall be liable for the loss caused to any purchaser or  
715 holder of the licensee's [Connecticut] payment instruments or stored  
716 value sold in this state by the failure of an [agent of the licensee]  
717 authorized delegate to forward to the licensee the amount due from  
718 the proceeds of a sale or delivery of the licensee's [Connecticut]  
719 payment instruments or stored value, or money or monetary value  
720 received for transmission.

721 (5) The licensee shall enter into a contract with each of its [agents]  
722 authorized delegates that requires the [agent] authorized delegate to  
723 operate in full compliance with sections 36a-595 to 36a-610, inclusive,  
724 as amended by this act, and sections 18 and 19 of this act, and provides  
725 that appointment of the [agent] authorized delegate is not effective  
726 during any period when the license of the licensee has been  
727 suspended. The licensee shall provide each [such agent] authorized  
728 delegate with policies and procedures sufficient to ensure compliance  
729 with sections 36a-595 to 36a-610, inclusive, as amended by this act, and  
730 sections 18 and 19 of this act.

731 (6) An [agent of a licensee] authorized delegate shall remit all  
732 money owing to the licensee in accordance with the terms of the  
733 contract between the licensee and the [agent] authorized delegate.

734 (7) An [agent of a licensee] authorized delegate shall not provide  
735 money transmission services in this state outside the scope of activity  
736 permissible under the contract between the [agent] authorized  
737 delegate and the licensee.

738 (b) For purposes of subsection (a) of this section, [a licensee]  
739 "licensee" means any person that has obtained a license from the  
740 commissioner as provided in section 36a-600, as amended by this act.  
741 [and any entity or person exempt under section 36a-609.]

742 Sec. 15. Section 36a-608 of the general statutes is repealed and the  
743 following is substituted in lieu thereof (*Effective October 1, 2013*):

744 (a) The commissioner shall make such investigations [and conduct  
745 such hearings] as the commissioner considers necessary to determine  
746 whether any licensee or any other person has violated, is violating or is  
747 about to violate any of the provisions of sections 36a-595 to 36a-610,  
748 inclusive, as amended by this act, or sections 18 and 19 of this act, or  
749 whether any licensee has acted in such manner as otherwise would  
750 justify the suspension or revocation of the license. The provisions of  
751 section 36a-17 shall apply to such investigation. For purposes of this  
752 section, "unsafe or unsound practice" means a practice or conduct by a  
753 licensee or an authorized delegate that is likely to result in a material  
754 loss, insolvency or dissipation of the licensee's assets or otherwise  
755 materially prejudice the interests of purchasers.

756 (b) The commissioner may suspend or revoke a license or take any  
757 other action, in accordance with section 36a-51, on any ground on  
758 which the commissioner might refuse to issue an [original] initial  
759 license, for any violation of sections 36a-595 to 36a-610, inclusive, as  
760 amended by this act, or section 18 or 19 of this act, or of any regulation  
761 adopted under said sections, for noncompliance with an order that the  
762 commissioner may issue under said sections to a licensee, for failure of  
763 the licensee to pay a judgment ordered by any court within or outside  
764 this state within thirty days after the judgment becomes final or within

765 thirty days after expiration or termination of a stay of execution of the  
766 judgment, for engaging in fraud, intentional misrepresentation or  
767 gross negligence, or for engaging in an unsafe [and] or unsound  
768 practice.

769 (c) Whenever it appears to the commissioner that any person has  
770 violated, is violating or is about to violate any provision of sections  
771 36a-595 to 36a-610, inclusive, as amended by this act, or section 18 or  
772 19 of this act, or any regulation adopted under said sections, or any  
773 licensee has failed to pay a judgment ordered by any court within or  
774 outside of this state thirty days after the date on which the judgment  
775 becomes final or thirty days after the date of the expiration or  
776 termination of a stay of execution of the judgment, or engaged in  
777 fraud, intentional misrepresentation or gross negligence, or engaged in  
778 an unsafe [and] or unsound practice, the commissioner may take  
779 action against such person in accordance with sections 36a-50 and 36a-  
780 52.

781 (d) The commissioner may order a licensee to terminate its [agency]  
782 relationship with any [agent] authorized delegate if the commissioner  
783 finds that: (1) The [agent] authorized delegate violated any provision  
784 of sections 36a-595 to 36a-610, inclusive, as amended by this act, or  
785 section 18 or 19 of this act, or any regulation adopted under said  
786 sections or any other law or regulation applicable to the conduct of its  
787 business; (2) the [agent refused to allow an examination of its books  
788 and records regarding the business of such licensee as provided in  
789 section 36a-605] authorized delegate failed to cooperate with an  
790 examination or investigation by the commissioner; (3) the [agent]  
791 authorized delegate engaged in fraud, intentional misrepresentation,  
792 or gross negligence or misappropriated funds; (4) the [agent]  
793 authorized delegate has been convicted of a violation of a state or  
794 federal anti-money laundering statute; (5) the competence, experience,  
795 character or general fitness of the [agent] authorized delegate or a  
796 manager, partner, director, trustee, principal officer, member or  
797 shareholder owning ten per cent or more of each class of the [agent's]

798 authorized delegate's securities demonstrates that it would not be in  
799 the public interest to permit such [agent] authorized delegate to  
800 engage in the business of [issuing Connecticut payment instruments or  
801 the business of] money transmission in this state on behalf of a  
802 licensee; [or] (6) the [agent] authorized delegate is engaging in an  
803 unsafe or unsound practice; or (7) the authorized delegate is convicted  
804 of any act involving fraud or dishonesty.

805 Sec. 16. Section 36a-609 of the general statutes is repealed and the  
806 following is substituted in lieu thereof (*Effective October 1, 2013*):

807 The provisions of sections 36a-597 to [36a-606a] 36a-607, inclusive,  
808 as amended by this act, and sections 18 and 19 of this act, shall not  
809 apply to:

810 (1) Any federally insured federal bank, out-of-state bank,  
811 Connecticut bank, Connecticut credit union, federal credit union or  
812 out-of-state credit union, provided such institution does not [issue or  
813 sell Connecticut payment instruments or transmit money or monetary  
814 value] engage in the business of money transmission in this state  
815 through [an agent which] (A) any person who is not a federally  
816 insured federal bank, out-of-state bank, Connecticut bank, Connecticut  
817 credit union, federal credit union or out-of-state credit union, (B) any  
818 person licensed pursuant to sections 36a-595 to 36a-610, inclusive, as  
819 amended by this act, and sections 18 and 19 of this act, or an  
820 authorized delegate acting on behalf of such licensed person, or (C)  
821 any person exempt pursuant to subdivision (2) or (3) of this section;

822 [(2) Any Connecticut bank or Connecticut credit union;]

823 [(3)] (2) The United States Postal Service and any contractor that  
824 engages in the business of money transmission in this state on behalf  
825 of the United States Postal Service; and

826 [(4)] (3) A person whose activity is limited to the electronic funds  
827 transfer of governmental benefits for or on behalf of a federal, state or

828 other governmental agency, quasi-governmental agency or  
829 government sponsored enterprise.

830 Sec. 17. Section 36a-610 of the general statutes is repealed and the  
831 following is substituted in lieu thereof (*Effective October 1, 2013*):

832 The commissioner may adopt regulations, in accordance with  
833 chapter 54, which are necessary or appropriate for the administration  
834 of sections 36a-595 to 36a-609, inclusive, as amended by this act, and  
835 sections 18 and 19 of this act.

836 Sec. 18. (NEW) (*Effective October 1, 2013*) (a) Each licensee, as defined  
837 in section 36a-596 of the general statutes, as amended by this act, shall  
838 maintain and prepare such records as will enable the Banking  
839 Commissioner to determine whether the licensee and any of its  
840 authorized delegates are complying with the provisions of sections  
841 36a-595 to 36a-609, inclusive, as amended by this act, this section, and  
842 section 19 of this act at the office named in the license, or, if requested  
843 by the commissioner, shall make such records available at such office  
844 or send such records to the commissioner by registered or certified  
845 mail, return receipt requested, or by any express delivery carrier that  
846 provides a dated delivery receipt, not later than five business days  
847 after such request by the commissioner. Upon request, the  
848 commissioner may grant a licensee additional time to make such  
849 records available or send such records to the commissioner.

850 (b) Each licensee shall maintain the following records for at least  
851 five years:

852 (1) A record of each payment instrument or stored-value obligation  
853 sold within this state;

854 (2) A general ledger posted at least monthly containing all asset,  
855 liability, capital, income and expense accounts;

856 (3) Bank statements and bank reconciliation records;

857 (4) Records of outstanding money transmissions in this state;

858 (5) Records of each payment instrument and stored value obligation  
859 paid during the previous five years;

860 (6) A list of the last known names and addresses of all of the  
861 licensee's authorized delegates; and

862 (7) Any other records the commissioner may require.

863 Sec. 19. (NEW) (*Effective October 1, 2013*) A licensee, as defined in  
864 section 36a-596 of the general statutes, as amended by this act, shall  
865 notify the Banking Commissioner in writing not later than fifteen days  
866 after any change in the list of the licensee's authorized delegates or  
867 locations where the licensee or the licensee's authorized delegates  
868 engage in the business of money transmission in this state. Such notice  
869 shall state the name and address of each location and authorized  
870 delegate removed or added to the licensee's list.

871 Sec. 20. Section 36a-715 of the general statutes is repealed and the  
872 following is substituted in lieu thereof (*Effective November 1, 2013*):

873 As used in sections 36a-715 to 36a-718, inclusive, as amended by this  
874 act, and sections 24 to 37, inclusive, of this act, unless the context  
875 otherwise requires:

876 [(1) "First mortgage loan" has the same meaning as provided in  
877 section 36a-485.]

878 [(2)] (1) "Mortgage [servicing company] servicer" (A) means any  
879 person, wherever located, who, for such person or on behalf of the  
880 holder of a [first] residential mortgage loan, receives payments of  
881 principal and interest in connection with a [first] residential mortgage  
882 loan, records such payments on such person's books and records and  
883 performs such other administrative functions as may be necessary to  
884 properly carry out the mortgage holder's obligations under the  
885 mortgage agreement including, when applicable, the receipt of funds

886 from the mortgagor to be held in escrow for payment of real estate  
887 taxes and insurance premiums and the distribution of such funds to  
888 the taxing authority and insurance company, and (B) includes a person  
889 who makes payments to borrowers pursuant to the terms of a home  
890 equity conversion mortgage or reverse mortgage, but (C) does not  
891 include (i) a person exempt from licensure as a mortgage lender or  
892 mortgage correspondent lender pursuant to subsection (b) of section  
893 36a-487 while servicing residential mortgage loans made pursuant to  
894 such exemption, (ii) a person servicing five or fewer residential  
895 mortgage loans within any period of twelve consecutive months, or  
896 (iii) any agency of the federal government, any state or municipal  
897 government or any quasi-governmental agency servicing residential  
898 mortgage loans under the specific authority of the laws of any state or  
899 the United States.

900 (2) "Mortgagee" means the grantee of a residential mortgage,  
901 provided, if the mortgage has been assigned of record, "mortgagee"  
902 means the last person to whom the residential mortgage has been  
903 assigned of record.

904 (3) "Mortgagor" means any person obligated to repay a first  
905 mortgage loan.

906 (4) "Residential mortgage loan" means any loan primarily for  
907 personal, family or household use that is secured by a mortgage, deed  
908 of trust or other equivalent consensual security interest on a dwelling,  
909 as defined in Section 103 of the Consumer Credit Protection Act, 15  
910 USC 1602, located in this state or real property located in this state  
911 upon which is constructed or intended to be constructed a dwelling.

912 Sec. 21. Section 36a-716 of the general statutes is repealed and the  
913 following is substituted in lieu thereof (*Effective November 1, 2013*):

914 (a) Any mortgage [servicing company] servicer which receives  
915 funds from a mortgagor to be held in escrow for payment of taxes and  
916 insurance premiums shall pay the taxes and insurance premiums of

917 the mortgagor to the appropriate taxing authority and insurance  
918 company in the amount required and at the time such taxes and  
919 insurance premiums are due provided (1) the mortgage [servicing  
920 company] servicer has been provided with the tax or insurance bills at  
921 least fifteen days prior to the date such taxes and insurance premiums  
922 are due, and (2) the mortgagor has paid to the mortgage [servicing  
923 company] servicer the amounts required to be paid into the escrow  
924 account, as determined by the mortgage [servicing company] servicer,  
925 for all amounts scheduled to be paid to the mortgage [servicing  
926 company] servicer prior to the date such taxes and insurance  
927 premiums are due.

928 (b) Each mortgage [servicing company] servicer shall, through its  
929 own effort and expense, determine and notify the mortgagor of the  
930 amounts necessary to be paid into the escrow account to assure that  
931 sufficient funds will be available for the payment of such taxes and  
932 insurance premiums as of the date such payment is due.

