



General Assembly

Substitute Bill No. 911

January Session, 2013



**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 Section 36a-595 of the general statutes is repealed and the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 Section 36a-596 of the general statutes is repealed and the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 that such applicant filed with the Securities
175 Exchange Commission or, if the applicant is a wholly-owned
176 subsidiary of a publicly traded company, a copy of the parent
177 company's most recent 10-K report that such applicant filed with the
178 Securities and Exchange Commission, and (D) if the applicant or
179 parent company of a wholly-owned subsidiary applicant is publicly
180 traded on a foreign exchange, a copy of documentation similar to the
181 report filed pursuant to subparagraph (C) of this subdivision that such
182 applicant filed with the applicable securities regulator;

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

190 (8) The history of material litigation for the five-year period prior to
191 the date of the application of the individual, if the applicant is an
192 individual; the partners, if the applicant is a partnership; the directors,
193 trustees, principal officers and any shareholder owning ten per cent or
194 more of each class of its securities, if the applicant is a corporation or
195 association; or the members, if the applicant is a limited liability
196 company, and sufficient information pertaining to the history of
197 material litigation, in a form acceptable to the commissioner, on such
198 individual or the partners, directors, trustees, principal officers,
199 members and any shareholder owning ten per cent or more of each
200 class of the applicant's securities. For purposes of this section, "material
201 litigation" means any litigation that, according to generally accepted
202 accounting principles, is deemed significant to a person's financial
203 health and that such person is required to reference in an annual
204 audited financial statement, a report to shareholders or a similar
205 document;

206 (9) (A) The history of criminal convictions of the individual, if the

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

216 (10) (A) The surety bond required by subsection (a) of section 36a-
217 602, as amended by this act, if applicable;

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

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

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

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

234 [(12)] (14) Any other information the commissioner may require.

235 (b) The commissioner, in accordance with section 29-17a, may
236 conduct a state and national criminal history records check of the

237 individual applicant and of each partner, director, trustee, principal
238 officer, member and shareholder owning ten per cent or more of each
239 class of the securities of the applicant. The commissioner may deem an
240 application for a license to engage in the business of [issuing
241 Connecticut payment instruments or engage in the business of] money
242 transmission in this state abandoned if the applicant fails to respond to
243 any request for information required under sections 36a-595 to 36a-610,
244 inclusive, as amended by this act, and sections 18 and 19 of this act, or
245 any regulations adopted pursuant to said sections. The commissioner
246 shall notify the applicant, in writing, that if the applicant fails to
247 submit such information not later than sixty days after such request,
248 the application shall be deemed abandoned. An application filing fee
249 paid prior to the date an application is deemed abandoned pursuant to
250 this subsection shall not be refunded. Abandonment of an application
251 pursuant to this subsection shall not preclude the applicant from
252 submitting a new application for a license under sections 36a-595 to
253 36a-610, inclusive, as amended by this act, and sections 18 and 19 of
254 this act.

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

260 (d) A licensee shall not change the name specified on its license
261 unless, prior to such change in name, the licensee files an application
262 with the commissioner accompanied by the name change fee specified
263 in subsection (a) of section 36a-599, as amended by this act, and
264 receives the approval of the commissioner.

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

268 (1) The filing of a petition by or against the licensee under the

269 United States Bankruptcy Code for bankruptcy or reorganization;

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

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

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

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

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

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

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

293 (a) Each application for an [original] initial license shall be
294 accompanied by a nonrefundable investigation fee of six hundred
295 twenty-five dollars and a nonrefundable license fee of two thousand
296 two hundred fifty dollars, except that if such application is filed not
297 earlier than one year before the date such license will expire, the

298 applicant shall pay a nonrefundable investigation fee of six hundred
299 twenty-five dollars and a nonrefundable license fee of one thousand
300 two hundred fifty dollars. Each application for a renewal license shall
301 be accompanied by a nonrefundable license fee of two thousand two
302 hundred fifty dollars. [, or in the case of a license that expires on June
303 30, 2007, a license fee of two thousand two hundred fifty dollars. The
304 license fee shall be refunded if the application for an original license is
305 denied, the commissioner refuses to issue a renewal license or an
306 application for a license or renewal license is withdrawn prior to
307 issuance of a license or renewal license by the commissioner.] Each
308 licensee shall pay to the commissioner a nonrefundable name change
309 fee of two hundred dollars for each application to change a name. No
310 licensee shall use any name other than the name specified on the
311 license issued by the commissioner.

312 (b) A license issued pursuant to sections 36a-595 to 36a-610,
313 inclusive, as amended by this act, and sections 18 and 19 of this act,
314 shall expire at the close of business on September thirtieth of the odd-
315 numbered year following its issuance, unless renewed or earlier
316 surrendered, suspended or revoked pursuant to said sections. [,
317 provided any license that is renewed effective July 1, 2007, shall expire
318 on September 30, 2009.] Not later than fifteen days after a licensee
319 ceases to engage [in this state in the business of issuing Connecticut
320 payment instruments or ceases to engage] in the business of money
321 transmission in this state for any reason, including a business decision
322 to terminate operations in this state, license revocation, bankruptcy or
323 voluntary dissolution, such licensee shall provide written notice of
324 surrender and surrender to the commissioner [in person or by
325 registered or certified mail] its license for each location in which such
326 licensee has ceased to engage in such business. The written notice of
327 surrender shall identify the location where the records of the licensee
328 will be stored and the name, address and telephone number of an
329 individual authorized to provide access to the records. The surrender
330 of a license does not reduce or eliminate the licensee's civil or criminal
331 liability arising from acts or omissions occurring prior to the surrender

332 of the license, including any administrative actions undertaken by the
333 commissioner to revoke or suspend a license, assess a civil penalty,
334 order restitution or exercise any other authority provided to the
335 commissioner.

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

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

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

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

350 (3) (A) If the applicant is an individual, such individual is in all
351 respects properly qualified and of good character, (B) if the applicant is
352 a partnership, each partner is in all respects properly qualified and of
353 good character, (C) if the applicant is a corporation or association, each
354 president, chairperson of the executive committee, senior officer
355 responsible for the corporation's business, chief financial officer or any
356 other person who performs similar functions as determined by the
357 commissioner, director, trustee and each shareholder owning ten per
358 cent or more of each class of the securities of such corporation is in all
359 respects properly qualified and of good character, or (D) if the
360 applicant is a limited liability company, each member is in all respects
361 properly qualified and of good character;

362 (4) The applicant is in compliance with the provisions of sections

363 [36a-603 and] 36a-602 to 36a-604, inclusive, as amended by this act;

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

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

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

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

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

393 Sec. 7. Section 36a-601 of the general statutes is repealed and the

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

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

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

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

425 (a) As a condition for the issuance and retention of the license,

426 applicants for a license and licensees shall file with the commissioner a
427 surety bond, the form of which shall be approved by the Attorney
428 General, issued by a bonding company or insurance company
429 authorized to do business in this state. The bond shall be conditioned
430 upon the licensee and the licensee's authorized delegates faithfully
431 performing all obligations with respect to the licensee's money
432 transmission business in this state and conducting such business in
433 this state consistent with the provisions of sections 36a-595 to 36a-610,
434 inclusive, as amended by this act, and sections 18 and 19 of this act.
435 The bond shall be in favor of the commissioner, [cover claims that arise
436 during the period the license remains in full force and effect and the
437 succeeding two years after such license has been surrendered, revoked
438 or suspended or has expired, in accordance with the provisions of
439 sections 36a-595 to 36a-610, inclusive, and be in the principal sum of (1)
440 three hundred thousand dollars for any applicant and any licensee that
441 engages in the business of issuing Connecticut payment instruments
442 with an average daily balance of outstanding Connecticut payment
443 instruments during the two previous reporting quarters of three
444 hundred thousand dollars or less or any licensee that engages in the
445 business of money transmission with an average weekly amount of
446 money or monetary value received or transmitted, whichever amount
447 is greater, during the two previous reporting quarters of one hundred
448 fifty thousand dollars or less; (2) five hundred thousand dollars for any
449 licensee that engages in the business of issuing Connecticut payment
450 instruments with an average daily balance of outstanding Connecticut
451 payment instruments during the two previous reporting quarters of
452 greater than three hundred thousand dollars but less than five
453 hundred thousand dollars or any licensee that engages in the business
454 of money transmission with an average weekly amount of money or
455 monetary value received or transmitted, whichever amount is greater,
456 during the two previous reporting quarters of greater than one
457 hundred fifty thousand dollars but less than two hundred fifty
458 thousand dollars; and (3) one million dollars for any licensee that
459 engages in the business of issuing Connecticut payment instruments
460 with an average daily balance of outstanding Connecticut payment

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

483 (b) The proceeds of the bond, even if commingled with other assets
484 of the licensee, shall be deemed by operation of law to be held in trust
485 for the benefit of any claimants against the licensee to serve the faithful
486 performance of the obligations of the licensee and the licensee's
487 authorized delegates with respect to the [receipt, handling,
488 transmission or payment of money or monetary value in connection
489 with the sale and issuance of Connecticut payment instruments or
490 transmission of money or monetary value] licensee's money
491 transmission business in this state in the event of the bankruptcy of the
492 licensee, and shall be immune from attachment by creditors or
493 judgment creditors. Any person who may be damaged as a result of
494 the failure by the licensee or the licensee's authorized delegates to

495 perform obligations with respect to the licensee's money transmission
496 business in this state may proceed against the licensee's bond to
497 recover damages. The commissioner may proceed on such bond
498 against the principal or surety thereon, or both, to collect any civil
499 penalty imposed upon the licensee pursuant to subsection (a) of
500 section 36a-50, [. In the event a license has been surrendered, revoked
501 or suspended or has expired, in accordance with the provisions of
502 sections 36a-595 to 36a-610, inclusive, the commissioner, in the
503 commissioner's discretion, may lower the required principal sum of
504 the bond based on the licensee's level of business and outstanding
505 Connecticut payment instruments.] any restitution imposed pursuant
506 to subsection (c) of section 36a-50, and any unpaid costs of
507 examination of the licensee as determined pursuant to subdivision (6)
508 of subsection (c) of section 36a-65, as amended by this act. The bond
509 shall cover claims for damages arising from the licensee's money
510 transmission business in this state made not later than two years from
511 the date of the act, error or omission that allegedly caused or resulted
512 in such damages. When an action is commenced on a licensee's bond,
513 the commissioner may require the filing of a new bond and,
514 immediately upon recovery on any action on the bond, the licensee
515 shall file a new bond. If the commissioner finds that the financial
516 condition of a licensee so requires, as evidenced by the reduction of
517 tangible net worth, financial losses or potential losses as a result of a
518 violation of sections 36a-595 to 36a-610, inclusive, as amended by this
519 act, or section 18 or 19 of this act, the commissioner may require one or
520 more additional bonds meeting the standards set forth in this section.
521 The licensee shall file any such additional bonds not later than ten days
522 after receipt of the commissioner's written notice of such requirement.

523 [(b)] (c) The surety company may cancel the bond at any time by a
524 written notice to the licensee, stating the date cancellation shall take
525 effect. Such notice shall be sent by certified mail to the licensee at least
526 thirty days prior to the date of cancellation. A surety bond shall not be
527 cancelled unless the surety company notifies the commissioner in
528 writing not less than thirty days prior to the effective date of

529 cancellation. After receipt of such notification from the surety
530 company, the commissioner shall give written notice to the licensee of
531 the date such bond cancellation shall take effect. The commissioner
532 shall automatically suspend the license on such date, unless the
533 licensee, prior to such date, submits (1) a letter of reinstatement of the
534 bond from the surety company, (2) a new bond, (3) evidence that all of
535 the principal sum of such surety bond has been invested as provided
536 in subsection [(c)] (d) of this section, (4) a new bond that replaces the
537 surety bond in part and evidence that the remaining part of the
538 principal sum of such surety bond has been invested as provided in
539 subsection [(c)] (d) of this section, or (5) evidence that the licensee has
540 ceased business and has surrendered the license. After a license has
541 been automatically suspended, the commissioner shall give the
542 licensee notice of the automatic suspension pending proceedings for
543 revocation or refusal to renew such license and an opportunity for a
544 hearing on such actions in accordance with section 36a-51 and require
545 the licensee to take or refrain from taking such action as in the opinion
546 of the commissioner will effectuate the purposes of this section.