933 (c) If the amount held in the escrow account as of the date such  
934 taxes and insurance premiums are due is insufficient to pay the taxes  
935 and insurance premiums despite compliance by the mortgagor with  
936 subdivision (2) of subsection (a) of this section, the mortgage [servicing  
937 company] servicer shall pay such taxes and insurance premiums from  
938 its own funds. The mortgage [servicing company] servicer shall then  
939 give the mortgagor the option of paying the shortage over a period of  
940 not less than one year. The mortgage [servicing company] servicer  
941 shall not charge or collect interest on such shortage during the one-  
942 year period.

943 Sec. 22. Section 36a-717 of the general statutes is repealed and the  
944 following is substituted in lieu thereof (*Effective November 1, 2013*):

945 Any mortgage [servicing company] servicer which violates any  
946 provision of section 36a-716, as amended by this act, shall be liable to  
947 the mortgagor for: (1) Any penalties, interest or other charges levied by

948 the taxing authority or insurance company as a result of such violation;  
949 (2) any actual damages suffered by the mortgagor as a result of such  
950 violation, including, but not limited to, any amount which would have  
951 been paid by an insurer for a casualty or liability claim had the  
952 insurance policy not been cancelled for nonpayment by the mortgage  
953 [servicing company] servicer; and (3) in the case of any successful  
954 action to enforce the foregoing liability, the costs of the action together  
955 with reasonable attorney's fees as determined by the court.

956 Sec. 23. 36a-718 of the general statutes is repealed and the following  
957 is substituted in lieu thereof (*Effective January 1, 2014*):

958 (a) [If the commissioner determines that any mortgage servicing  
959 company has violated any provision of section 36a-716, the  
960 commissioner may take action against such mortgage servicing  
961 company in accordance with sections 36a-50 and 36a-52. The  
962 commissioner may also order the mortgage servicing company to  
963 make restitution to the mortgagor upon fourteen days' notice in  
964 writing. Such notice shall be sent by certified mail, return receipt  
965 requested, or by any express delivery carrier that provides a dated  
966 delivery receipt, to the principal place of business of the mortgage  
967 servicing company and shall state the grounds for the contemplated  
968 action. Within fourteen days of receipt of the notice, the mortgage  
969 servicing company may file a written request for a hearing. If a hearing  
970 is requested, the commissioner shall not issue an order to make  
971 restitution until after such hearing is held. Such hearing shall be  
972 conducted in accordance with the provisions of chapter 54.] No person  
973 shall act as a mortgage servicer, directly or indirectly, of a residential  
974 mortgage loan without first obtaining a license under section 24 of this  
975 act from the commissioner for its main office and each branch office  
976 where such person conducts business as a mortgage servicer, unless  
977 such person is exempt from licensure pursuant to subsection (b) of this  
978 section.

979 (b) The following persons are exempt from mortgage servicer

980 licensing requirements: (1) Any bank, out-of-state bank, Connecticut  
981 credit union, federal credit union or out-of-state credit union, provided  
982 such bank or credit union is federally insured, any operating  
983 subsidiary of a federal bank or federally-chartered out-of-state bank or  
984 any wholly-owned subsidiary of a Connecticut bank or Connecticut  
985 credit union; and (2) any person licensed as a mortgage lender in this  
986 state while acting as a mortgage servicer from a location licensed as a  
987 main office or branch office under sections 36a-485 to 36a-498f,  
988 inclusive, 36a-534a and 36a-534b.

989       Sec. 24. (NEW) (*Effective November 1, 2013*) (a) The Banking  
990 Commissioner may issue a mortgage servicer license, provided the  
991 commissioner shall not issue a mortgage servicer license to any person  
992 unless the commissioner, at a minimum, finds that: (1) The applicant  
993 has identified a qualified individual for its main office and a branch  
994 manager for each branch office where such business is conducted. Any  
995 qualified individual and branch manager shall have supervisory  
996 authority over the mortgage servicer activities at such qualified  
997 individual's and branch manager's respective office location and at  
998 least three years' experience in the mortgage servicing business within  
999 the five years immediately preceding the date of the application for  
1000 licensure. As used in this subsection, "experience in the mortgage  
1001 servicing business" means paid experience in the servicing of mortgage  
1002 loans, the accounting, receipt and processing of payments on behalf of  
1003 mortgagees or creditors, or the supervision of such activities, or any  
1004 other relevant experience as determined by the commissioner; (2)  
1005 notwithstanding the provisions of section 46a-80 of the general  
1006 statutes, the applicant, the control persons of the applicant, the  
1007 qualified individual and any branch manager with supervisory  
1008 authority at the office for which the license is sought have not been  
1009 convicted of, or pled guilty or nolo contendere to, a felony involving  
1010 an act of fraud or dishonesty, a breach of trust or money laundering in  
1011 a domestic, foreign or military court during the seven-year period  
1012 preceding the date of the application for licensing or at any time

1013 preceding the date of application, provided any pardon or  
1014 expungement of a conviction shall not be a conviction for purposes of  
1015 this subdivision; (3) the applicant demonstrates that the financial  
1016 responsibility, character and general fitness of the applicant, the  
1017 control persons of the applicant, the qualified individual and any  
1018 branch manager having supervisory authority over the office for which  
1019 the license is sought are such as to command the confidence of the  
1020 community and to warrant a determination that the applicant will  
1021 operate honestly, fairly and efficiently within the purposes of sections  
1022 36a-715 to 36a-718, inclusive, of the general statutes, as amended by  
1023 this act, this section, and sections 25 to 37, inclusive, of this act; (4) the  
1024 applicant has met the surety bond requirement under section 27 of this  
1025 act; and (5) the applicant has not made a material misstatement in the  
1026 application. For purposes of this subsection, the level of offense of the  
1027 crime and the status of any conviction, pardon or expungement shall  
1028 be determined by reference to the law of the jurisdiction where the  
1029 case was prosecuted. In the event that such jurisdiction does not use  
1030 the term "felony", "pardon" or "expungement", such terms shall include  
1031 legally equivalent events. If the commissioner fails to make such  
1032 findings, the commissioner shall not issue a license, and shall notify  
1033 the applicant of the denial and the reasons for such denial.

1034 (b) An application for a license as a mortgage servicer or renewal of  
1035 such license shall be filed, in a form prescribed by the commissioner,  
1036 with the system and accompanied by the fees required by section 26 of  
1037 this act. Each such form shall contain content as set forth by instruction  
1038 or procedure of the commissioner and may be changed or updated as  
1039 necessary by the commissioner in order to carry out the purpose of  
1040 sections 36a-599 to 36a-610, inclusive, of the general statutes, as  
1041 amended by this act, sections 36a-715 to 36a-718, inclusive, of the  
1042 general statutes, as amended by this act, and section 18 of this act. The  
1043 applicant shall, at a minimum, furnish to the system information  
1044 concerning the identity of the applicant, any control person of the  
1045 applicant, the qualified individual and any branch manager, including

1046 personal history and experience in a form prescribed by the system  
1047 and information related to any administrative, civil or criminal  
1048 findings by any governmental jurisdiction. The applicant shall  
1049 promptly notify the commissioner, in writing, of any change to the  
1050 information submitted in connection with its application for licensure.  
1051 For the purpose of this subsection, evidence of experience of the  
1052 qualified individual and any branch manager shall include: (1) A  
1053 statement specifying the duties and responsibilities of such person's  
1054 employment, the term of employment, including month and year, and  
1055 the name, address and telephone number of a supervisor, employer or,  
1056 if self-employed, a business reference; and (2) if required by the  
1057 commissioner, copies of W-2 forms, 1099 tax forms or, if self-  
1058 employed, 1120 corporate tax returns, signed letters from the employer  
1059 on the employer's letterhead verifying such person's duties and  
1060 responsibilities and term of employment, including month and year,  
1061 and, if such person is unable to provide such letters, other proof  
1062 satisfactory to the commissioner that such person meets the experience  
1063 requirement. The commissioner may conduct a criminal history  
1064 records check of the applicant, any control person of the applicant, the  
1065 qualified individual and any branch manager with supervisory  
1066 authority at the office for which the license is sought and require the  
1067 applicant to submit the fingerprints of such persons as part of the  
1068 application.

1069 (c) (1) The minimum standards for license renewal for a mortgage  
1070 servicer shall include the following: (A) The applicant continues to  
1071 meet the minimum standards under subsection (a) of this section, and  
1072 (B) the mortgage servicer has paid all required fees for renewal of the  
1073 license.

1074 (2) The license of a mortgage servicer failing to satisfy the minimum  
1075 standards for license renewal shall expire. The commissioner may  
1076 adopt procedures for the reinstatement of expired licenses consistent  
1077 with the standards established by the system. The commissioner may  
1078 automatically suspend a mortgage servicer license if the licensee

1079 receives a deficiency on the system indicating that the payment  
1080 required by section 26 of this act was Returned-ACH or returned  
1081 pursuant to such other term as may be utilized by the system to  
1082 indicate that the payment was not accepted. After a license has been  
1083 automatically suspended pursuant to this section, the commissioner  
1084 shall give such licensee notice of the automatic suspension, pending  
1085 proceedings for revocation or refusal to renew pursuant to section 35  
1086 of this act and an opportunity for a hearing on such action in  
1087 accordance with section 36a-51 of the general statutes, and require  
1088 such licensee to take or refrain from taking such action that, in the  
1089 opinion of the commissioner, will effectuate the purposes of this  
1090 section.

1091 (d) Withdrawal of an application for a license filed under this  
1092 section shall become effective upon receipt by the commissioner of a  
1093 notice of intent to withdraw such application. The commissioner may  
1094 deny a license up to the date one year after the effective date of  
1095 withdrawal.

1096 (e) The commissioner may deem an application for a license under  
1097 this section abandoned if the applicant fails to respond to any request  
1098 for information required under sections 36a-715 to 36a-718, inclusive,  
1099 of the general statutes, as amended by this act, and sections 24 to 37,  
1100 inclusive, of this act or the regulations adopted pursuant to said  
1101 sections. The commissioner shall notify the applicant on the system  
1102 that if such information is not submitted not later than sixty days from  
1103 the date of such request, the application shall be deemed abandoned.  
1104 An application filing fee paid prior to the date an application is  
1105 deemed abandoned pursuant to this subsection shall not be refunded.  
1106 Abandonment of an application pursuant to this subsection shall not  
1107 preclude the applicant from submitting a new application for a license.

1108 (f) At least annually, as part of its application, a mortgage servicer  
1109 shall file with the commissioner: (1) A current schedule of the ranges  
1110 of costs and fees it charges mortgagors for its servicing-related

1111 activities; and (2) a report in a form and format acceptable to the  
1112 commissioner detailing the mortgage servicer's activities in the state,  
1113 including (A) the number of residential mortgage loans the mortgage  
1114 servicer is servicing, (B) the type and characteristics of the residential  
1115 mortgage loans in this state, (C) the number of serviced residential  
1116 mortgage loans in default, along with a breakdown of thirty-day, sixty-  
1117 day and ninety-day delinquencies, (D) information on loss mitigation  
1118 activities, including details on workout arrangements undertaken, and  
1119 (E) information on foreclosures commenced in this state.

1120       Sec. 25. (NEW) (*Effective November 1, 2013*) (a) A mortgage servicer  
1121 license shall not be transferable or assignable. No licensee may use any  
1122 name other than its legal name or a fictitious name approved by the  
1123 Banking Commissioner, provided such licensee may not use its legal  
1124 name if the commissioner disapproves use of such name. Any licensee  
1125 who intends to permanently cease acting as a mortgage servicer at any  
1126 time during a license period for any cause, including, but not limited  
1127 to, bankruptcy or voluntary dissolution, shall file a request to  
1128 surrender the license for each office at which the licensee intends to  
1129 cease to do business, on the system, not later than fifteen days after the  
1130 date of such cessation, provided this requirement shall not apply when  
1131 a license has been suspended pursuant to section 36a-51 of the general  
1132 statutes. No surrender shall be effective until accepted by the  
1133 commissioner.

1134       (b) A mortgage servicer licensee may change the name of the  
1135 licensee or address of any office specified on the most recent filing  
1136 with the system if (1) at least thirty calendar days prior to such change,  
1137 the licensee files such change with the system and, in the case of a  
1138 main office or branch office, provides, directly to the commissioner, a  
1139 bond rider or endorsement, or addendum, as applicable, to the surety  
1140 bond on file with the commissioner that reflects the new name or  
1141 address of the main office or branch office, and (2) the commissioner  
1142 does not disapprove such change, in writing, or request further  
1143 information within such thirty-day period.

1144 (c) The mortgage servicer licensee shall promptly file with the  
1145 system or, if the information cannot be filed on the system, directly  
1146 notify the commissioner, in writing, of the occurrence of any of the  
1147 following events:

1148 (1) Filing for bankruptcy, or the consummation of a corporate  
1149 restructuring, of the licensee;

1150 (2) Filing of a criminal indictment against the licensee, or receiving  
1151 notification of the filing of any criminal felony indictment or felony  
1152 conviction of any of the licensee's officers, directors, members, partners  
1153 or shareholders owning ten per cent or more of the outstanding stock;

1154 (3) Receiving notification of the institution of license denial, cease  
1155 and desist, suspension or revocation procedures, or other formal or  
1156 informal regulatory action by any governmental agency against the  
1157 licensee and the reasons for such action;

1158 (4) Receiving notification of the initiation of any action by the  
1159 Attorney General or the attorney general of any other state and the  
1160 reasons for such action;

1161 (5) Suspension or termination of the licensee's status as an approved  
1162 seller or servicer by the Federal National Mortgage Association,  
1163 Federal Home Loan Mortgage Corporation or Government National  
1164 Mortgage Association;

1165 (6) Receiving notification that certain servicing rights of the licensee  
1166 will be rescinded or cancelled, and the reasons provided for such  
1167 rescindment or cancellation;

1168 (7) Receiving notification of filing for bankruptcy of any of the  
1169 licensee's officers, directors, members, partners or shareholders  
1170 owning ten per cent or more of the outstanding stock of the licensee;

1171 (8) Receiving notification of the initiation of a class action lawsuit on  
1172 behalf of consumers against the licensee that is related to the operation

1173 of the licensed business; or

1174 (9) Any change in the information most recently submitted by the  
1175 licensee in connection with its application.

1176 Sec. 26. (NEW) (*Effective November 1, 2013*) (a) Each mortgage  
1177 servicer license shall expire at the close of business on December  
1178 thirty-first of the year in which it is approved, unless such license is  
1179 renewed, and provided any such license that is approved on or after  
1180 November first shall expire at the close of business on December  
1181 thirty-first of the year following the year in which it is approved. An  
1182 application for renewal of a license shall be filed between November  
1183 first and December thirty-first of the year in which the license expires.  
1184 Each applicant for an initial license or renewal of a license as a  
1185 mortgage servicer shall pay to the system any required fees or charges  
1186 and a license fee of one thousand dollars.

1187 (b) All fees paid pursuant to this section, including fees paid in  
1188 connection with an application that is denied or withdrawn prior to  
1189 the issuance of the license, shall be nonrefundable. No fee paid  
1190 pursuant to this section shall be prorated if the license is surrendered,  
1191 revoked or suspended prior to the expiration of the period for which it  
1192 was approved.

1193 Sec. 27. (NEW) (*Effective November 1, 2013*) (a) No mortgage servicer  
1194 license and no renewal of such license shall be granted unless the  
1195 applicant or licensee has filed with the Banking Commissioner a single  
1196 surety bond, written by a surety authorized to write such bonds in this  
1197 state covering its main office and any branch office, in a penal sum of  
1198 one hundred thousand dollars.

1199 (b) The bond required by subsection (a) of this section shall be (1) in  
1200 a form approved by the Attorney General, and (2) conditioned upon  
1201 the mortgage servicer licensee faithfully performing any and all  
1202 written agreements or commitments with or for the benefit of  
1203 mortgagors and mortgagees, truly and faithfully accounting for all

1204 funds received from a mortgagor or mortgagee by the licensee in the  
1205 licensee's capacity as a mortgage servicer, and conducting such  
1206 mortgage business consistent with the provisions of sections 36a-715 to  
1207 36a-718, inclusive, of the general statutes, as amended by this act, and  
1208 sections 24 to 37, inclusive, of this act. Any mortgagor or mortgagee  
1209 that may be damaged by a mortgage servicer licensee's failure to  
1210 perform any written agreements or commitments, or by the wrongful  
1211 conversion of funds paid by a mortgagor or a mortgagee to a licensee,  
1212 may proceed on such bond against the principal or surety thereon, or  
1213 both, to recover damages. The commissioner may proceed on such  
1214 bond against the principal or surety on such bond, or both, to collect  
1215 any civil penalty imposed upon a licensee pursuant to subsection (a) of  
1216 section 36a-50 of the general statutes and any unpaid costs of  
1217 examination of a licensee as determined pursuant to section 36a-65 of  
1218 the general statutes, as amended by this act. The proceeds of the bond,  
1219 even if commingled with other assets of the principal, shall be deemed  
1220 by operation of law to be held in trust for the benefit of such claimants  
1221 against the principal in the event of bankruptcy of the principal and  
1222 shall be immune from attachment by creditors and judgment creditors.  
1223 The bond shall run concurrently with the period of the license for the  
1224 main office and the aggregate liability under the bond shall not exceed  
1225 the penal sum of the bond. The principal shall notify the commissioner  
1226 of the commencement of an action on the bond. When an action is  
1227 commenced on a principal's bond, the commissioner may require the  
1228 filing of a new bond and immediately upon recovery on any action on  
1229 the bond, the principal shall file a new bond.

1230 (c) The surety company shall have the right to cancel the bond at  
1231 any time by a written notice to the principal stating the date  
1232 cancellation shall take effect. Such notice shall be sent by certified mail  
1233 to the principal at least thirty days prior to the date of cancellation. A  
1234 surety bond shall not be cancelled unless the surety company notifies  
1235 the commissioner in writing not less than thirty days prior to the  
1236 effective date of cancellation. After receipt of such notification from the

1237 surety company, the commissioner shall give written notice to the  
1238 principal of the date such bond cancellation shall take effect. The  
1239 commissioner shall automatically suspend the license of a mortgage  
1240 servicer on such date. No automatic suspension or inactivation shall  
1241 occur if, prior to the date that the bond cancellation shall take effect, (1)  
1242 the principal submits a letter of reinstatement of the bond from the  
1243 surety company or a new bond, or (2) the mortgage servicer licensee  
1244 has ceased business in this state and has surrendered all licenses in  
1245 accordance with section 36a-51 of the general statutes and section 25 of  
1246 this act. After a mortgage servicer license has been automatically  
1247 suspended pursuant to this section, the commissioner shall give such  
1248 licensee notice of the automatic suspension, pending proceedings for  
1249 revocation or refusal to renew pursuant to section 35 of this act and an  
1250 opportunity for a hearing on such action in accordance with section  
1251 36a-51 of the general statutes and require such licensee to take or  
1252 refrain from taking such action as in the opinion of the commissioner  
1253 will effectuate the purposes of this section.

1254       Sec. 28. (NEW) (*Effective November 1, 2013*) (a) Each mortgage  
1255 servicer licensee shall maintain adequate records of each residential  
1256 mortgage loan transaction at the office named in the license, or, if  
1257 requested by the Banking Commissioner, shall make such records  
1258 available at such office or send such records to the commissioner by  
1259 registered or certified mail, return receipt requested, or by any express  
1260 delivery carrier that provides a dated delivery receipt, not later than  
1261 five business days after the commissioner makes such request. Upon  
1262 request, the commissioner may grant a licensee additional time to  
1263 make such records available or send them to the commissioner. Such  
1264 records shall provide the following information: (1) An adequate loan  
1265 history for residential mortgage loans upon which payments are  
1266 received or made by the mortgage servicer, itemizing the amount and  
1267 date of each payment and the unpaid balance at all times; (2) the  
1268 original or an exact copy of the note, residential mortgage or other  
1269 evidence of indebtedness and mortgage deed; (3) the name and

1270 address of the mortgage lender, mortgage correspondent lender and  
1271 mortgage broker, if any, involved in the residential mortgage loan  
1272 transaction; (4) copies of any disclosures or notification provided to the  
1273 mortgagor required by state or federal law; (5) a copy of any  
1274 bankruptcy plan approved in a proceeding filed by the mortgagor or a  
1275 coowner of the property subject to the residential mortgage loan; (6) a  
1276 communications log which documents all verbal communication with  
1277 the mortgagor or the mortgagor's representative; and (7) a copy of all  
1278 notices sent to the mortgagor related to any foreclosure proceeding  
1279 filed against the encumbered property.

1280 (b) For each residential mortgage loan that is serviced by a licensee,  
1281 the licensee shall retain the records of such residential mortgage loan  
1282 transaction for not less than two years following the final payment on  
1283 such residential mortgage loan or the assignment of such residential  
1284 mortgage loan, whichever occurs first, or such longer period as may be  
1285 required by any other provision of law. Every licensee shall keep and  
1286 use in its business, books, accounts and records that will enable the  
1287 commissioner to determine whether such licensee is complying with  
1288 the provisions of sections 36a-715 to 36a-718, inclusive, of the general  
1289 statutes, as amended by this act, and sections 24 to 37, inclusive, of this  
1290 act and with any regulations adopted pursuant to said sections.

1291 Sec. 29. (NEW) (*Effective January 1, 2014*) Upon assignment of  
1292 servicing rights on a residential mortgage loan, the mortgage servicer  
1293 shall disclose to the mortgagor (1) any notice required by the Real  
1294 Estate Settlement Procedures Act of 1974, 12 USC Section 2601 et seq.,  
1295 as from time to time amended, and the regulations promulgated under  
1296 said act, and within the time periods prescribed therein, and (2) a  
1297 schedule of the ranges and categories of such servicer's costs and fees  
1298 for servicing-related activities, which shall comply with state and  
1299 federal law and, if such disclosure is made by a mortgage servicer  
1300 licensee, shall not exceed those reported to the Banking Commissioner  
1301 in accordance with section 24 of this act.

1302       Sec. 30. (NEW) (*Effective January 1, 2014*) A mortgage servicer shall  
1303 act with good faith and fair dealing in its communications, transactions  
1304 and course of dealings with each mortgagor in connection with the  
1305 servicing of the mortgagor's residential mortgage loan, and shall:

1306       (1) Safeguard and account for any money handled for the  
1307 mortgagor;

1308       (2) Follow reasonable and lawful instructions from the mortgagor  
1309 consistent with the underlying note and residential mortgage loan;

1310       (3) Act with reasonable skill, care and diligence;

1311       (4) Promptly provide the mortgagor with an accurate statement of  
1312 account;

1313       (5) Make mortgagors in default aware of loss mitigation options and  
1314 services offered by the mortgage servicer;

1315       (6) Provide trained personnel and telephone facilities sufficient to  
1316 respond promptly to mortgagor inquiries and complaints regarding  
1317 the mortgagor's residential mortgage loan; and

1318       (7) Pursue loss mitigation with the mortgagor whenever possible.

1319       Sec. 31. (NEW) (*Effective January 1, 2014*) A mortgage servicer shall  
1320 comply with all applicable federal laws and regulations relating to  
1321 mortgage loan servicing, including, but not limited to, the Real Estate  
1322 Settlement Procedures Act of 1974, 12 USC Section 2601 et seq., as from  
1323 time to time amended, the Truth-in-Lending Act, 15 USC Section 1601  
1324 et seq., as from time to time amended, and the regulations  
1325 promulgated under said acts. In addition to any other remedies  
1326 provided by law, a violation of such federal law or regulation shall be  
1327 deemed a violation of this section and a basis upon which the Banking  
1328 Commissioner may take enforcement action pursuant to section 35 of  
1329 this act.

1330       Sec. 32. (NEW) (*Effective January 1, 2014*) (a) A mortgage servicer  
1331 shall maintain and keep current a schedule of standard or common  
1332 fees, such as nonsufficient fund fees, that it charges mortgagors. The  
1333 schedule shall identify each fee, provide a plain English explanation of  
1334 the fee and state the amount of the fee or range of amounts or, if there  
1335 is no standard fee, how the fee is calculated or determined. A  
1336 mortgage servicer shall make its schedule available to the mortgagor  
1337 or the mortgagor's authorized representative upon request.

1338       (b) A mortgage servicer may only collect a fee if the fee is for  
1339 services actually rendered and one of the following conditions is met:  
1340 (1) The fee is expressly authorized and clearly and conspicuously  
1341 disclosed by the residential mortgage loan instruments and not  
1342 prohibited by law; (2) the fee is expressly permitted by law and not  
1343 prohibited by the residential mortgage loan instruments; or (3) the fee  
1344 is not prohibited by law or the residential mortgage loan instruments  
1345 and is a reasonable fee for a specific service requested by the  
1346 mortgagor that is assessed only after clear and conspicuous disclosure  
1347 of the fee is provided to the mortgagor and the mortgagor expressly  
1348 consents to pay the fee in exchange for the services.