547 [(c)] (d) In lieu of all or part of the principal sum of such surety
548 bonds, applicants for a license and licensees may invest such sum as
549 provided in this subsection. The book or market value, whichever is
550 lower, of such investments shall be equal to the amount of the bond
551 required by subsection (a) of this section less the amount of the bond
552 filed with the commissioner by the applicant or licensee. Such
553 applicants and licensees shall keep such investments with such banks,
554 Connecticut credit unions or federal credit unions as such applicants or
555 licensees may designate and the commissioner may approve, and
556 subject to such conditions as the commissioner deems necessary for the
557 protection of consumers and in the public interest. As used in this
558 subsection, "investments" means: (1) Dollar deposits; and (2) interest-
559 bearing bills, notes, bonds, debentures or other obligations issued or
560 guaranteed by (A) the United States or any of its agencies or
561 instrumentalities, or (B) any state, or any agency, instrumentality,
562 political subdivision, school district or legally constituted authority of

563 any state if such investment is of prime quality. The investments shall
564 secure the same obligation as would a surety bond filed under this
565 section. The investments shall be held at such banks or credit unions to
566 cover claims during the period the license remains in full force and
567 effect and the succeeding two years after such license has been
568 surrendered, revoked or suspended or has expired in accordance with
569 the provisions of sections 36a-595 to 36a-610, inclusive, as amended by
570 this act, and sections 18 and 19 of this act. The licensee shall be
571 permitted to collect interest on such investments and at any time to
572 exchange, examine and compare such investments. The investments
573 made pursuant to this section, even if commingled with other assets of
574 the licensee, shall be deemed by operation of law to be held in trust for
575 the benefit of any claimants against the licensee to serve the faithful
576 performance of the obligations of the licensee and the licensee's
577 authorized delegates with respect to the [receipt, handling,
578 transmission or payment of money or monetary value in connection
579 with the sale and issuance of Connecticut payment instruments or
580 transmission of money or monetary value] licensee's money
581 transmission business in this state in the event of the bankruptcy of the
582 licensee, and shall be immune from attachment by creditors or
583 judgment creditors.

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

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

596 licensee.

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

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

614 Sec. 10. Section 36a-604 of the general statutes is repealed and the
615 following is substituted in lieu thereof (*Effective October 1, 2013*):

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

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

624 (c) Each licensee that engages in the business of money transmission
625 in this state, except by issuing or selling stored value or payment
626 instruments, shall at all times have a tangible net worth of at least five

627 hundred thousand dollars. Each licensee that [engages in the business
628 of money transmission by issuing] issues or sells stored value in this
629 state shall at all times have a tangible net worth of at least [five
630 hundred thousand] one million dollars or a higher amount as
631 determined by the commissioner, in accordance with generally
632 accepted accounting principles.

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

635 In connection with the examination of a licensee under section 36a-
636 17, the commissioner may also examine the [agents] authorized
637 delegates of such licensee. The commissioner, in lieu of conducting an
638 examination, may accept the report of examination of any other state
639 or federal supervisory agency or any organization affiliated with or
640 representing such supervisory agency with respect to the examination
641 or other supervision of any person subject to the provisions of sections
642 36a-595 to 36a-610, inclusive, as amended by this act, and sections 18
643 and 19 of this act, or a report prepared by an independent accounting
644 firm, and reports so accepted are considered for purposes of sections
645 36a-595 to 36a-610, inclusive, as amended by this act, and sections 18
646 and 19 of this act, as an official examination report of the
647 commissioner.

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

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

652 (1) [Its most recently audited unconsolidated financial statement,
653 including its balance sheet and receipts and disbursements for the
654 preceding year, prepared by an independent certified public
655 accountant acceptable to the commissioner] (A) A copy of audited
656 financial statements for the most recent fiscal year, (B) if a wholly-
657 owned subsidiary of another corporation, (i) the most recent audited

658 consolidated annual financial statements of the parent corporation or
659 the licensee's most recent audited consolidated annual financial
660 statement, and (ii) the most recent audited unconsolidated financial
661 statement of the licensee, including its balance sheet and receipts and
662 disbursements for the preceding year, (C) if publicly traded, a copy of
663 the most recent 10-K report that such applicant filed with the Securities
664 and Exchange Commission, and (D) if a licensee or parent company of
665 a wholly-owned subsidiary licensee is publicly traded on a foreign
666 exchange, a copy of documentation similar to the report filed pursuant
667 to subparagraph (C) of this subdivision that such applicant filed with
668 the applicable securities regulator;

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

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

677 (b) The lists and other information filed as provided in subdivisions
678 (2) and (3) of subsection (a) of this section shall be as of the same date
679 as the financial statement filed in accordance with subdivision (1) of
680 subsection (a) of this section.

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

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

688 Each licensee shall comply with the applicable provisions of the

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

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

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

702 (1) The business may be conducted by the licensee or through or by
703 means of such [agents] authorized delegates as the licensee may
704 periodically designate or appoint. The licensee shall notify the
705 commissioner of all authorized delegates that act on its behalf. An
706 [agent] authorized delegate may not engage in the business of [issuing
707 Connecticut payment instruments or the business of] money
708 transmission in this state on behalf of a licensee through or by means
709 of [a subagent] any person who is not an authorized delegate of the
710 licensee.

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

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

718 (4) A licensee shall be liable for the loss caused to any purchaser or
719 holder of the licensee's [Connecticut] payment instruments or stored

720 value sold in this state by the failure of an [agent of the licensee]
721 authorized delegate to forward to the licensee the amount due from
722 the proceeds of a sale or delivery of the licensee's [Connecticut]
723 payment instruments or stored value, or money or monetary value
724 received for transmission.

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

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

738 (7) An [agent of a licensee] authorized delegate shall not provide
739 money transmission services in this state outside the scope of activity
740 permissible under the contract between the [agent] authorized
741 delegate and the licensee.

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

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

748 (a) The commissioner shall make such investigations [and conduct
749 such hearings] as the commissioner considers necessary to determine
750 whether any licensee or any other person has violated, is violating or is

751 about to violate any of the provisions of sections 36a-595 to 36a-610,
752 inclusive, as amended by this act, or sections 18 and 19 of this act, or
753 whether any licensee has acted in such manner as otherwise would
754 justify the suspension or revocation of the license. The provisions of
755 section 36a-17 shall apply to such investigation. For purposes of this
756 section, "unsafe or unsound practice" means a practice or conduct by a
757 licensee or an authorized delegate that is likely to result in a material
758 loss, insolvency or dissipation of the licensee's assets or otherwise
759 materially prejudice the interests of purchasers.

760 (b) The commissioner may suspend or revoke a license or take any
761 other action, in accordance with section 36a-51, on any ground on
762 which the commissioner might refuse to issue an [original] initial
763 license, for any violation of sections 36a-595 to 36a-610, inclusive, as
764 amended by this act, or section 18 or 19 of this act, or of any regulation
765 adopted under said sections, for noncompliance with an order that the
766 commissioner may issue under said sections to a licensee, for failure of
767 the licensee to pay a judgment ordered by any court within or outside
768 this state within thirty days after the judgment becomes final or within
769 thirty days after expiration or termination of a stay of execution of the
770 judgment, for engaging in fraud, intentional misrepresentation or
771 gross negligence, or for engaging in an unsafe [and] or unsound
772 practice.

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

784 52.

785 (d) The commissioner may order a licensee to terminate its [agency]
786 relationship with any [agent] authorized delegate if the commissioner
787 finds that: (1) The [agent] authorized delegate violated any provision
788 of sections 36a-595 to 36a-610, inclusive, as amended by this act, or
789 section 18 or 19 of this act, or any regulation adopted under said
790 sections or any other law or regulation applicable to the conduct of its
791 business; (2) the [agent refused to allow an examination of its books
792 and records regarding the business of such licensee as provided in
793 section 36a-605] authorized delegate failed to cooperate with an
794 examination or investigation by the commissioner; (3) the [agent]
795 authorized delegate engaged in fraud, intentional misrepresentation,
796 or gross negligence or misappropriated funds; (4) the [agent]
797 authorized delegate has been convicted of a violation of a state or
798 federal anti-money laundering statute; (5) the competence, experience,
799 character or general fitness of the [agent] authorized delegate or a
800 manager, partner, director, trustee, principal officer, member or
801 shareholder owning ten per cent or more of each class of the [agent's]
802 authorized delegate's securities demonstrates that it would not be in
803 the public interest to permit such [agent] authorized delegate to
804 engage in the business of [issuing Connecticut payment instruments or
805 the business of] money transmission in this state on behalf of a
806 licensee; [or] (6) the [agent] authorized delegate is engaging in an
807 unsafe or unsound practice; or (7) the authorized delegate is convicted
808 of any act involving fraud or dishonesty.

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

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

814 (1) Any federally insured federal bank, out-of-state bank,
815 Connecticut bank, Connecticut credit union, federal credit union or

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

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

827 [(3)] (2) The United States Postal Service and any contractor that
828 engages in the business of money transmission in this state on behalf
829 of the United States Postal Service; and

830 [(4)] (3) A person whose activity is limited to the electronic funds
831 transfer of governmental benefits for or on behalf of a federal, state or
832 other governmental agency, quasi-governmental agency or
833 government sponsored enterprise.

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

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

840 Sec. 18. (NEW) (*Effective October 1, 2013*) (a) Each licensee, as defined
841 in section 36a-596 of the general statutes, as amended by this act, shall
842 maintain and prepare such records as will enable the Banking
843 Commissioner to determine whether the licensee and any of its
844 authorized delegates are complying with the provisions of sections
845 36a-595 to 36a-609, inclusive, of the general statutes as amended by
846 this act, this section, and section 19 of this act at the office named in the

847 license, or, if requested by the commissioner, shall make such records
848 available at such office or send such records to the commissioner by
849 registered or certified mail, return receipt requested, or by any express
850 delivery carrier that provides a dated delivery receipt, not later than
851 five business days after such request by the commissioner. Upon
852 request, the commissioner may grant a licensee additional time to
853 make such records available or send such records to the commissioner.

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

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

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

860 (3) Bank statements and bank reconciliation records;

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

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

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

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

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

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

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

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

882 [(2) "Mortgage servicing company"] (1) "Mortgage servicer" (A)
883 means any person, wherever located, who, for such person or on
884 behalf of the holder of a [first] residential mortgage loan, receives
885 payments of principal and interest in connection with a [first]
886 residential mortgage loan, records such payments on such person's
887 books and records and performs such other administrative functions
888 as may be necessary to properly carry out the mortgage holder's
889 obligations under the mortgage agreement including, when applicable,
890 the receipt of funds from the mortgagor to be held in escrow for
891 payment of real estate taxes and insurance premiums and the
892 distribution of such funds to the taxing authority and insurance
893 company, [.] and (B) includes a person who makes payments to
894 borrowers pursuant to the terms of a home equity conversion
895 mortgage or reverse mortgage, but (C) does not include (i) a person
896 exempt from licensure as a mortgage lender or mortgage
897 correspondent lender pursuant to subsection (b) of section 36a-487
898 while servicing residential mortgage loans made pursuant to such
899 exemption, (ii) a person servicing five or fewer residential mortgage
900 loans within any period of twelve consecutive months, or (iii) any
901 agency of the federal government, any state or municipal government
902 or any quasi-governmental agency servicing residential mortgage
903 loans under the specific authority of the laws of any state or the United
904 States.

905 (2) "Mortgagee" means the grantee of a residential mortgage,
906 provided, if the mortgage has been assigned of record, "mortgagee"

907 means the last person to whom the residential mortgage has been
908 assigned of record.