1349       (c) In addition to the limitations in subsection (b) of this section,  
1350 attorney's fees charged in connection with a foreclosure action shall  
1351 not exceed reasonable and customary fees for such work. In the event a  
1352 foreclosure action is terminated prior to the final judgment and sale for  
1353 a loss mitigation option, a reinstatement or payment in full, the  
1354 mortgagor shall only be liable for reasonable and customary fees for  
1355 work actually performed.

1356       (d) A mortgage servicer shall not impose any late fee or delinquency  
1357 charge when the only delinquency is attributable to late fees or  
1358 delinquency charges assessed on an earlier payment, and the payment  
1359 is otherwise a full payment for the applicable period and is paid on its  
1360 due date or within any applicable grace period. Late charges shall not  
1361 be (1) based on an amount greater than the past due amount, (2)

1362 collected from the escrow account or from escrow surplus without the  
1363 approval of the mortgagor, or (3) deducted from any regular payment.

1364 Sec. 33. (NEW) (*Effective January 1, 2014*) (a) No mortgage servicer  
1365 shall:

1366 (1) Directly or indirectly employ any scheme, device or artifice to  
1367 defraud or mislead mortgagors or mortgagees or to defraud any  
1368 person;

1369 (2) Engage in any unfair or deceptive practice toward any person or  
1370 misrepresent or omit any material information in connection with the  
1371 servicing of the residential mortgage loan, including, but not limited  
1372 to, misrepresenting the amount, nature or terms of any fee or payment  
1373 due or claimed to be due on a residential mortgage loan, the terms and  
1374 conditions of the servicing agreement or the mortgagor's obligations  
1375 under the residential mortgage loan;

1376 (3) Obtain property by fraud or misrepresentation;

1377 (4) Use any unfair or unconscionable means in servicing a  
1378 residential mortgage loan;

1379 (5) Knowingly misapply or recklessly apply residential mortgage  
1380 loan payments to the outstanding balance of a residential mortgage  
1381 loan;

1382 (6) Knowingly misapply or recklessly apply payments to escrow  
1383 accounts;

1384 (7) Place hazard, homeowner's or flood insurance on the mortgaged  
1385 property when the mortgage servicer knows or has reason to know  
1386 that the mortgagor has an effective policy for such insurance;

1387 (8) Fail to comply with section 49-10a of the general statutes, charge  
1388 excessive or unreasonable fees to provide loan payoff information or  
1389 fail to provide loan payoff information promptly upon receipt of a

1390 written request;

1391 (9) Knowingly or recklessly provide inaccurate information to a  
1392 credit bureau, thereby harming a mortgagor's creditworthiness;

1393 (10) Fail to report both the favorable and unfavorable payment  
1394 history of the mortgagor to a nationally recognized consumer credit  
1395 bureau at least annually if the mortgage servicer regularly reports  
1396 information to a credit bureau;

1397 (11) Collect private mortgage insurance beyond the date for which  
1398 private mortgage insurance is required;

1399 (12) Knowingly or recklessly facilitate the illegal foreclosure of real  
1400 property collateral;

1401 (13) Fail to issue a release of mortgage in accordance with section  
1402 49-8a of the general statutes;

1403 (14) Fail to provide written notice to a mortgagor upon taking action  
1404 to place hazard, homeowner's or flood insurance on the mortgaged  
1405 property, including a clear and conspicuous statement of the  
1406 procedures by which the mortgagor may demonstrate that such  
1407 mortgagor has the required insurance coverage and by which the  
1408 mortgage servicer shall terminate the insurance coverage placed by it  
1409 and refund or cancel any insurance premiums and related fees paid by  
1410 or charged to the mortgagor;

1411 (15) Place hazard, homeowner's or flood insurance on a mortgaged  
1412 property, or require a mortgagor to obtain or maintain such insurance,  
1413 in excess of the replacement cost of the improvements on the  
1414 mortgaged property as established by the property insurer;

1415 (16) Fail to provide to the mortgagor a refund of unearned  
1416 premiums paid by a mortgagor or charged to the mortgagor for  
1417 hazard, homeowner's or flood insurance placed by a mortgagee or the  
1418 mortgage servicer if the mortgagor provides reasonable proof that the

1419 mortgagor has obtained coverage such that the forced placement  
1420 insurance is no longer necessary and the property is insured. If the  
1421 mortgagor provides reasonable proof that no lapse in coverage  
1422 occurred such that the forced placement was not necessary, the  
1423 mortgage servicer shall promptly refund the entire premium;

1424 (17) Require funds to be remitted by means more costly to the  
1425 mortgagor than a bank or certified check or attorney's check from an  
1426 attorney's account;

1427 (18) Refuse to communicate with an authorized representative of the  
1428 mortgagor who provides a written authorization signed by the  
1429 mortgagor, provided the mortgage servicer may adopt procedures  
1430 reasonably related to verifying that the representative is in fact  
1431 authorized to act on behalf of the mortgagor;

1432 (19) Conduct any business covered by sections 36a-715 to 36a-718,  
1433 inclusive, of the general statutes, as amended by this act, and sections  
1434 24 to 37, inclusive, of this act without holding a valid license required  
1435 under this act, or assist or aid and abet any person in the conduct of  
1436 business without a valid license as required under title 36a of the  
1437 general statutes;

1438 (20) Negligently make any false statement or knowingly and  
1439 wilfully make any omission of a material fact in connection with any  
1440 information or reports filed with a governmental agency or the system,  
1441 as defined in section 36a-485 of the general statutes, or in connection  
1442 with any investigation conducted by the Banking Commissioner or  
1443 another governmental agency;

1444 (21) Collect, charge, attempt to collect or charge or use or propose  
1445 any agreement purporting to collect or charge any fee prohibited by  
1446 sections 36a-485 to 36a-498f, inclusive, 36a-534a and 36a-534b of the  
1447 general statutes.

1448 (b) A violation of this section shall be deemed an unfair or deceptive

1449 trade practice and may be enforceable pursuant to chapter 735a of the  
1450 general statutes.

1451 Sec. 34. (NEW) (*Effective November 1, 2013*) (a) In addition to any  
1452 authority provided under title 36a of the general statutes, the Banking  
1453 Commissioner shall have the authority to conduct investigations and  
1454 examinations as follows:

1455 (1) For purposes of initial licensing, license renewal, license  
1456 suspension, license conditioning, license revocation or termination, or  
1457 general or specific inquiry or investigation to determine compliance  
1458 with sections 36a-715 to 36a-718, inclusive, of the general statutes, as  
1459 amended by this act, and sections 24 to 37, inclusive, of this act, the  
1460 commissioner may access, receive and use any books, accounts,  
1461 records, files, documents, information or evidence including, but not  
1462 limited to: (A) Criminal, civil and administrative history information;  
1463 (B) personal history and experience information, including  
1464 independent credit reports obtained from a consumer reporting  
1465 agency described in Section 603(p) of the Fair Credit Reporting Act, 15  
1466 USC 1681a; and (C) any other documents, information or evidence the  
1467 commissioner deems relevant to the inquiry or investigation regardless  
1468 of the location, possession, control or custody of such documents,  
1469 information or evidence.

1470 (2) For the purposes of investigating violations or complaints arising  
1471 under sections 36a-715 to 36a-718, inclusive, of the general statutes, as  
1472 amended by this act, and sections 24 to 37, inclusive, of this act or for  
1473 the purposes of examination, the commissioner may review,  
1474 investigate or examine any mortgage servicer licensee or person  
1475 subject to said sections as often as necessary in order to carry out the  
1476 purposes of said sections. The commissioner may direct, subpoena or  
1477 order the attendance of and examine under oath all persons whose  
1478 testimony may be required about the residential mortgage loans or the  
1479 business or subject matter of any such examination or investigation,  
1480 and may direct, subpoena or order such person to produce books,

1481 accounts, records, files and any other documents the commissioner  
1482 deems relevant to the inquiry.

1483 (b) Each mortgage servicer licensee or person subject to sections 36a-  
1484 715 to 36a-718, inclusive, of the general statutes, as amended by this  
1485 act, and sections 24 to 37, inclusive, of this act shall make or compile  
1486 reports or prepare other information as directed by the commissioner  
1487 in order to carry out the purposes of this section including accounting  
1488 compilations, information lists and data concerning residential  
1489 mortgage loan transactions in a format prescribed by the commissioner  
1490 or such other information the commissioner deems necessary to carry  
1491 out the purposes of sections 36a-715 to 36a-718, inclusive, of the  
1492 general statutes, as amended by this act, and sections 24 to 37,  
1493 inclusive, of this act.

1494 (c) In making any examination or investigation authorized by this  
1495 section, the commissioner may control access to any documents and  
1496 records of the mortgage servicer licensee or person under examination  
1497 or investigation. The commissioner may take possession of the  
1498 documents and records or place a person in exclusive charge of the  
1499 documents and records in the place where they are usually kept.  
1500 During the period of control, no person shall remove or attempt to  
1501 remove any of the documents and records except pursuant to a court  
1502 order or with the consent of the commissioner. Unless the  
1503 commissioner has reasonable grounds to believe the documents or  
1504 records of the mortgage servicer licensee or person have been, or are at  
1505 risk of being, altered or destroyed for purposes of concealing a  
1506 violation of sections 36a-715 to 36a-718, inclusive, of the general  
1507 statutes, as amended by this act, or sections 24 to 37, inclusive, of this  
1508 act the mortgage servicer licensee or owner of the documents and  
1509 records shall have access to the documents or records as necessary to  
1510 conduct its ordinary business affairs.

1511 (d) In order to carry out the purposes of this section, the  
1512 commissioner may:

1513 (1) Retain attorneys, accountants or other professionals and  
1514 specialists as examiners, auditors or investigators to conduct or assist  
1515 in conducting examinations or investigations;

1516 (2) Enter into agreements or relationships with other government  
1517 officials or regulatory associations in order to improve efficiencies and  
1518 reduce regulatory burden by sharing resources, standardized or  
1519 uniform methods or procedures, and documents, records, information  
1520 or evidence obtained under this section;

1521 (3) Use, hire, contract or employ public or privately available  
1522 analytical systems, methods or software to examine or investigate the  
1523 mortgage servicer licensee or person subject to sections 36a-715 to 36a-  
1524 718, inclusive, of the general statutes, as amended by this act, and  
1525 sections 24 to 37, inclusive, of this act;

1526 (4) Accept and rely on examination or investigation reports made by  
1527 other government officials, within or without this state; and

1528 (5) Accept audit reports made by an independent certified public  
1529 accountant for the mortgage servicer licensee or person subject to  
1530 sections 36a-715 to 36a-718, inclusive, of the general statutes, as  
1531 amended by this act, and sections 24 to 37, inclusive, of this act in the  
1532 course of that part of the examination covering the same general  
1533 subject matter as the audit and may incorporate the audit report in the  
1534 report of examination, report of investigation or other writing of the  
1535 commissioner.

1536 (e) The authority of this section shall remain in effect, whether such  
1537 mortgage servicer licensee or person subject to sections 36a-715 to 36a-  
1538 718, inclusive, of the general statutes, as amended by this act, and  
1539 sections 24 to 37, inclusive, of this act, acts or claims to act under any  
1540 licensing or registration law of this state, or claims to act without such  
1541 authority.

1542 (f) No mortgage servicer licensee or person subject to investigation

1543 or examination under this section may knowingly withhold, abstract,  
1544 remove, mutilate, destroy or secrete any books, records, computer  
1545 records or other information.

1546 Sec. 35. (NEW) (*Effective November 1, 2013*) (a) The Banking  
1547 Commissioner may suspend, revoke or refuse to renew any mortgage  
1548 servicer license or take any other action, in accordance with the  
1549 provisions of section 36a-51 of the general statutes, for any reason  
1550 which would be sufficient grounds for the commissioner to deny an  
1551 application for such license under section 24 of this act, or if the  
1552 commissioner finds that the licensee, any control person of the  
1553 licensee, the qualified individual or any branch manager with  
1554 supervisory authority, or trustee, employee or agent of such licensee  
1555 has done any of the following: (1) Made any material misstatement in  
1556 the application; (2) committed any fraud or misrepresentation or  
1557 misappropriated funds; (3) violated any of the provisions of title 36a of  
1558 the general statutes or of any regulations adopted pursuant to such  
1559 title, or any other law or regulation applicable to the conduct of its  
1560 business; or (4) failed to perform any agreement with a mortgagee or a  
1561 mortgagor.

1562 (b) Whenever it appears to the commissioner that any person has  
1563 violated, is violating or is about to violate section 49-8a or 49-10a of the  
1564 general statutes, any of the provisions of title 36a of the general  
1565 statutes or of any regulations adopted pursuant to said sections or title,  
1566 or any licensee has failed to perform any agreement with a mortgagee  
1567 or mortgagor, committed any fraud, made any misrepresentation or  
1568 misappropriated funds, the commissioner may take action against  
1569 such person or licensee in accordance with sections 36a-50 and 36a-52  
1570 of the general statutes.

1571 Sec. 36. (NEW) (*Effective November 1, 2013*) The Banking  
1572 Commissioner may adopt such regulations, in accordance with chapter  
1573 54 of the general statutes, as the commissioner deems necessary to  
1574 administer and enforce the provisions of sections 36a-715 to 36a-718,

1575 inclusive, of the general statutes, as amended by this act, and sections  
1576 24 to 37, inclusive, of this act.

1577 Sec. 37. (NEW) (*Effective January 1, 2014*) Section 36a-718 of the  
1578 general statutes, as amended by this act, and sections 29 to 33,  
1579 inclusive, of this act shall apply to any person who acts as a mortgage  
1580 servicer of residential mortgage loans in this state on or after January 1,  
1581 2014.

1582 Sec. 38. Section 36a-1 of the general statutes is repealed and the  
1583 following is substituted in lieu thereof (*Effective November 1, 2013*):

1584 This title shall be known as the "Banking Law of Connecticut" and  
1585 shall be applicable to all Connecticut banks, Connecticut credit unions,  
1586 mortgage lenders, mortgage correspondent lenders, mortgage brokers,  
1587 mortgage loan originators, loan processors or underwriters, [money  
1588 order and travelers check licensees, check cashing service licensees]  
1589 money transmitters, check cashers, trustees under mortgages or deeds  
1590 of trust of real property securing certain investments, corporations  
1591 exercising fiduciary powers, small loan [licensees] lenders, sales  
1592 finance companies, mortgage [servicing companies] servicers, debt  
1593 adjusters, [persons offering or engaging in debt negotiation] debt  
1594 negotiators, consumer collection agencies and to such other persons as  
1595 subject themselves to the provisions of this title or who, by violating  
1596 any of its provisions, become subject to the penalties provided in this  
1597 title.

1598 Sec. 39. Section 36a-3 of the general statutes is repealed and the  
1599 following is substituted in lieu thereof (*Effective November 1, 2013*):

1600 Other definitions applying to this title or to specified parts thereof  
1601 and the sections in which they appear are:

- T1 "Account". Sections 36a-155 and 36a-365.
- T2 "Additional proceeds". Section 36a-746e.
- T3 "Administrative expense". Section 36a-237.

- T4 "Advance fee". Sections 36a-485 and 36a-615.
- T5 "Advertise", "advertisement" or "advertising". Section 36a-485.
- T6 "Agency bank". Section 36a-285.
- T7 "Agent". Section 36a-494.
- T8 "Alternative mortgage loan". Section 36a-265.
- T9 "Amount financed". Section 36a-690.
- T10 "Annual percentage rate". Section 36a-690.
- T11 "Annual percentage yield". Section 36a-316.
- T12 "Annuities". Section 36a-455a.
- T13 "Applicant". Section 36a-736.
- T14 "APR". Section 36a-746a.
- T15 "Assessment area". Section 36a-37.
- T16 "Assets". Section 36a-70.
- T17 "Associate". Section 36a-184.
- T18 "Associated member". Section 36a-458a.
- T19 "Authorized delegate". Section 36a-596, as amended by this act.
- T20 "Bank". Section 36a-30.
- T21 "Bankers' bank". Section 36a-70.
- T22 "Banking business". Section 36a-425.
- T23 "Basic services". Section 36a-437a.
- T24 "Billing cycle". Section 36a-565.
- T25 "Bona fide nonprofit organization". Sections 36a-487 and 36a-655.
- T26 "Branch". Sections 36a-145, 36a-410 and 36a-435b.
- T27 "Branch office". Section 36a-485.
- T28 "Branch or agency net payment entitlement". Section 36a-428n.
- T29 "Branch or agency net payment obligation". Section 36a-428n.
- T30 "Broker". Section 36a-746a.
- T31 "Business and industrial development corporation". Section 36a-626.
- T32 "Business and property in this state". Section 36a-428n.
- T33 "Capital". Section 36a-435b.
- T34 "Cash advance". Section 36a-564.
- T35 "Cash price". Section 36a-770.
- T36 "Certificate of incorporation". Section 36a-435b.
- T37 "CHFA loan". Section 36a-760.

- T38 "Clerical or support duties". Section 36a-485.
- T39 "Closely related activities". Sections 36a-250 and 36a-455a.
- T40 "Collective managing agency account". Section 36a-365.
- T41 "Commercial vehicle". Section 36a-770.
- T42 "Community bank". Section 36a-70.
- T43 "Community credit union". Section 36a-37.
- T44 "Community development bank". Section 36a-70.
- T45 "Community reinvestment performance". Section 36a-37.
- T46 "Connecticut holding company". Sections 36a-53 and 36a-410.
- T47 "Consolidate". Section 36a-145.
- T48 "Construction loan". Section 36a-458a.
- T49 "Consumer". Sections 36a-155, 36a-676 and 36a-695.
- T50 "Consumer Credit Protection Act". Section 36a-676.
- T51 "Consumer debtor" and "debtor". Sections 36a-645 and 36a-800, as
- T52 amended by this act.
- T53 "Consumer collection agency". Section 36a-800, as amended by this act.
- T54 "Consummation". Section 36a-746a.
- T55 "Control person". Section 36a-485.
- T56 "Controlling interest". Section 36a-276.
- T57 "Conventional mortgage rate". Section 36a-760.
- T58 "Corporate". Section 36a-435b.
- T59 "Credit". Sections 36a-645 and 36a-676.
- T60 "Credit manager". Section 36a-435b.
- T61 "Creditor". Sections 36a-676, 36a-695 and 36a-800, as amended by this
- T62 act.
- T63 "Credit card", "cardholder" and "card issuer". Section 36a-676.
- T64 "Credit clinic". Section 36a-700.
- T65 "Credit rating agency". Section 36a-695.
- T66 "Credit report". Section 36a-695.
- T67 "Credit sale". Section 36a-676.
- T68 "Credit union service organization". Section 36a-435b.
- T69 "Credit union service organization services". Section 36a-435b.
- T70 "De novo branch". Section 36a-410.
- T71 "Debt". Section 36a-645.

- T72 "Debt adjustment". Section 36a-655.
- T73 "Debt mutual fund". Sections 36a-275 and 36a-459a.
- T74 "Debt securities". Sections 36a-275 and 36a-459a.
- T75 "Debtor". Section 36a-655.
- T76 "Deliver". Section 36a-316.
- T77 "Deposit". Section 36a-316.
- T78 "Deposit account". Section 36a-316.
- T79 "Deposit account charge". Section 36a-316.
- T80 "Deposit account disclosures". Section 36a-316.
- T81 "Deposit contract". Section 36a-316.
- T82 "Deposit services". Section 36a-425.
- T83 "Depositor". Section 36a-316.
- T84 "Depository institution". Section 36a-485.
- T85 "Derivative transaction". Section 36a-262.
- T86 "Director". Section 36a-435b.
- T87 "Dwelling". Section 36a-485.
- T88 "Earning period". Section 36a-316.
- T89 "Electronic payment instrument". Section 36a-596, as amended by this act.
- T90 "Eligible collateral". Section 36a-330.
- T91 "Eligible entity". Section 36a-34.
- T92 "Employee". Section 36a-485.
- T93 "Entity". Section 36a-380.
- T94 "Equity mutual fund". Sections 36a-276 and 36a-459a.
- T95 "Equity security". Sections 36a-276 and 36a-459a.
- T96 "Executive officer". Sections 36a-263 and 36a-469c.
- T97 "Expedited Connecticut bank". Section 36a-70.
- T98 "Experience in the mortgage business". Section 36a-488.
- T99 "Federal banking agency". Section 36a-485.
- T100 "Federal Credit Union Act". Section 36a-435b.
- T101 "Federal Home Mortgage Disclosure Act". Section 36a-736.
- T102 "FHA loan". Section 36a-760.
- T103 "Fiduciary". Section 36a-365.
- T104 "Filing fee". Section 36a-770.

- T105 "Finance charge". Sections 36a-690 and 36a-770.
- T106 "Financial institution". Sections 36a-41, 36a-44a, 36a-155, 36a-316, 36a-330,  
T107 36a-435b, 36a-736 and 36a-755.
- T108 "Financial records". Section 36a-41.
- T109 "First mortgage loan". Sections 36a-485, 36a-705 [, 36a-715] and 36a-725.
- T110 "Foreign banking corporation". Section 36a-425.
- T111 "Fully indexed rate". Section 36a-760b.
- T112 "General facility". Section 36a-580.
- T113 "Global net payment entitlement". Section 36a-428n.
- T114 "Global net payment obligation". Section 36a-428n.
- T115 "Goods". Sections 36a-535 and 36a-770.
- T116 "Graduated payment mortgage loan". Section 36a-265.
- T117 "Guardian". Section 36a-365.
- T118 "High cost home loan". Section 36a-746a.
- T119 "Holder". Section 36a-596, as amended by this act.
- T120 "Home banking services". Section 36a-170.
- T121 "Home banking terminal". Section 36a-170.
- T122 "Home improvement loan". Section 36a-736.
- T123 "Home purchase loan". Section 36a-736.
- T124 "Home state". Section 36a-410.
- T125 "Housing finance agency". Section 36a-487.
- T126 "Immediate family member". Sections 36a-435b and 36a-485.
- T127 "Independent contractor". Section 36a-485.
- T128 "Individual". Section 36a-485.
- T129 "Insider". Section 36a-454b.
- T130 "Installment loan contract". Sections 36a-535 and 36a-770.
- T131 "Insurance". Section 36a-455a.
- T132 "Insurance bank". Section 36a-285.
- T133 "Insurance department". Section 36a-285.
- T134 "Interest". Section 36a-316.
- T135 "Interest rate". Section 36a-316.
- T136 "Interim interest". Section 36a-746a.
- T137 "Investments". Section 36a-602, as amended by this act.

- T138 "Lender". Sections 36a-746a, 36a-760 and 36a-770.
- T139 "Lessor". Section 36a-676.
- T140 "License". Section 36a-626.
- T141 "Licensee". Sections 36a-596, 36a-607, as amended by this act, and 36a-626.
- T142 "Limited branch". Section 36a-145.
- T143 "Limited facility". Section 36a-580.
- T144 "Loan broker". Section 36a-615.
- T145 "Loan processor or underwriter". Section 36a-485.
- T146 "Loss". Section 36a-330.
- T147 "Made in this state". Section 36a-770.
- T148 "Main office". Section 36a-485.
- T149 "Managing agent". Section 36a-365.
- T150 "Manufactured home". Section 36a-457b.
- T151 "Material litigation". Section [36a-596] 36a-498, as amended by this act.
- T152 "Member". Section 36a-435b.
- T153 "Member business loan". Section 36a-458a.
- T154 "Member in good standing". Section 36a-435b.
- T155 "Membership share". Section 36a-435b.
- T156 "Mobile branch". Sections 36a-145 and 36a-435b.
- T157 "Monetary value". Section 36a-596, as amended by this act.
- T158 ["Money order". Section 36a-596.]
- T159 "Money transmission". Section [36a-365] 36a-596, as amended by this act.
- T160 "Mortgage". Section 36a-760g.
- T161 "Mortgage broker". Sections 36a-485, 36a-705 and 36a-760.
- T162 "Mortgage correspondent lender". Section 36a-485.
- T163 "Mortgage insurance". Section 36a-725.
- T164 "Mortgage lender". Sections 36a-485, 36a-705 and 36a-725.
- T165 "Mortgage loan". Sections 36a-261, 36a-265, 36a-457b and 36a-736.
- T166 "Mortgage loan originator". Section 36a-485.
- T167 "Mortgage rate lock-in". Section 36a-705.
- T168 ["Mortgage servicing company". Section 36a-715.]
- T169 "Mortgage servicer". Section 36a-715, as amended by this act.