909 (3) "Mortgagor" means any person obligated to repay a first
910 residential mortgage loan.

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

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

919 (a) Any mortgage [servicing company] servicer which receives
920 funds from a mortgagor to be held in escrow for payment of taxes and
921 insurance premiums shall pay the taxes and insurance premiums of
922 the mortgagor to the appropriate taxing authority and insurance
923 company in the amount required and at the time such taxes and
924 insurance premiums are due provided (1) the mortgage [servicing
925 company] servicer has been provided with the tax or insurance bills at
926 least fifteen days prior to the date such taxes and insurance premiums
927 are due, and (2) the mortgagor has paid to the mortgage [servicing
928 company] servicer the amounts required to be paid into the escrow
929 account, as determined by the mortgage [servicing company] servicer,
930 for all amounts scheduled to be paid to the mortgage [servicing
931 company] servicer prior to the date such taxes and insurance
932 premiums are due.

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

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

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

950 Any mortgage [servicing company] servicer which violates any
951 provision of section 36a-716, as amended by this act, shall be liable to
952 the mortgagor for: (1) Any penalties, interest or other charges levied by
953 the taxing authority or insurance company as a result of such violation;
954 (2) any actual damages suffered by the mortgagor as a result of such
955 violation, including, but not limited to, any amount which would have
956 been paid by an insurer for a casualty or liability claim had the
957 insurance policy not been cancelled for nonpayment by the mortgage
958 [servicing company] servicer; and (3) in the case of any successful
959 action to enforce the foregoing liability, the costs of the action together
960 with reasonable attorney's fees as determined by the court.

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

963 (a) [If the commissioner determines that any mortgage servicing
964 company has violated any provision of section 36a-716, the
965 commissioner may take action against such mortgage servicing
966 company in accordance with sections 36a-50 and 36a-52. The
967 commissioner may also order the mortgage servicing company to
968 make restitution to the mortgagor upon fourteen days' notice in
969 writing. Such notice shall be sent by certified mail, return receipt

970 requested, or by any express delivery carrier that provides a dated
971 delivery receipt, to the principal place of business of the mortgage
972 servicing company and shall state the grounds for the contemplated
973 action. Within fourteen days of receipt of the notice, the mortgage
974 servicing company may file a written request for a hearing. If a hearing
975 is requested, the commissioner shall not issue an order to make
976 restitution until after such hearing is held. Such hearing shall be
977 conducted in accordance with the provisions of chapter 54.] No person
978 shall act as a mortgage servicer, directly or indirectly, of a residential
979 mortgage loan without first obtaining a license under section 24 of this
980 act from the commissioner for its main office and each branch office
981 where such person conducts business as a mortgage servicer, unless
982 such person is exempt from licensure pursuant to subsection (b) of this
983 section.

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

994 Sec. 24. (NEW) (*Effective November 1, 2013*) (a) The Banking
995 Commissioner may issue a mortgage servicer license, provided the
996 commissioner shall not issue a mortgage servicer license to any person
997 unless the commissioner, at a minimum, finds that: (1) The applicant
998 has identified a qualified individual for its main office and a branch
999 manager for each branch office where such business is conducted. Any
1000 qualified individual and branch manager shall have supervisory
1001 authority over the mortgage servicer activities at such qualified
1002 individual's and branch manager's respective office location and at

1003 least three years' experience in the mortgage servicing business within
1004 the five years immediately preceding the date of the application for
1005 licensure. As used in this subsection, "experience in the mortgage
1006 servicing business" means paid experience in the servicing of mortgage
1007 loans, the accounting, receipt and processing of payments on behalf of
1008 mortgagees or creditors, or the supervision of such activities, or any
1009 other relevant experience as determined by the commissioner; (2)
1010 notwithstanding the provisions of section 46a-80 of the general
1011 statutes, the applicant, the control persons of the applicant, the
1012 qualified individual and any branch manager with supervisory
1013 authority at the office for which the license is sought have not been
1014 convicted of, or pled guilty or nolo contendere to, a felony during the
1015 seven-year period preceding the date of the application for licensing or
1016 a felony involving an act of fraud or dishonesty, a breach of trust or
1017 money laundering in a domestic, foreign or military court at any time
1018 preceding the date of application, provided any pardon or
1019 expungement of a conviction shall not be a conviction for purposes of
1020 this subdivision; (3) the applicant demonstrates that the financial
1021 responsibility, character and general fitness of the applicant, the
1022 control persons of the applicant, the qualified individual and any
1023 branch manager having supervisory authority over the office for which
1024 the license is sought are such as to command the confidence of the
1025 community and to warrant a determination that the applicant will
1026 operate honestly, fairly and efficiently within the purposes of sections
1027 36a-715 to 36a-718, inclusive, of the general statutes, as amended by
1028 this act, this section, and sections 25 to 37, inclusive, of this act; (4) the
1029 applicant has met the surety bond requirement under section 27 of this
1030 act; and (5) the applicant has not made a material misstatement in the
1031 application. For purposes of this subsection, the level of offense of the
1032 crime and the status of any conviction, pardon or expungement shall
1033 be determined by reference to the law of the jurisdiction where the
1034 case was prosecuted. In the event that such jurisdiction does not use
1035 the term "felony", "pardon" or "expungement", such terms shall include
1036 legally equivalent events. If the commissioner fails to make such
1037 findings, the commissioner shall not issue a license, and shall notify

1038 the applicant of the denial and the reasons for such denial.

1039 (b) An application for a license as a mortgage servicer or renewal of
1040 such license shall be filed, in a form prescribed by the commissioner,
1041 with the system and accompanied by the fees required by section 26 of
1042 this act. Each such form shall contain content as set forth by instruction
1043 or procedure of the commissioner and may be changed or updated as
1044 necessary by the commissioner in order to carry out the purpose of
1045 sections 36a-715 to 36a-718, inclusive, of the general statutes, as
1046 amended by this act, this section and sections 25 to 37, inclusive, of this
1047 act. The applicant shall, at a minimum, furnish to the system
1048 information concerning the identity of the applicant, any control
1049 person of the applicant, the qualified individual and any branch
1050 manager, including personal history and experience in a form
1051 prescribed by the system and information related to any
1052 administrative, civil or criminal findings by any governmental
1053 jurisdiction. The applicant shall promptly notify the commissioner, in
1054 writing, of any change to the information submitted in connection with
1055 its application for licensure. For the purpose of this subsection,
1056 evidence of experience of the qualified individual and any branch
1057 manager shall include: (1) A statement specifying the duties and
1058 responsibilities of such person's employment, the term of employment,
1059 including month and year, and the name, address and telephone
1060 number of a supervisor, employer or, if self-employed, a business
1061 reference; and (2) if required by the commissioner, copies of W-2
1062 forms, 1099 tax forms or, if self-employed, 1120 corporate tax returns,
1063 signed letters from the employer on the employer's letterhead
1064 verifying such person's duties and responsibilities and term of
1065 employment, including month and year, and, if such person is unable
1066 to provide such letters, other proof satisfactory to the commissioner
1067 that such person meets the experience requirement. The commissioner
1068 may conduct a criminal history records check of the applicant, any
1069 control person of the applicant, the qualified individual and any
1070 branch manager with supervisory authority at the office for which the
1071 license is sought and require the applicant to submit the fingerprints of

1072 such persons as part of the application.

1073 (c) (1) The minimum standards for license renewal for a mortgage
1074 servicer shall include the following: (A) The applicant continues to
1075 meet the minimum standards under subsection (a) of this section, and
1076 (B) the mortgage servicer has paid all required fees for renewal of the
1077 license.

1078 (2) The license of a mortgage servicer failing to satisfy the minimum
1079 standards for license renewal shall expire. The commissioner may
1080 adopt procedures for the reinstatement of expired licenses consistent
1081 with the standards established by the system. The commissioner may
1082 automatically suspend a mortgage servicer license if the licensee
1083 receives a deficiency on the system indicating that the payment
1084 required by section 26 of this act was Returned-ACH or returned
1085 pursuant to such other term as may be utilized by the system to
1086 indicate that the payment was not accepted. After a license has been
1087 automatically suspended pursuant to this section, the commissioner
1088 shall give such licensee notice of the automatic suspension, pending
1089 proceedings for revocation or refusal to renew pursuant to section 35
1090 of this act and an opportunity for a hearing on such action in
1091 accordance with section 36a-51 of the general statutes, and require
1092 such licensee to take or refrain from taking such action that, in the
1093 opinion of the commissioner, will effectuate the purposes of this
1094 section.

1095 (d) Withdrawal of an application for a license filed under this
1096 section shall become effective upon receipt by the commissioner of a
1097 notice of intent to withdraw such application. The commissioner may
1098 deny a license up to the date one year after the effective date of
1099 withdrawal.

1100 (e) The commissioner may deem an application for a license under
1101 this section abandoned if the applicant fails to respond to any request
1102 for information required under sections 36a-715 to 36a-718, inclusive,
1103 of the general statutes, as amended by this act, and sections 24 to 37,

1104 inclusive, of this act or the regulations adopted pursuant to said
1105 sections. The commissioner shall notify the applicant on the system
1106 that if such information is not submitted not later than sixty days from
1107 the date of such request, the application shall be deemed abandoned.
1108 An application filing fee paid prior to the date an application is
1109 deemed abandoned pursuant to this subsection shall not be refunded.
1110 Abandonment of an application pursuant to this subsection shall not
1111 preclude the applicant from submitting a new application for a license.

1112 (f) At least annually, as part of its application, a mortgage servicer
1113 shall file with the commissioner: (1) A current schedule of the ranges
1114 of costs and fees it charges mortgagors for its servicing-related
1115 activities; and (2) a report in a form and format acceptable to the
1116 commissioner detailing the mortgage servicer's activities in the state,
1117 including (A) the number of residential mortgage loans the mortgage
1118 servicer is servicing, (B) the type and characteristics of the residential
1119 mortgage loans in this state, (C) the number of serviced residential
1120 mortgage loans in default, along with a breakdown of thirty-day, sixty-
1121 day and ninety-day delinquencies, (D) information on loss mitigation
1122 activities, including details on workout arrangements undertaken, and
1123 (E) information on foreclosures commenced in this state.

1124 Sec. 25. (NEW) (*Effective November 1, 2013*) (a) A mortgage servicer
1125 license shall not be transferable or assignable. No licensee may use any
1126 name other than its legal name or a fictitious name approved by the
1127 Banking Commissioner, provided such licensee may not use its legal
1128 name if the commissioner disapproves use of such name. Any licensee
1129 who intends to permanently cease acting as a mortgage servicer at any
1130 time during a license period for any cause, including, but not limited
1131 to, bankruptcy or voluntary dissolution, shall file a request to
1132 surrender the license for each office at which the licensee intends to
1133 cease to do business, on the system, not later than fifteen days after the
1134 date of such cessation, provided this requirement shall not apply when
1135 a license has been suspended pursuant to section 36a-51 of the general
1136 statutes. No surrender shall be effective until accepted by the

1137 commissioner.

1138 (b) A mortgage servicer licensee may change the name of the
1139 licensee or address of any office specified on the most recent filing
1140 with the system if (1) at least thirty calendar days prior to such change,
1141 the licensee files such change with the system and, in the case of a
1142 main office or branch office, provides, directly to the commissioner, a
1143 bond rider or endorsement, or addendum, as applicable, to the surety
1144 bond on file with the commissioner that reflects the new name or
1145 address of the main office or branch office, and (2) the commissioner
1146 does not disapprove such change, in writing, or request further
1147 information within such thirty-day period.