- T170 "Mortgagee". Section 36a-715, as amended by this act.
- T171 "Mortgagor". Section 36a-715, as amended by this act.
- T172 "Motor vehicle". Section 36a-770.
- T173 "Multiple common bond membership". Section 36a-435b.
- T174 "Municipality". Section 36a-800, as amended by this act.
- T175 "Net outstanding member business loan balance". Section 36a-458a.
- T176 "Net worth". Sections 36a-441a [,] and 36a-458a. [and 36a-596.]
- T177 "Network". Section 36a-155.
- T178 "Nonprime home loan". Section 36a-760.
- T179 "Nonrefundable". Section 36a-498.
- T180 "Nontraditional mortgage product". Section 36a-489a.
- T181 "Note account". Sections 36a-301 and 36a-456b.
- T182 "Office". Sections 36a-23, 36a-316 and 36a-485.
- T183 "Officer". Section 36a-435b.
- T184 "Open-end credit plan". Section 36a-676.
- T185 "Open-end line of credit". Section 36a-760.
- T186 "Open-end loan". Section 36a-565.
- T187 "Organization". Section 36a-800, as amended by this act.
- T188 "Out-of-state holding company". Section 36a-410.
- T189 "Outstanding". Section 36a-596, as amended by this act.
- T190 "Passbook savings account". Section 36a-316.
- T191 "Payment instrument". Section 36a-596, as amended by this act.
- T192 "Periodic statement". Section 36a-316.
- T193 "Permissible investment". Section 36a-596, as amended by this act.
- T194 "Person". Sections 36a-184 and 36a-485.
- T195 "Post". Section 36a-316.
- T196 "Prepaid finance charge". Section 36a-746a.
- T197 "Prime quality". Section 36a-596, as amended by this act.
- T198 "Principal amount of the loan". Section 36a-485.
- T199 "Processor". Section 36a-155.
- T200 "Public deposit". Section 36a-330.
- T201 "Purchaser". Section 36a-596, as amended by this act.
- T202 "Qualified financial contract". Section 36a-428n.
- T203 "Qualified public depository" and "depository". Section 36a-330.

- T204 "Real estate". Section 36a-457b.
- T205 "Real estate brokerage activity". Section 36a-485.
- T206 "Records". Section 36a-17.
- T207 "Registered mortgage loan originator". Section 36a-485.
- T208 "Related person". Section 36a-53.
- T209 "Relocate". Sections 36a-145 and 36a-462a.
- T210 "Residential mortgage loan". [Section] Sections 36a-485 and 36a-715, as
- T211 amended by this act.
- T212 "Residential real estate". Section 36a-485.
- T213 "Resulting entity". Section 36a-34.
- T214 "Retail buyer". Sections 36a-535 and 36a-770.
- T215 "Retail credit transaction". Section 42-100b.
- T216 "Retail installment contract". Sections 36a-535 and 36a-770.
- T217 "Retail installment sale". Sections 36a-535 and 36a-770.
- T218 "Retail seller". Sections 36a-535 and 36a-770.
- T219 "Reverse annuity mortgage loan". Section 36a-265.
- T220 "Sales finance company". Sections 36a-535 and 36a-770.
- T221 "Savings department". Section 36a-285.
- T222 "Savings deposit". Section 36a-316.
- T223 "Secondary mortgage loan". Section 36a-485.
- T224 "Security convertible into a voting security". Section 36a-184.
- T225 "Senior management". Section 36a-435b.
- T226 "Settlement agent". Section 36a-494.
- T227 "Share". Section 36a-435b.
- T228 "Simulated check". Section 36a-485.
- T229 "Single common bond membership". Section 36a-435b.
- T230 "Special mortgage". Section 36a-760c.
- T231 "Social purpose investment". Section 36a-277.
- T232 "Sponsored". Section 36a-485.
- T233 "Standard mortgage loan". Section 36a-265.
- T234 "Stored value". Section 36a-596, as amended by this act.
- T235 "System". Section 36a-485.
- T236 "Table funding agreement". Section 36a-485.
- T237 "Tax and loan account". Sections 36a-301 and 36a-456b.

- T238 "The Savings Bank Life Insurance Company". Section 36a-285.
- T239 "Time account". Section 36a-316.
- T240 "Travelers check". Section 36a-596, as amended by this act.
- T241 "Troubled Connecticut credit union". Section 36a-448a.
- T242 "Unique identifier". Section 36a-485.
- T243 "Unsecured loan". Section 36a-615.
- T244 "Value". Section 36a-603, as amended by this act.
- T245 "Warehouse agreement". Section 36a-485.

1602 Sec. 40. Subdivision (6) of subsection (c) of section 36a-65 of the  
1603 general statutes is repealed and the following is substituted in lieu  
1604 thereof (*Effective November 1, 2013*):

1605 (6) A licensee under section 36a-489, 36a-541, 36a-556, 36a-581, 36a-  
1606 600, as amended by this act, 36a-628, 36a-656, 36a-671, section 24 of this  
1607 act or 36a-801, as amended by this act, shall pay to the commissioner  
1608 the actual cost of any examination of the licensee, as such cost is  
1609 determined by the commissioner. If the licensee fails to pay such cost  
1610 not later than sixty days after receipt of demand from the  
1611 commissioner, the commissioner may suspend the license until such  
1612 costs are paid.

1613 Sec. 41. Subdivision (4) of subsection (a) of section 36a-412 of the  
1614 general statutes is repealed and the following is substituted in lieu  
1615 thereof (*Effective January 1, 2014*):

1616 (4) (A) The laws of this state, including laws regarding (i)  
1617 community reinvestment pursuant to sections 36a-30 to 36a-33,  
1618 inclusive; (ii) consumer protection pursuant to sections 36a-41 to 36a-  
1619 45, inclusive, 36a-290 to 36a-304, inclusive, 36a-306, 36a-307, 36a-315 to  
1620 36a-323, inclusive, 36a-645 to 36a-647, inclusive, 36a-690, 36a-695 to  
1621 36a-700, inclusive, 36a-705 to 36a-707, inclusive, 36a-715 to 36a-718,  
1622 inclusive, as amended by this act, and sections 24 to 37, inclusive, of  
1623 this act, 36a-725, 36a-726, 36a-755 to 36a-759, inclusive, 36a-770 to 36a-  
1624 788, inclusive, and 36a-800 to 36a-810, inclusive, as amended by this

1625 act; (iii) fair lending pursuant to sections 36a-737, 36a-740 and 36a-741;  
1626 and (iv) establishment of interstate branches pursuant to section 36a-  
1627 145 shall apply to any branch in this state of an out-of-state bank, other  
1628 than a federally-chartered out-of-state bank, to the same extent as such  
1629 laws apply to a branch in this state of an out-of-state national banking  
1630 association.

1631 (B) An out-of-state bank, other than a federally-chartered out-of-  
1632 state bank, that establishes a branch in this state may conduct any  
1633 activity at such branch that is permissible under the laws of the home  
1634 state of such out-of-state bank, to the extent such activity is permissible  
1635 either for a Connecticut bank or for a branch in this state of an out-of-  
1636 state national banking association. If the commissioner determines that  
1637 a branch in this state of an out-of-state bank, other than a federally-  
1638 chartered out-of-state bank, is being operated in violation of any  
1639 applicable law of this state or in an unsafe and unsound manner, the  
1640 commissioner may take any enforcement action authorized under this  
1641 title against such out-of-state bank to the same extent as if such branch  
1642 were a Connecticut bank, provided the commissioner shall promptly  
1643 give notice of such action to the home state banking regulator of such  
1644 out-of-state bank and, to the extent practicable, shall consult and  
1645 cooperate with such regulator in pursuing and resolving such action.  
1646 For purposes of this subparagraph, "activity" includes acquiring or  
1647 retaining any investment.

1648 Sec. 42. Section 49-2a of the general statutes is repealed and the  
1649 following is substituted in lieu thereof (*Effective November 1, 2013*):

1650 (a) On and after July 1, 1993, each state bank and trust company,  
1651 national banking association, state or federally chartered savings and  
1652 loan association, savings bank, insurance company and other  
1653 mortgagee or mortgage [servicing company] servicer holding funds of  
1654 a mortgagor in escrow for the payment of taxes and insurance  
1655 premiums with respect to mortgaged property located in this state  
1656 shall pay interest on such funds, except as provided in section 49-2c, as

1657 amended by this act, at a rate of not less than the average rate paid, as  
1658 of December 30, 1992, on savings deposits by insured commercial  
1659 banks as published in the Federal Reserve Board Bulletin and rounded  
1660 to the nearest one-tenth of one percentage point, except in no event  
1661 shall the rate be less than one and one-half per cent. On and after  
1662 January 1, 1994, until September 30, 2012, the rate for each calendar  
1663 year shall be not less than the deposit index as defined in subsection (c)  
1664 of this section for that year and rounded to the nearest one-tenth of one  
1665 percentage point, except in no event shall the rate be less than one and  
1666 one-half per cent. On and after October 1, 2012, the rate for each  
1667 calendar year shall be not less than the deposit index as defined in  
1668 subsection (c) of this section for that year and rounded to the nearest  
1669 one-tenth of one percentage point. Interest payments shall be credited  
1670 on the thirty-first day of December annually toward the payment of  
1671 taxes or insurance premiums as the case may be, on such mortgaged  
1672 property in the ensuing year. If the mortgage debt is paid prior to  
1673 December thirty-first in any year, the interest to the date of payment  
1674 shall be paid to the mortgagor. The provisions of this section shall  
1675 apply only with respect to mortgages on owner-occupied residential  
1676 property consisting of not more than four living units and housing  
1677 cooperatives occupied solely by the shareholders thereof. Any  
1678 mortgagee or mortgage [servicing company] servicer violating the  
1679 provisions of this section shall be fined not more than one hundred  
1680 dollars for each offense.

1681 (b) Each mortgagee or mortgage [servicing company] servicer  
1682 subject to the provisions of this section may contact the Department of  
1683 Banking to ascertain the published deposit index to determine the  
1684 minimum rate paid on funds of a mortgagor held in escrow for the  
1685 payment of taxes and insurance premiums.

1686 (c) The deposit index for each calendar year shall be equal to the  
1687 average rate paid on savings deposits by insured commercial banks as  
1688 last published in the Federal Reserve Board Bulletin in November of  
1689 the prior year. The commissioner shall determine the deposit index for

1690 each calendar year and publish such deposit index in the Department  
1691 of Banking news bulletin no later than December fifteenth of the prior  
1692 year. For purposes of this section, "Federal Reserve Board Bulletin"  
1693 means the monthly survey of selected deposits published as a special  
1694 supplement to the Federal Reserve Statistical Release Publication H.6  
1695 published by the Board of Governors of the Federal Reserve System or,  
1696 if such bulletin is superseded or becomes unavailable, a substantially  
1697 similar index or publication.

1698 Sec. 43. Section 49-2c of the general statutes is repealed and the  
1699 following is substituted in lieu thereof (*Effective November 1, 2013*):

1700 (a) In no event shall interest be required to be paid on escrow  
1701 accounts where (1) there is a contract between the mortgagor and the  
1702 mortgagee, entered into before October 1, 1975, which contains an  
1703 express disclaimer of an obligation on the part of the mortgagee to pay  
1704 interest on the accounts, (2) the payment of such interest would violate  
1705 any federal law or regulation, (3) the accounts are maintained with a  
1706 mortgage [servicing company] servicer, neither affiliated with nor  
1707 owned in whole or in part by the mortgagee, under a written contract  
1708 or any mortgage agreements underlying the contracts, entered into  
1709 before October 1, 1975, which contract does not permit the mortgage  
1710 [servicing company] servicer to earn or receive a return from the  
1711 investment of the accounts or (4) the accounts are maintained in  
1712 connection with mortgage loans entered into (A) on and after October  
1713 1, 1977, and before January 1, 1989, and which are serviced and held  
1714 for sale for not more than one year by a mortgage [servicing company]  
1715 servicer, neither affiliated with nor owned in whole or in part by the  
1716 purchaser of the mortgage loan, and (B) on and after January 1, 1989,  
1717 and which are serviced and held for sale for not more than six months  
1718 by any such mortgage [servicing company] servicer, provided such  
1719 mortgage [servicing company] servicer shall pay interest on an escrow  
1720 account maintained in connection with such mortgage loan if the loan  
1721 is sold within such specified periods and the mortgage [servicing  
1722 company] servicer continues to service the loan.

1723 (b) In no event shall interest be required to be paid at a rate in excess  
1724 of two per cent per annum where (1) there is a contract between the  
1725 mortgagor and the mortgagee entered into before October 1, 1977,  
1726 which contains an express agreement to pay interest at the rate of two  
1727 per cent per annum, or (2) such accounts are maintained in connection  
1728 with mortgage loans entered into prior to October 1, 1977, and which  
1729 are serviced and held for sale for not more than one year by a  
1730 mortgage [servicing company] servicer, neither affiliated with nor  
1731 owned in whole or in part by the purchaser of the mortgage loan.