1148 (c) The mortgage servicer licensee shall promptly file with the
1149 system or, if the information cannot be filed on the system, directly
1150 notify the commissioner, in writing, of the occurrence of any of the
1151 following events:

1152 (1) Filing for bankruptcy, or the consummation of a corporate
1153 restructuring, of the licensee;

1154 (2) Filing of a criminal indictment against the licensee, or receiving
1155 notification of the filing of any criminal felony indictment or felony
1156 conviction of any of the licensee's officers, directors, members, partners
1157 or shareholders owning ten per cent or more of the outstanding stock;

1158 (3) Receiving notification of the institution of license denial, cease
1159 and desist, suspension or revocation procedures, or other formal or
1160 informal regulatory action by any governmental agency against the
1161 licensee and the reasons for such action;

1162 (4) Receiving notification of the initiation of any action by the
1163 Attorney General or the attorney general of any other state and the
1164 reasons for such action;

1165 (5) Suspension or termination of the licensee's status as an approved
1166 seller or servicer by the Federal National Mortgage Association,

1167 Federal Home Loan Mortgage Corporation or Government National
1168 Mortgage Association;

1169 (6) Receiving notification that certain servicing rights of the licensee
1170 will be rescinded or cancelled, and the reasons provided for such
1171 rescindment or cancellation;

1172 (7) Receiving notification of filing for bankruptcy of any of the
1173 licensee's officers, directors, members, partners or shareholders
1174 owning ten per cent or more of the outstanding stock of the licensee;

1175 (8) Receiving notification of the initiation of a class action lawsuit on
1176 behalf of consumers against the licensee that is related to the operation
1177 of the licensed business; or

1178 (9) Any change in the information most recently submitted by the
1179 licensee in connection with its application.

1180 Sec. 26. (NEW) (*Effective November 1, 2013*) (a) Each mortgage
1181 servicer license shall expire at the close of business on December
1182 thirty-first of the year in which it is approved, unless such license is
1183 renewed, and provided any such license that is approved on or after
1184 November first shall expire at the close of business on December
1185 thirty-first of the year following the year in which it is approved. An
1186 application for renewal of a license shall be filed between November
1187 first and December thirty-first of the year in which the license expires.
1188 Each applicant for an initial license or renewal of a license as a
1189 mortgage servicer shall pay to the system any required fees or charges
1190 and a license fee of one thousand dollars.

1191 (b) All fees paid pursuant to this section, including fees paid in
1192 connection with an application that is denied or withdrawn prior to
1193 the issuance of the license, shall be nonrefundable. No fee paid
1194 pursuant to this section shall be prorated if the license is surrendered,
1195 revoked or suspended prior to the expiration of the period for which it
1196 was approved.

1197 Sec. 27. (NEW) (*Effective November 1, 2013*) (a) No mortgage servicer
1198 license and no renewal of such license shall be granted unless the
1199 applicant or licensee has filed with the Banking Commissioner a single
1200 surety bond, written by a surety authorized to write such bonds in this
1201 state covering its main office and any branch office, in a penal sum of
1202 one hundred thousand dollars.

1203 (b) The bond required by subsection (a) of this section shall be (1) in
1204 a form approved by the Attorney General, and (2) conditioned upon
1205 the mortgage servicer licensee faithfully performing any and all
1206 written agreements or commitments with or for the benefit of
1207 mortgagors and mortgagees, truly and faithfully accounting for all
1208 funds received from a mortgagor or mortgagee by the licensee in the
1209 licensee's capacity as a mortgage servicer, and conducting such
1210 mortgage business consistent with the provisions of sections 36a-715 to
1211 36a-718, inclusive, of the general statutes, as amended by this act, and
1212 sections 24 to 37, inclusive, of this act. Any mortgagor or mortgagee
1213 that may be damaged by a mortgage servicer licensee's failure to
1214 perform any written agreements or commitments, or by the wrongful
1215 conversion of funds paid by a mortgagor or a mortgagee to a licensee,
1216 may proceed on such bond against the principal or surety thereon, or
1217 both, to recover damages. The commissioner may proceed on such
1218 bond against the principal or surety on such bond, or both, to collect
1219 any civil penalty imposed upon a licensee pursuant to subsection (a) of
1220 section 36a-50 of the general statutes and any unpaid costs of
1221 examination of a licensee as determined pursuant to section 36a-65 of
1222 the general statutes, as amended by this act. The proceeds of the bond,
1223 even if commingled with other assets of the principal, shall be deemed
1224 by operation of law to be held in trust for the benefit of such claimants
1225 against the principal in the event of bankruptcy of the principal and
1226 shall be immune from attachment by creditors and judgment creditors.
1227 The bond shall run concurrently with the period of the license for the
1228 main office and the aggregate liability under the bond shall not exceed
1229 the penal sum of the bond. The principal shall notify the commissioner
1230 of the commencement of an action on the bond. When an action is

1231 commenced on a principal's bond, the commissioner may require the
1232 filing of a new bond and immediately upon recovery on any action on
1233 the bond, the principal shall file a new bond.

1234 (c) The surety company shall have the right to cancel the bond at
1235 any time by a written notice to the principal stating the date
1236 cancellation shall take effect. Such notice shall be sent by certified mail
1237 to the principal at least thirty days prior to the date of cancellation. A
1238 surety bond shall not be cancelled unless the surety company notifies
1239 the commissioner in writing not less than thirty days prior to the
1240 effective date of cancellation. After receipt of such notification from the
1241 surety company, the commissioner shall give written notice to the
1242 principal of the date such bond cancellation shall take effect. The
1243 commissioner shall automatically suspend the license of a mortgage
1244 servicer on such date. No automatic suspension or inactivation shall
1245 occur if, prior to the date that the bond cancellation shall take effect, (1)
1246 the principal submits a letter of reinstatement of the bond from the
1247 surety company or a new bond, or (2) the mortgage servicer licensee
1248 has ceased business in this state and has surrendered all licenses in
1249 accordance with section 36a-51 of the general statutes and section 25 of
1250 this act. After a mortgage servicer license has been automatically
1251 suspended pursuant to this section, the commissioner shall give such
1252 licensee notice of the automatic suspension, pending proceedings for
1253 revocation or refusal to renew pursuant to section 35 of this act and an
1254 opportunity for a hearing on such action in accordance with section
1255 36a-51 of the general statutes and require such licensee to take or
1256 refrain from taking such action as in the opinion of the commissioner
1257 will effectuate the purposes of this section.

1258 Sec. 28. (NEW) (*Effective November 1, 2013*) (a) Each mortgage
1259 servicer licensee shall maintain adequate records of each residential
1260 mortgage loan transaction at the office named in the license, or, if
1261 requested by the Banking Commissioner, shall make such records
1262 available at such office or send such records to the commissioner by
1263 registered or certified mail, return receipt requested, or by any express

1264 delivery carrier that provides a dated delivery receipt, not later than
1265 five business days after the commissioner makes such request. Upon
1266 request, the commissioner may grant a licensee additional time to
1267 make such records available or send them to the commissioner. Such
1268 records shall provide the following information: (1) An adequate loan
1269 history for residential mortgage loans upon which payments are
1270 received or made by the mortgage servicer, itemizing the amount and
1271 date of each payment and the unpaid balance at all times; (2) the
1272 original or an exact copy of the note, residential mortgage or other
1273 evidence of indebtedness and mortgage deed; (3) the name and
1274 address of the mortgage lender, mortgage correspondent lender and
1275 mortgage broker, if any, involved in the residential mortgage loan
1276 transaction; (4) copies of any disclosures or notification provided to the
1277 mortgagor required by state or federal law; (5) a copy of any
1278 bankruptcy plan approved in a proceeding filed by the mortgagor or a
1279 coowner of the property subject to the residential mortgage loan; (6) a
1280 communications log which documents all verbal communication with
1281 the mortgagor or the mortgagor's representative; and (7) a copy of all
1282 notices sent to the mortgagor related to any foreclosure proceeding
1283 filed against the encumbered property.

1284 (b) For each residential mortgage loan that is serviced by a licensee,
1285 the licensee shall retain the records of such residential mortgage loan
1286 transaction for not less than two years following the final payment on
1287 such residential mortgage loan or the assignment of such residential
1288 mortgage loan, whichever occurs first, or such longer period as may be
1289 required by any other provision of law. Every licensee shall keep and
1290 use in its business, books, accounts and records that will enable the
1291 commissioner to determine whether such licensee is complying with
1292 the provisions of sections 36a-715 to 36a-718, inclusive, of the general
1293 statutes, as amended by this act, and sections 24 to 37, inclusive, of this
1294 act and with any regulations adopted pursuant to said sections.

1295 Sec. 29. (NEW) (*Effective January 1, 2014*) Upon assignment of
1296 servicing rights on a residential mortgage loan, the mortgage servicer

1297 shall disclose to the mortgagor (1) any notice required by the Real
1298 Estate Settlement Procedures Act of 1974, 12 USC Section 2601 et seq.,
1299 as from time to time amended, and the regulations promulgated under
1300 said act, and within the time periods prescribed therein, and (2) a
1301 schedule of the ranges and categories of such servicer's costs and fees
1302 for servicing-related activities, which shall comply with state and
1303 federal law and, if such disclosure is made by a mortgage servicer
1304 licensee, shall not exceed those reported to the Banking Commissioner
1305 in accordance with section 24 of this act.

1306 Sec. 30. (NEW) (*Effective January 1, 2014*) A mortgage servicer shall
1307 act with good faith and fair dealing in its communications, transactions
1308 and course of dealings with each mortgagor in connection with the
1309 servicing of the mortgagor's residential mortgage loan, and shall:

1310 (1) Safeguard and account for any money handled for the
1311 mortgagor;

1312 (2) Follow reasonable and lawful instructions from the mortgagor
1313 consistent with the underlying note and residential mortgage loan;

1314 (3) Act with reasonable skill, care and diligence;

1315 (4) Promptly provide the mortgagor with an accurate statement of
1316 account;

1317 (5) Make mortgagors in default aware of loss mitigation options and
1318 services offered by the mortgage servicer;

1319 (6) Provide trained personnel and telephone facilities sufficient to
1320 respond promptly to mortgagor inquiries and complaints regarding
1321 the mortgagor's residential mortgage loan; and

1322 (7) Pursue loss mitigation with the mortgagor whenever possible.

1323 Sec. 31. (NEW) (*Effective January 1, 2014*) A mortgage servicer shall
1324 comply with all applicable federal laws and regulations relating to

1325 mortgage loan servicing, including, but not limited to, the Real Estate
1326 Settlement Procedures Act of 1974, 12 USC Section 2601 et seq., as from
1327 time to time amended, the Truth-in-Lending Act, 15 USC Section 1601
1328 et seq., as from time to time amended, and the regulations
1329 promulgated under said acts. In addition to any other remedies
1330 provided by law, a violation of such federal law or regulation shall be
1331 deemed a violation of this section and a basis upon which the Banking
1332 Commissioner may take enforcement action pursuant to section 35 of
1333 this act.

1334 Sec. 32. (NEW) (*Effective January 1, 2014*) (a) A mortgage servicer
1335 shall maintain and keep current a schedule of standard or common
1336 fees, such as nonsufficient fund fees, that it charges mortgagors. The
1337 schedule shall identify each fee, provide a plain English explanation of
1338 the fee and state the amount of the fee or range of amounts or, if there
1339 is no standard fee, how the fee is calculated or determined. A
1340 mortgage servicer shall make its schedule available to the mortgagor
1341 or the mortgagor's authorized representative upon request.

1342 (b) A mortgage servicer may only collect a fee if the fee is for
1343 services actually rendered and one of the following conditions is met:
1344 (1) The fee is expressly authorized and clearly and conspicuously
1345 disclosed by the residential mortgage loan instruments and not
1346 prohibited by law; (2) the fee is expressly permitted by law and not
1347 prohibited by the residential mortgage loan instruments; or (3) the fee
1348 is not prohibited by law or the residential mortgage loan instruments
1349 and is a reasonable fee for a specific service requested by the
1350 mortgagor that is assessed only after clear and conspicuous disclosure
1351 of the fee is provided to the mortgagor and the mortgagor expressly
1352 consents to pay the fee in exchange for the services.

1353 (c) In addition to the limitations in subsection (b) of this section,
1354 attorney's fees charged in connection with a foreclosure action shall
1355 not exceed reasonable and customary fees for such work. In the event a
1356 foreclosure action is terminated prior to the final judgment and sale for
1357 a loss mitigation option, a reinstatement or payment in full, the

1358 mortgagor shall only be liable for reasonable and customary fees for
1359 work actually performed.

1360 (d) A mortgage servicer shall not impose any late fee or delinquency
1361 charge when the only delinquency is attributable to late fees or
1362 delinquency charges assessed on an earlier payment, and the payment
1363 is otherwise a full payment for the applicable period and is paid on its
1364 due date or within any applicable grace period. Late charges shall not
1365 be (1) based on an amount greater than the past due amount, (2)
1366 collected from the escrow account or from escrow surplus without the
1367 approval of the mortgagor, or (3) deducted from any regular payment.

1368 Sec. 33. (NEW) (*Effective January 1, 2014*) (a) No mortgage servicer
1369 shall:

1370 (1) Directly or indirectly employ any scheme, device or artifice to
1371 defraud or mislead mortgagors or mortgagees or to defraud any
1372 person;

1373 (2) Engage in any unfair or deceptive practice toward any person or
1374 misrepresent or omit any material information in connection with the
1375 servicing of the residential mortgage loan, including, but not limited
1376 to, misrepresenting the amount, nature or terms of any fee or payment
1377 due or claimed to be due on a residential mortgage loan, the terms and
1378 conditions of the servicing agreement or the mortgagor's obligations
1379 under the residential mortgage loan;

1380 (3) Obtain property by fraud or misrepresentation;

1381 (4) Use any unfair or unconscionable means in servicing a
1382 residential mortgage loan;

1383 (5) Knowingly misapply or recklessly apply residential mortgage
1384 loan payments to the outstanding balance of a residential mortgage
1385 loan;

1386 (6) Knowingly misapply or recklessly apply payments to escrow

1387 accounts;

1388 (7) Place hazard, homeowner's or flood insurance on the mortgaged
1389 property when the mortgage servicer knows or has reason to know
1390 that the mortgagor has an effective policy for such insurance;

1391 (8) Fail to comply with section 49-10a of the general statutes, charge
1392 excessive or unreasonable fees to provide loan payoff information or
1393 fail to provide loan payoff information promptly upon receipt of a
1394 written request;

1395 (9) Knowingly or recklessly provide inaccurate information to a
1396 credit bureau, thereby harming a mortgagor's creditworthiness;

1397 (10) Fail to report both the favorable and unfavorable payment
1398 history of the mortgagor to a nationally recognized consumer credit
1399 bureau at least annually if the mortgage servicer regularly reports
1400 information to a credit bureau;

1401 (11) Collect private mortgage insurance beyond the date for which
1402 private mortgage insurance is required;

1403 (12) Knowingly or recklessly facilitate the illegal foreclosure of real
1404 property collateral;

1405 (13) Fail to issue a release of mortgage in accordance with section
1406 49-8a of the general statutes;

1407 (14) Fail to provide written notice to a mortgagor upon taking action
1408 to place hazard, homeowner's or flood insurance on the mortgaged
1409 property, including a clear and conspicuous statement of the
1410 procedures by which the mortgagor may demonstrate that such
1411 mortgagor has the required insurance coverage and by which the
1412 mortgage servicer shall terminate the insurance coverage placed by it
1413 and refund or cancel any insurance premiums and related fees paid by
1414 or charged to the mortgagor;

1415 (15) Place hazard, homeowner's or flood insurance on a mortgaged
1416 property, or require a mortgagor to obtain or maintain such insurance,
1417 in excess of the replacement cost of the improvements on the
1418 mortgaged property as established by the property insurer;

1419 (16) Fail to provide to the mortgagor a refund of unearned
1420 premiums paid by a mortgagor or charged to the mortgagor for
1421 hazard, homeowner's or flood insurance placed by a mortgagee or the
1422 mortgage servicer if the mortgagor provides reasonable proof that the
1423 mortgagor has obtained coverage such that the forced placement
1424 insurance is no longer necessary and the property is insured. If the
1425 mortgagor provides reasonable proof that no lapse in coverage
1426 occurred such that the forced placement was not necessary, the
1427 mortgage servicer shall promptly refund the entire premium;

1428 (17) Require funds to be remitted by means more costly to the
1429 mortgagor than a bank or certified check or attorney's check from an
1430 attorney's account;

1431 (18) Refuse to communicate with an authorized representative of the
1432 mortgagor who provides a written authorization signed by the
1433 mortgagor, provided the mortgage servicer may adopt procedures
1434 reasonably related to verifying that the representative is in fact
1435 authorized to act on behalf of the mortgagor;

1436 (19) Conduct any business covered by sections 36a-715 to 36a-718,
1437 inclusive, of the general statutes, as amended by this act, and sections
1438 24 to 37, inclusive, of this act without holding a valid license required
1439 under this act, or assist or aid and abet any person in the conduct of
1440 business without a valid license as required under title 36a of the
1441 general statutes;

1442 (20) Negligently make any false statement or knowingly and
1443 wilfully make any omission of a material fact in connection with any
1444 information or reports filed with a governmental agency or the system,
1445 as defined in section 36a-485 of the general statutes, or in connection

1446 with any investigation conducted by the Banking Commissioner or
1447 another governmental agency; or

1448 (21) Collect, charge, attempt to collect or charge or use or propose
1449 any agreement purporting to collect or charge any fee prohibited by
1450 sections 36a-485 to 36a-498f, inclusive, 36a-534a and 36a-534b of the
1451 general statutes.

1452 (b) A violation of this section shall be deemed an unfair or deceptive
1453 trade practice and may be enforceable pursuant to chapter 735a of the
1454 general statutes.

1455 Sec. 34. (NEW) (*Effective November 1, 2013*) (a) In addition to any
1456 authority provided under title 36a of the general statutes, the Banking
1457 Commissioner shall have the authority to conduct investigations and
1458 examinations as follows:

1459 (1) For purposes of initial licensing, license renewal, license
1460 suspension, license conditioning, license revocation or termination, or
1461 general or specific inquiry or investigation to determine compliance
1462 with sections 36a-715 to 36a-718, inclusive, of the general statutes, as
1463 amended by this act, and sections 24 to 37, inclusive, of this act, the
1464 commissioner may access, receive and use any books, accounts,
1465 records, files, documents, information or evidence including, but not
1466 limited to: (A) Criminal, civil and administrative history information;
1467 (B) personal history and experience information, including
1468 independent credit reports obtained from a consumer reporting
1469 agency described in Section 603(p) of the Fair Credit Reporting Act, 15
1470 USC 1681a; and (C) any other documents, information or evidence the
1471 commissioner deems relevant to the inquiry or investigation regardless
1472 of the location, possession, control or custody of such documents,
1473 information or evidence.

1474 (2) For the purposes of investigating violations or complaints arising
1475 under sections 36a-715 to 36a-718, inclusive, of the general statutes, as
1476 amended by this act, and sections 24 to 37, inclusive, of this act or for

1477 the purposes of examination, the commissioner may review,
1478 investigate or examine any mortgage servicer licensee or person
1479 subject to said sections as often as necessary in order to carry out the
1480 purposes of said sections. The commissioner may direct, subpoena or
1481 order the attendance of and examine under oath all persons whose
1482 testimony may be required about the residential mortgage loans or the
1483 business or subject matter of any such examination or investigation,
1484 and may direct, subpoena or order such person to produce books,
1485 accounts, records, files and any other documents the commissioner
1486 deems relevant to the inquiry.

1487 (b) Each mortgage servicer licensee or person subject to sections 36a-
1488 715 to 36a-718, inclusive, of the general statutes, as amended by this
1489 act, and sections 24 to 37, inclusive, of this act shall make or compile
1490 reports or prepare other information as directed by the commissioner
1491 in order to carry out the purposes of this section including accounting
1492 compilations, information lists and data concerning residential
1493 mortgage loan transactions in a format prescribed by the commissioner
1494 or such other information the commissioner deems necessary to carry
1495 out the purposes of sections 36a-715 to 36a-718, inclusive, of the
1496 general statutes, as amended by this act, and sections 24 to 37,
1497 inclusive, of this act.

1498 (c) In making any examination or investigation authorized by this
1499 section, the commissioner may control access to any documents and
1500 records of the mortgage servicer licensee or person under examination
1501 or investigation. The commissioner may take possession of the
1502 documents and records or place a person in exclusive charge of the
1503 documents and records in the place where they are usually kept.
1504 During the period of control, no person shall remove or attempt to
1505 remove any of the documents and records except pursuant to a court
1506 order or with the consent of the commissioner. Unless the
1507 commissioner has reasonable grounds to believe the documents or
1508 records of the mortgage servicer licensee or person have been, or are at
1509 risk of being, altered or destroyed for purposes of concealing a

1510 violation of sections 36a-715 to 36a-718, inclusive, of the general
1511 statutes, as amended by this act, or sections 24 to 37, inclusive, of this
1512 act the mortgage servicer licensee or owner of the documents and
1513 records shall have access to the documents or records as necessary to
1514 conduct its ordinary business affairs.

1515 (d) In order to carry out the purposes of this section, the
1516 commissioner may:

1517 (1) Retain attorneys, accountants or other professionals and
1518 specialists as examiners, auditors or investigators to conduct or assist
1519 in conducting examinations or investigations;

1520 (2) Enter into agreements or relationships with other government
1521 officials or regulatory associations in order to improve efficiencies and
1522 reduce regulatory burden by sharing resources, standardized or
1523 uniform methods or procedures, and documents, records, information
1524 or evidence obtained under this section;

1525 (3) Use, hire, contract or employ public or privately available
1526 analytical systems, methods or software to examine or investigate the
1527 mortgage servicer licensee or person subject to sections 36a-715 to 36a-
1528 718, inclusive, of the general statutes, as amended by this act, and
1529 sections 24 to 37, inclusive, of this act;

1530 (4) Accept and rely on examination or investigation reports made by
1531 other government officials, within or without this state; and

1532 (5) Accept audit reports made by an independent certified public
1533 accountant for the mortgage servicer licensee or person subject to
1534 sections 36a-715 to 36a-718, inclusive, of the general statutes, as
1535 amended by this act, and sections 24 to 37, inclusive, of this act in the
1536 course of that part of the examination covering the same general
1537 subject matter as the audit and may incorporate the audit report in the
1538 report of examination, report of investigation or other writing of the
1539 commissioner.

1540 (e) The authority of this section shall remain in effect, whether such
1541 mortgage servicer licensee or person subject to sections 36a-715 to 36a-
1542 718, inclusive, of the general statutes, as amended by this act, and
1543 sections 24 to 37, inclusive, of this act, acts or claims to act under any
1544 licensing or registration law of this state, or claims to act without such
1545 authority.

1546 (f) No mortgage servicer licensee or person subject to investigation
1547 or examination under this section may knowingly withhold, abstract,
1548 remove, mutilate, destroy or secrete any books, records, computer
1549 records or other information.

1550 Sec. 35. (NEW) (*Effective November 1, 2013*) (a) The Banking
1551 Commissioner may suspend, revoke or refuse to renew any mortgage
1552 servicer license or take any other action, in accordance with the
1553 provisions of section 36a-51 of the general statutes, for any reason
1554 which would be sufficient grounds for the commissioner to deny an
1555 application for such license under section 24 of this act, or if the
1556 commissioner finds that the licensee, any control person of the
1557 licensee, the qualified individual or any branch manager with
1558 supervisory authority, or trustee, employee or agent of such licensee
1559 has done any of the following: (1) Made any material misstatement in
1560 the application; (2) committed any fraud or misrepresentation or
1561 misappropriated funds; (3) violated any of the provisions of title 36a of
1562 the general statutes or of any regulations adopted pursuant to such
1563 title, or any other law or regulation applicable to the conduct of its
1564 business; or (4) failed to perform any agreement with a mortgagee or a
1565 mortgagor.