1732 Sec. 44. Section 36a-800 of the general statutes is repealed and the  
1733 following is substituted in lieu thereof (*Effective October 1, 2013*):

1734 As used in sections 36a-800 to 36a-810, inclusive, as amended by this  
1735 act, unless the context otherwise requires:

1736 (1) "Branch office" means a location other than the main office at  
1737 which a licensee or any person on behalf of a licensee acts as a  
1738 consumer collection agency;

1739 [(1)] (2) "Consumer collection agency" means any person (A)  
1740 engaged in the business of collecting or receiving for payment for  
1741 others of any account, bill or other indebtedness from a consumer  
1742 debtor, [or] (B) engaged directly or indirectly in the business of  
1743 collecting any account, bill or other indebtedness from a consumer  
1744 debtor for such person's own account if the indebtedness was acquired  
1745 from another person and if the indebtedness was either delinquent or  
1746 in default at the time it was acquired, or (C) engaged in the business of  
1747 collecting or receiving for payment property tax from a property tax  
1748 debtor on behalf of a municipality, including any person who, by any  
1749 device, subterfuge or pretense, makes a pretended purchase or takes a  
1750 pretended assignment of accounts from any other person or  
1751 municipality of such indebtedness for the purpose of evading the  
1752 provisions of sections 36a-800 to 36a-810, inclusive, as amended by this  
1753 act. It includes persons who furnish collection systems carrying a name

1754 which simulates the name of a consumer collection agency and who  
1755 supply forms or form letters to be used by the creditor, even though  
1756 such forms direct the consumer debtor or property tax debtor to make  
1757 payments directly to the creditor rather than to such fictitious agency.  
1758 "Consumer collection agency" further includes any person who, in  
1759 attempting to collect or in collecting such person's own accounts or  
1760 claims from a consumer debtor, uses a fictitious name or any name  
1761 other than such person's own name which would indicate to the  
1762 consumer debtor that a third person is collecting or attempting to  
1763 collect such account or claim. "Consumer collection agency" does not  
1764 include [(A)] (i) an individual employed on the staff of a licensed  
1765 consumer collection agency, or by a creditor who is exempt from  
1766 licensing, when attempting to collect on behalf of such consumer  
1767 collection agency, [(B)] (ii) persons not primarily engaged in the  
1768 collection of debts from consumer debtors who receive funds in escrow  
1769 for subsequent distribution to others, including, but not limited to, real  
1770 estate brokers and lenders holding funds of borrowers for payment of  
1771 taxes or insurance, [(C)] (iii) any public officer or a person acting under  
1772 the order of any court, [(D)] (iv) any member of the bar of this state,  
1773 and [(E)] (v) a person who services loans or accounts for the owners  
1774 thereof when the arrangement includes, in addition to requesting  
1775 payment from delinquent consumer debtors, the providing of other  
1776 services such as receipt of payment, accounting, record-keeping, data  
1777 processing services and remitting, for loans or accounts which are  
1778 current as well as those which are delinquent. Any person not  
1779 included in the definition contained in this subdivision is, for purposes  
1780 of sections 36a-645 to 36a-647, inclusive, a "creditor", as defined in  
1781 section 36a-645;

1782 [(2)] (3) "Consumer debtor" means any natural person, not an  
1783 organization, who has incurred indebtedness or owes a debt for  
1784 personal, family or household purposes, including current or past due  
1785 child support, or who has incurred indebtedness or owes a debt to a  
1786 municipality due to a levy by such municipality of a personal property

1787 tax;

1788 [(3)] (4) "Creditor" means a person, including a municipality, that  
1789 retains, hires, or engages the services of a consumer collection agency;

1790 (5) "Main office" means the main address designated on the  
1791 application;

1792 [(4)] (6) "Municipality" means any town, city or borough,  
1793 consolidated town and city, consolidated town and borough, district as  
1794 defined in section 7-324 or municipal special services district  
1795 established under chapter 105a;

1796 [(5)] (7) "Organization" means a corporation, partnership,  
1797 association, trust or any other legal entity or an individual operating  
1798 under a trade name or a name having appended to it a commercial,  
1799 occupational or professional designation;

1800 [(6)] (8) "Property tax" has the meaning given to the term in section  
1801 7-560;

1802 [(7)] (9) "Property tax debtor" means any natural person or  
1803 organization who has incurred indebtedness or owes a debt to a  
1804 municipality due to a levy by such municipality of a property tax.

1805 Sec. 45. Section 36a-801 of the general statutes is repealed and the  
1806 following is substituted in lieu thereof (*Effective October 1, 2013*):

1807 (a) No person shall act within this state as a consumer collection  
1808 agency [without a consumer collection agency license] unless such  
1809 person has first obtained a consumer collection agency license for such  
1810 person's main office and each branch office where such person's  
1811 business is conducted. A consumer collection agency is acting within  
1812 this state if it (1) has its place of business located within this state; (2)  
1813 has its place of business located outside this state and collects from  
1814 consumer debtors or property tax debtors who reside within this state  
1815 for creditors who are located within this state; (3) has its place of

1816 business located outside this state and regularly collects from  
1817 consumer debtors or property tax debtors who reside within this state  
1818 for creditors who are located outside this state; or (4) has its place of  
1819 business located outside this state and is engaged in the business of  
1820 collecting child support for creditors located within this state from  
1821 consumer debtors who are located outside this state.

1822 (b) [(1)] Any person desiring to act within this state as a consumer  
1823 collection agency shall make a written application to the commissioner  
1824 for such license in such form as the commissioner prescribes. Such  
1825 application shall be accompanied by [(A)] (1) a financial statement  
1826 prepared by a certified public accountant or a public accountant, the  
1827 accuracy of which is sworn to under oath before a notary public by the  
1828 proprietor, a general partner or a corporate officer or a member duly  
1829 authorized to execute such documents, [(B) (i)] (2) (A) the history of  
1830 criminal convictions of the [(I)] (i) applicant; [(II)] (ii) partners, if the  
1831 applicant is a partnership; [(III)] (iii) members, if the applicant is a  
1832 limited liability company or association; or [(IV)] (iv) officers, directors  
1833 and principal employees, if the applicant is a corporation, and [(ii)] (B)  
1834 sufficient information pertaining to the history of criminal convictions  
1835 of such applicant, partners, members, officers, directors and principal  
1836 employees [in a form acceptable to the commissioner] as the  
1837 commissioner deems necessary to make the findings under subsection  
1838 (c) of this section, [(C)] (3) a license fee of eight hundred dollars, or in  
1839 the case of an initial application that is filed not earlier than one year  
1840 before the date such license will expire, a license fee of four hundred  
1841 dollars, and [(D)] (4) an investigation fee of one hundred dollars. The  
1842 commissioner shall cause to be made such inquiry and examination as  
1843 to the qualifications of each such applicant or any partner, member,  
1844 officer, director or principal employee of the applicant as the  
1845 commissioner deems necessary. The commissioner, in accordance with  
1846 section 29-17a, may conduct a state and national criminal history  
1847 records check of the applicant and of each partner, member, officer,  
1848 director and principal employee of such applicant. Each applicant shall

1849 furnish satisfactory evidence to the commissioner that the applicant is  
1850 a person of good moral character and is financially responsible. [If the  
1851 commissioner is satisfied that such applicant is in all respects properly  
1852 qualified and trustworthy and that the granting of such license is not  
1853 against the public interest, the commissioner may issue to such  
1854 applicant a license, in such form as the commissioner may adopt, to act  
1855 within this state as a consumer collection agency.]

1856 (c) If the commissioner finds, upon the filing of an application for a  
1857 consumer collection agency, that (1) the financial responsibility,  
1858 character, reputation, integrity and general fitness of the applicant and  
1859 the partners of such applicant if the applicant is a partnership, of the  
1860 members if the applicant is a limited liability company or association,  
1861 and of the officers, directors and principal employees if the applicant is  
1862 a corporation, are such to warrant belief that the business will be  
1863 operated soundly and efficiently, in the public interest and consistent  
1864 with the purposes of sections 36a-800 to 36a-810, inclusive, as amended  
1865 by this act, and (2) the applicant is solvent and no proceeding in  
1866 bankruptcy, receivership or assignment for the benefit of creditors has  
1867 been commenced against the applicant, the commissioner may, upon  
1868 such finding, issue the applicant a consumer collection agency license.  
1869 If the commissioner fails to make such findings, the commissioner  
1870 shall not issue a license and shall notify the applicant of the reasons for  
1871 such denial. The commissioner may deny an application if the  
1872 commissioner finds that the applicant or any partner, member, officer,  
1873 director or principal employee of such applicant has been convicted of  
1874 any misdemeanor involving any aspect of the consumer collection  
1875 agency business, or any felony. Any denial of an application by the  
1876 commissioner shall, when applicable, be subject to the provisions of  
1877 section 46a-80. Any such license issued by the commissioner shall  
1878 expire at the close of business on September thirtieth of the odd-  
1879 numbered year following its issuance, unless such license is renewed.  
1880 The commissioner may renew such application, in the commissioner's  
1881 discretion, upon filing of a proper renewal application accompanied by

1882 a license fee of eight hundred dollars, and satisfactory proof that such  
1883 applicant at that time possesses the required qualifications for the  
1884 license. The commissioner may deny a renewal application if the  
1885 commissioner finds that the applicant has been convicted of any  
1886 misdemeanor involving any aspect of the consumer collection agency  
1887 business, or any felony. Any denial of an application by the  
1888 commissioner shall, when applicable, be subject to the provisions of  
1889 section 46a-80. Such renewal application shall be filed with the  
1890 commissioner on or before September first of the year in which the  
1891 license expires. Any renewal application filed with the commissioner  
1892 after September first shall be accompanied by a one-hundred-dollar  
1893 late fee and any such filing shall be deemed to be timely and sufficient  
1894 for purposes of subsection (b) of section 4-182. Whenever an  
1895 application for a license, other than a renewal application, is filed  
1896 under sections 36a-800 to 36a-810, inclusive, as amended by this act, by  
1897 any person who was a licensee under said sections 36a-800 to 36a-810,  
1898 inclusive, as amended by this act, and whose license expired less than  
1899 sixty days prior to the date such application was filed, such application  
1900 shall be accompanied by a one-hundred-dollar processing fee in  
1901 addition to the application fee.

1902 (d) To further the enforcement of this section and to determine the  
1903 eligibility of any person holding a license, the commissioner may, as  
1904 often as the commissioner deems necessary, examine the licensee's  
1905 books and records, and may, at any time, require the licensee to submit  
1906 such a financial statement for the examination of the commissioner, so  
1907 that the commissioner may determine whether the licensee is  
1908 financially responsible to carry on a consumer collection agency  
1909 business within the intents and purposes of sections 36a-800 to 36a-  
1910 810, inclusive, as amended by this act. Any financial statement  
1911 submitted by a licensee shall be confidential and shall not be a public  
1912 record unless introduced in evidence at a hearing conducted by the  
1913 commissioner.

1914 (e) The applicant or licensee shall notify the commissioner, in

1915 writing, of any change in the information provided in its initial  
1916 application for a license or most recent renewal application for such  
1917 license, as applicable, not later than ten business days after the  
1918 occurrence of the event that results in such information becoming  
1919 inaccurate.

1920 (f) The commissioner may deem an application for a license to act as  
1921 a consumer collection agency abandoned if the applicant fails to  
1922 respond to any request for information required under sections 36a-  
1923 801 to 36a-810, inclusive, as amended by this act, or any regulations  
1924 adopted pursuant to said sections 36a-801 to 36a-810, inclusive, as  
1925 amended by this act. The commissioner shall notify the applicant, in  
1926 writing, that if the applicant fails to submit such information not later  
1927 than sixty days after the date on which such request for information  
1928 was made, the application shall be deemed abandoned. An application  
1929 filing fee paid prior to the date an application is deemed abandoned  
1930 pursuant to this subsection shall not be refunded. Abandonment of an  
1931 application pursuant to this subsection shall not preclude the applicant  
1932 from submitting a new application for a license under sections 36a-801  
1933 to 36a-810, inclusive, as amended by this act.

1934 [(2)] (g) If the commissioner determines that a check filed with the  
1935 commissioner to pay a fee under subdivision (1) of this subsection has  
1936 been dishonored, the commissioner shall automatically suspend the  
1937 license or a renewal license that has been issued but is not yet effective.  
1938 The commissioner shall give the licensee notice of the automatic  
1939 suspension pending proceedings for revocation or refusal to renew  
1940 and an opportunity for a hearing on such actions in accordance with  
1941 section 36a-51.

1942 [(3)] (h) No abatement of the license fee shall be made if the license  
1943 is surrendered, revoked or suspended prior to the expiration of the  
1944 period for which it was issued. All fees required by this section shall be  
1945 nonrefundable.

1946 [(c)] (i) No person licensed to act within this state as a consumer  
1947 collection agency shall do so under any other name or at any other  
1948 place of business than that named in the license. Any change of  
1949 location of a place of business of a licensee shall require prior written  
1950 notice to the commissioner. Not more than one place of business shall  
1951 be maintained under the same license but the commissioner may issue  
1952 more than one license to the same licensee upon compliance with the  
1953 provisions of sections 36a-800 to 36a-810, inclusive, as amended by this  
1954 act, as to each new licensee. A license shall not be transferable or  
1955 assignable. Any licensee holding, applying for, or seeking renewal of  
1956 more than one license may, at its option, file the bond required under  
1957 section 36a-802 separately for each place of business licensed, or to be  
1958 licensed, or a single bond, naming each place of business, in an amount  
1959 equal to twenty-five thousand dollars for each place of business.