1566 (b) Whenever it appears to the commissioner that any person has
1567 violated, is violating or is about to violate section 49-8a or 49-10a of the
1568 general statutes, any of the provisions of title 36a of the general
1569 statutes or of any regulations adopted pursuant to said sections or title,
1570 or any licensee has failed to perform any agreement with a mortgagee
1571 or mortgagor, committed any fraud, made any misrepresentation or
1572 misappropriated funds, the commissioner may take action against

1573 such person or licensee in accordance with sections 36a-50 and 36a-52
1574 of the general statutes.

1575 Sec. 36. (NEW) (*Effective November 1, 2013*) The Banking
1576 Commissioner may adopt such regulations, in accordance with chapter
1577 54 of the general statutes, as the commissioner deems necessary to
1578 administer and enforce the provisions of sections 36a-715 to 36a-718,
1579 inclusive, of the general statutes, as amended by this act, and sections
1580 24 to 37, inclusive, of this act.

1581 Sec. 37. (NEW) (*Effective January 1, 2014*) Section 36a-718 of the
1582 general statutes, as amended by this act, and sections 29 to 33,
1583 inclusive, of this act shall apply to any person who acts as a mortgage
1584 servicer of residential mortgage loans in this state on or after January 1,
1585 2014.

1586 Sec. 38. Section 36a-1 of the general statutes is repealed and the
1587 following is substituted in lieu thereof (*Effective October 1, 2013*):

1588 This title shall be known as the "Banking Law of Connecticut" and
1589 shall be applicable to all Connecticut banks, Connecticut credit unions,
1590 mortgage lenders, mortgage correspondent lenders, mortgage brokers,
1591 mortgage loan originators, loan processors or underwriters, [money
1592 order and travelers check licensees, check cashing service licensees]
1593 money transmitters, check cashers, trustees under mortgages or deeds
1594 of trust of real property securing certain investments, corporations
1595 exercising fiduciary powers, small loan [licensees] lenders, sales
1596 finance companies, mortgage [servicing companies] servicers, debt
1597 adjusters, [persons offering or engaging in debt negotiation] debt
1598 negotiators, consumer collection agencies and to such other persons as
1599 subject themselves to the provisions of this title or who, by violating
1600 any of its provisions, become subject to the penalties provided in this
1601 title.

1602 Sec. 39. Section 36a-3 of the general statutes is repealed and the
1603 following is substituted in lieu thereof (*Effective October 1, 2013*):

1604 Other definitions applying to this title or to specified parts thereof
1605 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
- T90 act.
- T91 "Eligible collateral". Section 36a-330.
- T92 "Eligible entity". Section 36a-34.
- T93 "Employee". Section 36a-485.
- T94 "Entity". Section 36a-380.
- T95 "Equity mutual fund". Sections 36a-276 and 36a-459a.
- T96 "Equity security". Sections 36a-276 and 36a-459a.
- T97 "Executive officer". Sections 36a-263 and 36a-469c.
- T98 "Expedited Connecticut bank". Section 36a-70.
- T99 "Experience in the mortgage business". Section 36a-488.
- T100 "Federal banking agency". Section 36a-485.

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

- T135 "Interest". Section 36a-316.
- T136 "Interest rate". Section 36a-316.
- T137 "Interim interest". Section 36a-746a.
- T138 "Investments". Section 36a-602, as amended by this act.
- T139 "Lender". Sections 36a-746a, 36a-760 and 36a-770.
- T140 "Lessor". Section 36a-676.
- T141 "License". Section 36a-626.
- T142 "Licensee". Sections 36a-596, as amended by this act, 36a-607,
- T143 as amended by this act, and 36a-626.
- T144 "Limited branch". Section 36a-145.
- T145 "Limited facility". Section 36a-580.
- T146 "Loan broker". Section 36a-615.
- T147 "Loan processor or underwriter". Section 36a-485.
- T148 "Loss". Section 36a-330.
- T149 "Made in this state". Section 36a-770.
- T150 "Main office". Section 36a-485.
- T151 "Managing agent". Section 36a-365.
- T152 "Manufactured home". Section 36a-457b.
- T153 "Material litigation". Section [36a-596] 36a-598, as amended by this act.
- T154 "Member". Section 36a-435b.
- T155 "Member business loan". Section 36a-458a.
- T156 "Member in good standing". Section 36a-435b.
- T157 "Membership share". Section 36a-435b.
- T158 "Mobile branch". Sections 36a-145 and 36a-435b.
- T159 "Monetary value". Section 36a-596, as amended by this act.
- T160 ["Money order". Section 36a-596.]
- T161 "Money transmission". Section [36a-365] 36a-596, as amended by this
- T162 act.
- T163 "Mortgage". Section 36a-760g.
- T164 "Mortgage broker". Sections 36a-485, 36a-705 and 36a-760.
- T165 "Mortgage correspondent lender". Section 36a-485.
- T166 "Mortgage insurance". Section 36a-725.
- T167 "Mortgage lender". Sections 36a-485, 36a-705 and 36a-725.
- T168 "Mortgage loan". Sections 36a-261, 36a-265, 36a-457b and 36a-736.

- T169 "Mortgage loan originator". Section 36a-485.
- T170 "Mortgage rate lock-in". Section 36a-705.
- T171 ["Mortgage servicing company". Section 36a-715.]
- T172 "Mortgage servicer". Section 36a-715, as amended by this act.
- T173 "Mortgagee". Section 36a-715, as amended by this act.
- T174 "Mortgagor". Section 36a-715, as amended by this act.
- T175 "Motor vehicle". Section 36a-770.
- T176 "Multiple common bond membership". Section 36a-435b.
- T177 "Municipality". Section 36a-800, as amended by this act.
- T178 "Net outstanding member business loan balance". Section 36a-458a.
- T179 "Net worth". Sections 36a-441a [,] and 36a-458a, [and 36a-596.]
- T180 "Network". Section 36a-155.
- T181 "Nonprime home loan". Section 36a-760.
- T182 "Nonrefundable". Section 36a-498.
- T183 "Nontraditional mortgage product". Section 36a-489a.
- T184 "Note account". Sections 36a-301 and 36a-456b.
- T185 "Office". Sections 36a-23, 36a-316 and 36a-485.
- T186 "Officer". Section 36a-435b.
- T187 "Open-end credit plan". Section 36a-676.
- T188 "Open-end line of credit". Section 36a-760.
- T189 "Open-end loan". Section 36a-565.
- T190 "Organization". Section 36a-800, as amended by this act.
- T191 "Out-of-state holding company". Section 36a-410.
- T192 "Outstanding". Section 36a-596, as amended by this act.
- T193 "Passbook savings account". Section 36a-316.
- T194 "Payment instrument". Section 36a-596, as amended by this act.
- T195 "Periodic statement". Section 36a-316.
- T196 "Permissible investment". Section 36a-596, as amended by this act.
- T197 "Person". Sections 36a-184 and 36a-485.
- T198 "Post". Section 36a-316.
- T199 "Prepaid finance charge". Section 36a-746a.
- T200 "Prime quality". Section 36a-596, as amended by this act.
- T201 "Principal amount of the loan". Section 36a-485.
- T202 "Processor". Section 36a-155.

- T203 "Public deposit". Section 36a-330.
- T204 "Purchaser". Section 36a-596, as amended by this act.
- T205 "Qualified financial contract". Section 36a-428n.
- T206 "Qualified public depository" and "depository". Section 36a-330.
- T207 "Real estate". Section 36a-457b.
- T208 "Real estate brokerage activity". Section 36a-485.
- T209 "Records". Section 36a-17.
- T210 "Registered mortgage loan originator". Section 36a-485.
- T211 "Related person". Section 36a-53.
- T212 "Relocate". Sections 36a-145 and 36a-462a.
- T213 "Residential mortgage loan". [Section] Sections 36a-485 and 36a-715, as
- T214 amended by this act.
- T215 "Residential real estate". Section 36a-485.
- T216 "Resulting entity". Section 36a-34.
- T217 "Retail buyer". Sections 36a-535 and 36a-770.
- T218 "Retail credit transaction". Section 42-100b.
- T219 "Retail installment contract". Sections 36a-535 and 36a-770.
- T220 "Retail installment sale". Sections 36a-535 and 36a-770.
- T221 "Retail seller". Sections 36a-535 and 36a-770.
- T222 "Reverse annuity mortgage loan". Section 36a-265.
- T223 "Sales finance company". Sections 36a-535 and 36a-770.
- T224 "Savings department". Section 36a-285.
- T225 "Savings deposit". Section 36a-316.
- T226 "Secondary mortgage loan". Section 36a-485.
- T227 "Security convertible into a voting security". Section 36a-184.
- T228 "Senior management". Section 36a-435b.
- T229 "Settlement agent". Section 36a-494.
- T230 "Share". Section 36a-435b.
- T231 "Simulated check". Section 36a-485.
- T232 "Single common bond membership". Section 36a-435b.
- T233 "Special mortgage". Section 36a-760c.
- T234 "Social purpose investment". Section 36a-277.
- T235 "Sponsored". Section 36a-485.
- T236 "Standard mortgage loan". Section 36a-265.

- T237 "Stored value". Section 36a-596, as amended by this act.
T238 "System". Section 36a-485.
T239 "Table funding agreement". Section 36a-485.
T240 "Tax and loan account". Sections 36a-301 and 36a-456b.
T241 "The Savings Bank Life Insurance Company". Section 36a-285.
T242 "Time account". Section 36a-316.
T243 "Travelers check". Section 36a-596, as amended by this act.
T244 "Troubled Connecticut credit union". Section 36a-448a.
T245 "Unique identifier". Section 36a-485.
T246 "Unsecured loan". Section 36a-615.
T247 "Value". Section 36a-603, as amended by this act.
T248 "Warehouse agreement". Section 36a-485.

1606 Sec. 40. Subdivision (6) of subsection (c) of section 36a-65 of the
1607 general statutes is repealed and the following is substituted in lieu
1608 thereof (*Effective October 1, 2013*):

1609 (6) A licensee under section 36a-489, 36a-541, 36a-556, 36a-581, 36a-
1610 600, as amended by this act, 36a-628, 36a-656, 36a-671, [or] 36a-801, as
1611 amended by this act, or section 24 of this act shall pay to the
1612 commissioner the actual cost of any examination of the licensee, as
1613 such cost is determined by the commissioner. If the licensee fails to pay
1614 such cost not later than sixty days after receipt of demand from the
1615 commissioner, the commissioner may suspend the license until such
1616 costs are paid.

1617 Sec. 41. Subdivision (4) of subsection (a) of section 36a-412 of the
1618 general statutes is repealed and the following is substituted in lieu
1619 thereof (*Effective October 1, 2013*):

1620 (4) (A) The laws of this state, including laws regarding (i)
1621 community reinvestment pursuant to sections 36a-30 to 36a-33,
1622 inclusive; (ii) consumer protection pursuant to sections 36a-41 to 36a-
1623 45, inclusive, 36a-290 to 36a-304, inclusive, 36a-306, 36a-307, 36a-315 to
1624 36a-323, inclusive, 36a-645 to 36a-647, inclusive, 36a-690, 36a-695 to
1625 36a-700, inclusive, 36a-705 to 36a-707, inclusive, 36a-715 to 36a-718,

1626 inclusive, as amended by this act, 36a-725, 36a-726, 36a-755 to 36a-759,
1627 inclusive, 36a-770 to 36a-788, inclusive, and 36a-800 to 36a-810,
1628 inclusive, as amended by this act, and sections 24 to 37, inclusive, of
1629 this act; (iii) fair lending pursuant to sections 36a-737, 36a-740 and 36a-
1630 741; and (iv) establishment of interstate branches pursuant to section
1631 36a-145 shall apply to any branch in this state of an out-of-state bank,
1632 other than a federally-chartered out-of-state bank, to the same extent as
1633 such laws apply to a branch in this state of an out-of-state national
1634 banking association.

1635 (B) An out-of-state bank, other than a federally-chartered out-of-
1636 state bank, that establishes a branch in this state may conduct any
1637 activity at such branch that is permissible under the laws of the home
1638 state of such out-of-state bank, to the extent such activity is permissible
1639 either for a Connecticut bank or for a branch in this state of an out-of-
1640 state national banking association. If the commissioner determines that
1641 a branch in this state of an out-of-state bank, other than a federally-
1642 chartered out-of-state bank, is being operated in violation of any
1643 applicable law of this state or in an unsafe and unsound manner, the
1644 commissioner may take any enforcement action authorized under this
1645 title against such out-of-state bank to the same extent as if such branch
1646 were a Connecticut bank, provided the commissioner shall promptly
1647 give notice of such action to the home state banking regulator of such
1648 out-of-state bank and, to the extent practicable, shall consult and
1649 cooperate with such regulator in pursuing and resolving such action.
1650 For purposes of this subparagraph, "activity" includes acquiring or
1651 retaining any investment.

1652 Sec. 42. Section 49-2a of the general statutes is repealed and the
1653 following is substituted in lieu thereof (*Effective October 1, 2013*):

1654 (a) On and after July 1, 1993, each state bank and trust company,
1655 national banking association, state or federally chartered savings and
1656 loan association, savings bank, insurance company and other
1657 mortgagee or mortgage [servicing company] servicer holding funds of
1658 a mortgagor in escrow for the payment of taxes and insurance

1659 premiums with respect to mortgaged property located in this state
1660 shall pay interest on such funds, except as provided in section 49-2c, as
1661 amended by this act, at a rate of not less than the average rate paid, as
1662 of December 30, 1992, on savings deposits by insured commercial
1663 banks as published in the Federal Reserve Board Bulletin and rounded
1664 to the nearest one-tenth of one percentage point, except in no event
1665 shall the rate be less than one and one-half per cent. On and after
1666 January 1, 1994, until September 30, 2012, the rate for each calendar
1667 year shall be not less than the deposit index as defined in subsection (c)
1668 of this section for that year and rounded to the nearest one-tenth of one
1669 percentage point, except in no event shall the rate be less than one and
1670 one-half per cent. On and after October 1, 2012, the rate for each
1671 calendar year shall be not less than the deposit index as defined in
1672 subsection (c) of this section for that year and rounded to the nearest
1673 one-tenth of one percentage point. Interest payments shall be credited
1674 on the thirty-first day of December annually toward the payment of
1675 taxes or insurance premiums as the case may be, on such mortgaged
1676 property in the ensuing year. If the mortgage debt is paid prior to
1677 December thirty-first in any year, the interest to the date of payment
1678 shall be paid to the mortgagor. The provisions of this section shall
1679 apply only with respect to mortgages on owner-occupied residential
1680 property consisting of not more than four living units and housing
1681 cooperatives occupied solely by the shareholders thereof. Any
1682 mortgagee or mortgage [servicing company] servicer violating the
1683 provisions of this section shall be fined not more than one hundred
1684 dollars for each offense.

1685 (b) Each mortgagee or mortgage [servicing company] servicer
1686 subject to the provisions of this section may contact the Department of
1687 Banking to ascertain the published deposit index to determine the
1688 minimum rate paid on funds of a mortgagor held in escrow for the
1689 payment of taxes and insurance premiums.

1690 (c) The deposit index for each calendar year shall be equal to the
1691 average rate paid on savings deposits by insured commercial banks as

1692 last published in the Federal Reserve Board Bulletin in November of
1693 the prior year. The commissioner shall determine the deposit index for
1694 each calendar year and publish such deposit index in the Department
1695 of Banking news bulletin no later than December fifteenth of the prior
1696 year. For purposes of this section, "Federal Reserve Board Bulletin"
1697 means the monthly survey of selected deposits published as a special
1698 supplement to the Federal Reserve Statistical Release Publication H.6
1699 published by the Board of Governors of the Federal Reserve System or,
1700 if such bulletin is superseded or becomes unavailable, a substantially
1701 similar index or publication.

1702 Sec. 43. Section 49-2c of the general statutes is repealed and the
1703 following is substituted in lieu thereof (*Effective October 1, 2013*):

1704 (a) In no event shall interest be required to be paid on escrow
1705 accounts where (1) there is a contract between the mortgagor and the
1706 mortgagee, entered into before October 1, 1975, which contains an
1707 express disclaimer of an obligation on the part of the mortgagee to pay
1708 interest on the accounts, (2) the payment of such interest would violate
1709 any federal law or regulation, (3) the accounts are maintained with a
1710 mortgage [servicing company] servicer, neither affiliated with nor
1711 owned in whole or in part by the mortgagee, under a written contract
1712 or any mortgage agreements underlying the contracts, entered into
1713 before October 1, 1975, which contract does not permit the mortgage
1714 [servicing company] servicer to earn or receive a return from the
1715 investment of the accounts or (4) the accounts are maintained in
1716 connection with mortgage loans entered into (A) on and after October
1717 1, 1977, and before January 1, 1989, and which are serviced and held
1718 for sale for not more than one year by a mortgage [servicing company]
1719 servicer, neither affiliated with nor owned in whole or in part by the
1720 purchaser of the mortgage loan, and (B) on and after January 1, 1989,
1721 and which are serviced and held for sale for not more than six months
1722 by any such mortgage [servicing company] servicer, provided such
1723 mortgage [servicing company] servicer shall pay interest on an escrow
1724 account maintained in connection with such mortgage loan if the loan

1725 is sold within such specified periods and the mortgage [servicing
1726 company] servicer continues to service the loan.

1727 (b) In no event shall interest be required to be paid at a rate in excess
1728 of two per cent per annum where (1) there is a contract between the
1729 mortgagor and the mortgagee entered into before October 1, 1977,
1730 which contains an express agreement to pay interest at the rate of two
1731 per cent per annum, or (2) such accounts are maintained in connection
1732 with mortgage loans entered into prior to October 1, 1977, and which
1733 are serviced and held for sale for not more than one year by a
1734 mortgage [servicing company] servicer, neither affiliated with nor
1735 owned in whole or in part by the purchaser of the mortgage loan.

1736 Sec. 44. Section 36a-800 of the general statutes is repealed and the
1737 following is substituted in lieu thereof (*Effective October 1, 2013*):

1738 As used in sections 36a-800 to 36a-810, inclusive, as amended by this
1739 act, unless the context otherwise requires:

1740 (1) "Branch office" means a location other than the main office at
1741 which a licensee or any person on behalf of a licensee acts as a
1742 consumer collection agency;

1743 [(1)] (2) "Consumer collection agency" means any person (A)
1744 engaged as a third party in the business of collecting or receiving for
1745 payment for others of any account, bill or other indebtedness from a
1746 consumer debtor, [or] (B) engaged directly or indirectly in the business
1747 of collecting any account, bill or other indebtedness from a consumer
1748 debtor for such person's own account if the indebtedness was acquired
1749 from another person and if the indebtedness was either delinquent or
1750 in default at the time it was acquired, or (C) engaged in the business of
1751 collecting or receiving for payment property tax from a property tax
1752 debtor on behalf of a municipality, including any person who, by any
1753 device, subterfuge or pretense, makes a pretended purchase or takes a
1754 pretended assignment of accounts from any other person or
1755 municipality of such indebtedness for the purpose of evading the

1756 provisions of sections 36a-800 to 36a-810, inclusive, as amended by this
1757 act. It includes persons who furnish collection systems carrying a name
1758 which simulates the name of a consumer collection agency and who
1759 supply forms or form letters to be used by the creditor, even though
1760 such forms direct the consumer debtor or property tax debtor to make
1761 payments directly to the creditor rather than to such fictitious agency.
1762 "Consumer collection agency" further includes any person who, in
1763 attempting to collect or in collecting such person's own accounts or
1764 claims from a consumer debtor, uses a fictitious name or any name
1765 other than such person's own name which would indicate to the
1766 consumer debtor that a third person is collecting or attempting to
1767 collect such account or claim. "Consumer collection agency" does not
1768 include [(A)] (i) an individual employed on the staff of a licensed
1769 consumer collection agency, or by a creditor who is exempt from
1770 licensing, when attempting to collect on behalf of such consumer
1771 collection agency, [(B)] (ii) persons not primarily engaged in the
1772 collection of debts from consumer debtors who receive funds in escrow
1773 for subsequent distribution to others, including, but not limited to, real
1774 estate brokers and lenders holding funds of borrowers for payment of
1775 taxes or insurance, [(C)] (iii) any public officer or a person acting under
1776 the order of any court, [(D)] (iv) any member of the bar of this state,
1777 and [(E)] (v) a person who services loans or accounts for the owners
1778 thereof when the arrangement includes, in addition to requesting
1779 payment from delinquent consumer debtors, the providing of other
1780 services such as receipt of payment, accounting, record-keeping, data
1781 processing services and remitting, for loans or accounts which are
1782 current as well as those which are delinquent. Any person not
1783 included in the definition contained in this subdivision is, for purposes
1784 of sections 36a-645 to 36a-647, inclusive, a "creditor", as defined in
1785 section 36a-645;

1786 [(2)] (3) "Consumer debtor" means any natural person, not an
1787 organization, who has incurred indebtedness or owes a debt for
1788 personal, family or household purposes, including current or past due
1789 child support, or who has incurred indebtedness or owes a debt to a

1790 municipality due to a levy by such municipality of a personal property
1791 tax;

1792 [(3)] (4) "Creditor" means a person, including a municipality, that
1793 retains, hires, or engages the services of a consumer collection agency;

1794 (5) "Main office" means the main address designated on the
1795 application;

1796 [(4)] (6) "Municipality" means any town, city or borough,
1797 consolidated town and city, consolidated town and borough, district as
1798 defined in section 7-324 or municipal special services district
1799 established under chapter 105a;

1800 [(5)] (7) "Organization" means a corporation, partnership,
1801 association, trust or any other legal entity or an individual operating
1802 under a trade name or a name having appended to it a commercial,
1803 occupational or professional designation;

1804 [(6)] (8) "Property tax" has the meaning given to the term in section
1805 7-560;

1806 [(7)] (9) "Property tax debtor" means any natural person or
1807 organization who has incurred indebtedness or owes a debt to a
1808 municipality due to a levy by such municipality of a property tax.

1809 Sec. 45. Section 36a-801 of the general statutes is repealed and the
1810 following is substituted in lieu thereof (*Effective October 1, 2013*):

1811 (a) No person shall act within this state as a consumer collection
1812 agency [without a consumer collection agency license] unless such
1813 person has first obtained a consumer collection agency license for such
1814 person's main office and each branch office where such person's
1815 business is conducted. A consumer collection agency is acting within
1816 this state if it (1) has its place of business located within this state; (2)
1817 has its place of business located outside this state and collects from
1818 consumer debtors or property tax debtors who reside within this state

1819 for creditors who are located within this state; (3) has its place of
1820 business located outside this state and regularly collects from
1821 consumer debtors or property tax debtors who reside within this state
1822 for creditors who are located outside this state; or (4) has its place of
1823 business located outside this state and is engaged in the business of
1824 collecting child support for creditors located within this state from
1825 consumer debtors who are located outside this state.