1960 Sec. 46. (NEW) (*Effective October 1, 2013*) (a) Each consumer  
1961 collection agency shall maintain its consumer debtor and creditor  
1962 records so as to clearly identify the amounts and dates of all payments  
1963 collected or received from consumer debtors and all remittances made  
1964 to creditors. Consumer debtor and creditor records shall be kept so as  
1965 to be readily available to the Banking Commissioner and retained for a  
1966 period of not less than two years after the date of final entry thereon.  
1967 All accounting records shall be maintained in accordance with  
1968 generally accepted accounting practices. Each consumer collection  
1969 agency engaged in the business of collecting child support shall  
1970 maintain originals or copies of the written agreements entered into  
1971 with the creditors to whom the child support is owed for a period of  
1972 not less than two years after the date of the last payment made by the  
1973 consumer debtor to the consumer collection agency.

1974 (b) Each consumer collection agency shall deposit funds collected or  
1975 received from consumer debtors for payment for others on an account,  
1976 bill or other indebtedness in one or more trust accounts maintained at  
1977 a bank, Connecticut credit union, federal credit union or an out-of-  
1978 state bank that maintains in this state a branch as defined in section

1979 36a-410 of the general statutes, which accounts shall be reconciled  
1980 monthly. Such funds shall not be commingled with funds of the  
1981 consumer collection agency or used in the conduct of the consumer  
1982 collection agency's business. Such account shall not be used for any  
1983 purpose other than (1) the deposit of funds received from consumer  
1984 debtors, (2) the payment of such funds to creditors, (3) the refund of  
1985 any overpayments to be made to consumer debtors, and (4) the  
1986 payment of earned fees to the consumer collection agency, which shall  
1987 be withdrawn on a monthly basis. Except for payments authorized by  
1988 subdivisions (2), (3) and (4) of this subsection, any withdrawal from  
1989 such account, including, but not limited to, any service charge or other  
1990 fee imposed against such account by a depository institution, shall be  
1991 reimbursed by the consumer collection agency to such account not  
1992 more than thirty days after the withdrawal. Funds received from  
1993 consumer debtors shall be posted to their respective accounts in  
1994 accordance with generally accepted accounting practices.

1995 Sec. 47. (NEW) (*Effective October 1, 2013*) Each consumer collection  
1996 agency shall comply with the applicable provisions of the Fair Debt  
1997 Collection Practices Act, 15 USC Section 1692 et seq., as from time to  
1998 time amended, and any regulations adopted under said act. In  
1999 addition to any other remedies provided by law, a violation of such  
2000 federal law or regulation shall be deemed to be a violation of this  
2001 section and a basis upon which the Banking Commissioner may take  
2002 enforcement action pursuant to section 36a-804 of the general statutes.

2003 Sec. 48. Section 36a-805 of the general statutes is repealed and the  
2004 following is substituted in lieu thereof (*Effective October 1, 2013*):

2005 (a) No consumer collection agency shall: (1) Furnish legal advice or  
2006 perform legal services or represent that it is competent to do so, or  
2007 institute judicial proceedings on behalf of others; (2) communicate with  
2008 consumer debtors or property tax debtors in the name of an attorney  
2009 or upon the stationery of an attorney, or prepare any forms or  
2010 instruments which only attorneys are authorized to prepare; (3)

2011 purchase or receive assignments of claims for the purpose of collection  
2012 or institute suit thereon in any court; (4) assume authority on behalf of  
2013 a creditor to employ or terminate the services of an attorney unless  
2014 such creditor has authorized such agency in writing to act as such  
2015 creditor's agent in the selection of an attorney to collect the creditor's  
2016 accounts; (5) demand or obtain in any manner a share of the proper  
2017 compensation for services performed by an attorney in collecting a  
2018 claim, whether or not such agency has previously attempted collection  
2019 thereof; (6) solicit claims for collection under an ambiguous or  
2020 deceptive contract; (7) refuse to return any claim or claims upon  
2021 written request of the creditor, claimant or forwarder, which claims are  
2022 not in the process of collection after the tender of such amounts, if any,  
2023 as may be due and owing to the agency; (8) advertise or threaten to  
2024 advertise for sale any claim as a means of forcing payment thereof,  
2025 unless such agency is acting as the assignee for the benefit of creditors;  
2026 (9) refuse or fail to account for and remit to its clients all money  
2027 collected which is not in dispute within sixty days from the last day of  
2028 the month in which said money is collected; (10) refuse or intentionally  
2029 fail to return to the creditor all valuable papers deposited with a claim  
2030 when such claim is returned; (11) refuse or fail to furnish at intervals of  
2031 not less than ninety days, upon the written request of the creditor,  
2032 claimant or forwarder, a written report upon claims received from  
2033 such creditor, claimant or forwarder; (12) [commingle money collected  
2034 for a creditor, claimant or forwarder with its own funds or use any  
2035 part of a creditor's, claimant's or forwarder's money in the conduct of  
2036 its business; (13)] add any charge or fee for cost of collection to the  
2037 amount of any claim which it receives for collection or knowingly  
2038 accept for collection any claim to which any charge or fee has already  
2039 been added to the amount of the claim unless (A) the consumer debtor  
2040 is legally liable [therefor, in which case, the collection charge or fee  
2041 may not be in excess of] for such charge or fee as determined by the  
2042 contract between the consumer debtor and creditor, a copy of which  
2043 shall be obtained by the consumer collection agency from the creditor  
2044 and maintained as part of the records of the consumer collection

2045 agency, and (B) the total charge or fee for cost of collection does not  
2046 exceed fifteen per cent of the total amount actually collected [on] and  
2047 accepted by the creditor as payment in full satisfaction of the debt;  
2048 [(14)] (13) use or attempt to use or make reference to the term "bonded  
2049 by the state of Connecticut", "bonded" or "bonded collection agency" or  
2050 any combination of such terms or words, except that the word  
2051 "bonded" may be used on the stationery of any such agency in type not  
2052 larger than twelve-point; (14) fail to inform the consumer debtor that  
2053 the debt may be subject to a statute of limitation in its initial  
2054 communication with the consumer debtor; or (15) engage in any  
2055 activities prohibited by sections 36a-800 to 36a-810, inclusive, as  
2056 amended by this act.

2057 (b) No consumer collection agency shall impose a charge or fee for  
2058 any child support payments collected through the efforts of a  
2059 governmental agency. If the imposition of a charge or fee is permitted  
2060 under section 36a-801b, no consumer collection agency shall impose a  
2061 charge or fee for the collection of any child support overdue at the time  
2062 of the contract in excess of twenty-five per cent of overdue support  
2063 actually collected.

2064 (c) (1) No consumer collection agency shall receive any property tax  
2065 on behalf of a creditor that is a municipality, unless the consumer  
2066 collection agency has procured from an insurer authorized to transact  
2067 business in this state an insurance policy providing coverage against  
2068 loss of money, securities or other property, including loss arising from  
2069 any fraudulent or dishonest act of any employee, officer or director of  
2070 the consumer collection agency, with limits of at least two million  
2071 dollars. It shall be the obligation of the municipality to ensure  
2072 compliance with the requirements of this subdivision.

2073 (2) A municipality that enters into an agreement with a consumer  
2074 collection agency to collect and receive for payment property tax on  
2075 behalf of the municipality may also require such consumer collection  
2076 agency to file a bond with the municipality in an amount not

2077 exceeding the total amount of the property tax to be collected on behalf  
 2078 of the municipality. Such bond, the form of which shall be approved  
 2079 by the municipality, shall be written by a surety authorized to write  
 2080 bonds in this state and shall contain a provision requiring the surety to  
 2081 provide the municipality with written notice of cancellation of such  
 2082 bond. Such notice shall be sent by certified mail to the municipality at  
 2083 least thirty days prior to the date of cancellation. The bond shall be  
 2084 conditioned that such consumer collection agency shall well, truly and  
 2085 faithfully account for all funds collected and received by the consumer  
 2086 collection agency for the municipality pursuant to such agreement. If  
 2087 the municipality is damaged by the wrongful conversion of any  
 2088 property tax debtor funds received by the consumer collection agency,  
 2089 the municipality may proceed on such bond against the principal or  
 2090 surety on the bond, or both, to recover damages. The proceeds of the  
 2091 bond, even if commingled with the other assets of the consumer  
 2092 collection agency, shall be deemed by operation of law to be held in  
 2093 trust for the benefit of the municipality in the event of bankruptcy of  
 2094 the consumer collection agency and shall be immune from attachment  
 2095 by creditors and judgment creditors.

2096 Sec. 49. Section 36a-808 of the general statutes is repealed and the  
 2097 following is substituted in lieu thereof (*Effective October 1, 2013*):

2098 Whenever the commissioner has reason to believe that any  
 2099 consumer collection agency is engaging in this state in any act or  
 2100 practice in the conduct of such business which is not defined in section  
 2101 36a-805, as amended by this act, and that such act or practice is unfair  
 2102 or deceptive, the commissioner may take action against such consumer  
 2103 collection agency in accordance with [section] sections 36a-50 and 36a-  
 2104 52.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2013</i>	36a-595
Sec. 2	<i>October 1, 2013</i>	36a-596

Sec. 3	<i>October 1, 2013</i>	36a-597
Sec. 4	<i>October 1, 2013</i>	36a-598
Sec. 5	<i>October 1, 2013</i>	36a-599
Sec. 6	<i>October 1, 2013</i>	36a-600
Sec. 7	<i>October 1, 2013</i>	36a-601
Sec. 8	<i>October 1, 2013</i>	36a-602
Sec. 9	<i>October 1, 2013</i>	36a-603
Sec. 10	<i>October 1, 2013</i>	36a-604
Sec. 11	<i>October 1, 2013</i>	36a-605
Sec. 12	<i>October 1, 2013</i>	36a-606
Sec. 13	<i>October 1, 2013</i>	36a-606a
Sec. 14	<i>October 1, 2013</i>	36a-607
Sec. 15	<i>October 1, 2013</i>	36a-608
Sec. 16	<i>October 1, 2013</i>	36a-609
Sec. 17	<i>October 1, 2013</i>	36a-610
Sec. 18	<i>October 1, 2013</i>	New section
Sec. 19	<i>October 1, 2013</i>	New section
Sec. 20	<i>November 1, 2013</i>	36a-715
Sec. 21	<i>November 1, 2013</i>	36a-716
Sec. 22	<i>November 1, 2013</i>	36a-717
Sec. 23	<i>January 1, 2014</i>	New section
Sec. 24	<i>November 1, 2013</i>	New section
Sec. 25	<i>November 1, 2013</i>	New section
Sec. 26	<i>November 1, 2013</i>	New section
Sec. 27	<i>November 1, 2013</i>	New section
Sec. 28	<i>November 1, 2013</i>	New section
Sec. 29	<i>January 1, 2014</i>	New section
Sec. 30	<i>January 1, 2014</i>	New section
Sec. 31	<i>January 1, 2014</i>	New section
Sec. 32	<i>January 1, 2014</i>	New section
Sec. 33	<i>January 1, 2014</i>	New section
Sec. 34	<i>November 1, 2013</i>	New section
Sec. 35	<i>November 1, 2013</i>	New section
Sec. 36	<i>November 1, 2013</i>	New section
Sec. 37	<i>January 1, 2014</i>	New section
Sec. 38	<i>November 1, 2013</i>	36a-1
Sec. 39	<i>November 1, 2013</i>	36a-3
Sec. 40	<i>November 1, 2013</i>	36a-65(c)(6)
Sec. 41	<i>January 1, 2014</i>	36a-412(a)(4)

Sec. 42	<i>November 1, 2013</i>	49-2a
Sec. 43	<i>November 1, 2013</i>	49-2c
Sec. 44	<i>October 1, 2013</i>	36a-800
Sec. 45	<i>October 1, 2013</i>	36a-801
Sec. 46	<i>October 1, 2013</i>	New section
Sec. 47	<i>October 1, 2013</i>	New section
Sec. 48	<i>October 1, 2013</i>	36a-805
Sec. 49	<i>October 1, 2013</i>	36a-808

***Statement of Purpose:***

To enhance and update regulatory requirements of money transmitter licensees; regulate mortgage servicers in Connecticut effective January 1, 2014; aid in administration and enforcement of the Department of Banking's laws concerning consumer collection agencies and its ability to protect the public by bringing debt buyers within these provisions, by imposing certain enhanced application and record keeping requirements and by bolstering the enforcement authority of the Banking Commissioner; and make other conforming changes.

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