1826 (b) [(1)] Any person desiring to act within this state as a consumer
1827 collection agency shall make a written application to the commissioner
1828 for such license in such form as the commissioner prescribes. Such
1829 application shall be accompanied by [(A)] (1) a financial statement
1830 prepared by a certified public accountant or a public accountant, the
1831 accuracy of which is sworn to under oath before a notary public by the
1832 proprietor, a general partner or a corporate officer or a member duly
1833 authorized to execute such documents, [(B) (i)] (2) (A) the history of
1834 criminal convictions of the [(I)] (i) applicant; [(II)] (ii) partners, if the
1835 applicant is a partnership; [(III)] (iii) members, if the applicant is a
1836 limited liability company or association; or [(IV)] (iv) officers, directors
1837 and principal employees, if the applicant is a corporation, and [(ii)] (B)
1838 sufficient information pertaining to the history of criminal convictions
1839 of such applicant, partners, members, officers, directors and principal
1840 employees [in a form acceptable to the commissioner] as the
1841 commissioner deems necessary to make the findings under subsection
1842 (c) of this section, [(C)] (3) a license fee of eight hundred dollars, or in
1843 the case of an initial application that is filed not earlier than one year
1844 before the date such license will expire, a license fee of four hundred
1845 dollars, and [(D)] (4) an investigation fee of one hundred dollars. The
1846 commissioner shall cause to be made such inquiry and examination as
1847 to the qualifications of each such applicant or any partner, member,
1848 officer, director or principal employee of the applicant as the
1849 commissioner deems necessary. The commissioner, in accordance with
1850 section 29-17a, may conduct a state and national criminal history
1851 records check of the applicant and of each partner, member, officer,
1852 director and principal employee of such applicant. Each applicant shall

1853 furnish satisfactory evidence to the commissioner that the applicant is
1854 a person of good moral character and is financially responsible. [If the
1855 commissioner is satisfied that such applicant is in all respects properly
1856 qualified and trustworthy and that the granting of such license is not
1857 against the public interest, the commissioner may issue to such
1858 applicant a license, in such form as the commissioner may adopt, to act
1859 within this state as a consumer collection agency.]

1860 (c) If the commissioner finds, upon the filing of an application for a
1861 consumer collection agency, that (1) the financial responsibility,
1862 character, reputation, integrity and general fitness of the applicant and
1863 the partners of such applicant if the applicant is a partnership, of the
1864 members if the applicant is a limited liability company or association,
1865 and of the officers, directors and principal employees if the applicant is
1866 a corporation, are such to warrant belief that the business will be
1867 operated soundly and efficiently, in the public interest and consistent
1868 with the purposes of sections 36a-800 to 36a-810, inclusive, as amended
1869 by this act, and (2) the applicant is solvent and no proceeding in
1870 bankruptcy, receivership or assignment for the benefit of creditors has
1871 been commenced against the applicant, the commissioner may, upon
1872 such finding, issue the applicant a consumer collection agency license.
1873 If the commissioner fails to make such findings, the commissioner
1874 shall not issue a license and shall notify the applicant of the reasons for
1875 such denial. The commissioner may deny an application if the
1876 commissioner finds that the applicant or any partner, member, officer,
1877 director or principal employee of such applicant has been convicted of
1878 any misdemeanor involving any aspect of the consumer collection
1879 agency business, or any felony. Any denial of an application by the
1880 commissioner shall, when applicable, be subject to the provisions of
1881 section 46a-80. Any such license issued by the commissioner shall
1882 expire at the close of business on September thirtieth of the odd-
1883 numbered year following its issuance, unless such license is renewed.
1884 The commissioner may renew such application, in the commissioner's
1885 discretion, upon filing of a proper renewal application accompanied by
1886 a license fee of eight hundred dollars, and satisfactory proof that such

1887 applicant at that time possesses the required qualifications for the
1888 license. The commissioner may deny a renewal application if the
1889 commissioner finds that the applicant has been convicted of any
1890 misdemeanor involving any aspect of the consumer collection agency
1891 business, or any felony. Any denial of an application by the
1892 commissioner shall, when applicable, be subject to the provisions of
1893 section 46a-80. Such renewal application shall be filed with the
1894 commissioner on or before September first of the year in which the
1895 license expires. Any renewal application filed with the commissioner
1896 after September first shall be accompanied by a one-hundred-dollar
1897 late fee and any such filing shall be deemed to be timely and sufficient
1898 for purposes of subsection (b) of section 4-182. Whenever an
1899 application for a license, other than a renewal application, is filed
1900 under sections 36a-800 to 36a-810, inclusive, as amended by this act, by
1901 any person who was a licensee under said sections 36a-800 to 36a-810,
1902 inclusive, as amended by this act, and whose license expired less than
1903 sixty days prior to the date such application was filed, such application
1904 shall be accompanied by a one-hundred-dollar processing fee in
1905 addition to the application fee.

1906 (d) To further the enforcement of this section and to determine the
1907 eligibility of any person holding a license, the commissioner may, as
1908 often as the commissioner deems necessary, examine the licensee's
1909 books and records, and may, at any time, require the licensee to submit
1910 such a financial statement for the examination of the commissioner, so
1911 that the commissioner may determine whether the licensee is
1912 financially responsible to carry on a consumer collection agency
1913 business within the intents and purposes of sections 36a-800 to 36a-
1914 810, inclusive, as amended by this act. Any financial statement
1915 submitted by a licensee shall be confidential and shall not be a public
1916 record unless introduced in evidence at a hearing conducted by the
1917 commissioner.

1918 (e) The applicant or licensee shall notify the commissioner, in
1919 writing, of any change in the information provided in its initial

1920 application for a license or most recent renewal application for such
1921 license, as applicable, not later than ten business days after the
1922 occurrence of the event that results in such information becoming
1923 inaccurate.

1924 (f) The commissioner may deem an application for a license to act as
1925 a consumer collection agency abandoned if the applicant fails to
1926 respond to any request for information required under sections 36a-
1927 801 to 36a-810, inclusive, as amended by this act, or any regulations
1928 adopted pursuant to said sections 36a-801 to 36a-810, inclusive, as
1929 amended by this act. The commissioner shall notify the applicant, in
1930 writing, that if the applicant fails to submit such information not later
1931 than sixty days after the date on which such request for information
1932 was made, the application shall be deemed abandoned. An application
1933 filing fee paid prior to the date an application is deemed abandoned
1934 pursuant to this subsection shall not be refunded. Abandonment of an
1935 application pursuant to this subsection shall not preclude the applicant
1936 from submitting a new application for a license under sections 36a-801
1937 to 36a-810, inclusive, as amended by this act.

1938 [(2)] (g) If the commissioner determines that a check filed with the
1939 commissioner to pay a fee under subdivision (1) of this subsection has
1940 been dishonored, the commissioner shall automatically suspend the
1941 license or a renewal license that has been issued but is not yet effective.
1942 The commissioner shall give the licensee notice of the automatic
1943 suspension pending proceedings for revocation or refusal to renew
1944 and an opportunity for a hearing on such actions in accordance with
1945 section 36a-51.

1946 [(3)] (h) No abatement of the license fee shall be made if the license
1947 is surrendered, revoked or suspended prior to the expiration of the
1948 period for which it was issued. All fees required by this section shall be
1949 nonrefundable.

1950 [(c)] (i) No person licensed to act within this state as a consumer
1951 collection agency shall do so under any other name or at any other

1952 place of business than that named in the license. Any change of
1953 location of a place of business of a licensee shall require prior written
1954 notice to the commissioner. Not more than one place of business shall
1955 be maintained under the same license but the commissioner may issue
1956 more than one license to the same licensee upon compliance with the
1957 provisions of sections 36a-800 to 36a-810, inclusive, as amended by this
1958 act, as to each new licensee. A license shall not be transferable or
1959 assignable. Any licensee holding, applying for, or seeking renewal of
1960 more than one license may, at its option, file the bond required under
1961 section 36a-802 separately for each place of business licensed, or to be
1962 licensed, or a single bond, naming each place of business, in an amount
1963 equal to twenty-five thousand dollars for each place of business.

1964 Sec. 46. (NEW) (*Effective October 1, 2013*) (a) Each consumer
1965 collection agency shall maintain its consumer debtor and creditor
1966 records so as to clearly identify the amounts and dates of all payments
1967 collected or received from consumer debtors and all remittances made
1968 to creditors. Consumer debtor and creditor records shall be kept so as
1969 to be readily available to the Banking Commissioner and retained for a
1970 period of not less than two years after the date of final entry thereon.
1971 All accounting records shall be maintained in accordance with
1972 generally accepted accounting practices. Each consumer collection
1973 agency engaged in the business of collecting child support shall
1974 maintain originals or copies of the written agreements entered into
1975 with the creditors to whom the child support is owed for a period of
1976 not less than two years after the date of the last payment made by the
1977 consumer debtor to the consumer collection agency.

1978 (b) Each third party consumer collection agency shall deposit funds
1979 collected or received from consumer debtors for payment for others on
1980 an account, bill or other indebtedness in one or more trust accounts
1981 maintained at a bank, Connecticut credit union, federal credit union or
1982 an out-of-state bank that maintains in this state a branch as defined in
1983 section 36a-410 of the general statutes, which accounts shall be
1984 reconciled monthly. Such funds shall not be commingled with funds of

1985 the consumer collection agency or used in the conduct of the consumer
1986 collection agency's business. Such account shall not be used for any
1987 purpose other than (1) the deposit of funds received from consumer
1988 debtors, (2) the payment of such funds to creditors, (3) the refund of
1989 any overpayments to be made to consumer debtors, and (4) the
1990 payment of earned fees to the consumer collection agency, which shall
1991 be withdrawn on a monthly basis. Except for payments authorized by
1992 subdivisions (2) to (4), inclusive, of this subsection, any withdrawal
1993 from such account, including, but not limited to, any service charge or
1994 other fee imposed against such account by a depository institution,
1995 shall be reimbursed by the consumer collection agency to such account
1996 not more than thirty days after the withdrawal. Funds received from
1997 consumer debtors shall be posted to their respective accounts in
1998 accordance with generally accepted accounting practices.

1999 Sec. 47. (NEW) (*Effective October 1, 2013*) Each consumer collection
2000 agency shall comply with the applicable provisions of the Fair Debt
2001 Collection Practices Act, 15 USC Section 1692 et seq., as from time to
2002 time amended, and any regulations adopted under said act. In
2003 addition to any other remedies provided by law, a violation of such
2004 federal law or regulation shall be deemed to be a violation of this
2005 section and a basis upon which the Banking Commissioner may take
2006 enforcement action pursuant to section 36a-804 of the general statutes.

2007 Sec. 48. Section 36a-805 of the general statutes is repealed and the
2008 following is substituted in lieu thereof (*Effective October 1, 2013*):

2009 (a) No consumer collection agency shall: (1) Furnish legal advice or
2010 perform legal services or represent that it is competent to do so, or
2011 institute judicial proceedings on behalf of others; (2) communicate with
2012 consumer debtors or property tax debtors in the name of an attorney
2013 or upon the stationery of an attorney, or prepare any forms or
2014 instruments which only attorneys are authorized to prepare; (3)
2015 [purchase or] receive assignments as a third party of claims for the
2016 purpose of collection or institute suit thereon in any court; (4) assume
2017 authority on behalf of a creditor to employ or terminate the services of

2018 an attorney unless such creditor has authorized such agency in writing
2019 to act as such creditor's agent in the selection of an attorney to collect
2020 the creditor's accounts; (5) demand or obtain in any manner a share of
2021 the proper compensation for services performed by an attorney in
2022 collecting a claim, whether or not such agency has previously
2023 attempted collection thereof; (6) solicit claims for collection under an
2024 ambiguous or deceptive contract; (7) refuse to return any claim or
2025 claims upon written request of the creditor, claimant or forwarder,
2026 which claims are not in the process of collection after the tender of
2027 such amounts, if any, as may be due and owing to the agency; (8)
2028 advertise or threaten to advertise for sale any claim as a means of
2029 forcing payment thereof, unless such agency is acting as the assignee
2030 for the benefit of creditors; (9) refuse or fail to account for and remit to
2031 its clients all money collected which is not in dispute within sixty days
2032 from the last day of the month in which said money is collected; (10)
2033 refuse or intentionally fail to return to the creditor all valuable papers
2034 deposited with a claim when such claim is returned; (11) refuse or fail
2035 to furnish at intervals of not less than ninety days, upon the written
2036 request of the creditor, claimant or forwarder, a written report upon
2037 claims received from such creditor, claimant or forwarder; (12)
2038 [commingle money collected for a creditor, claimant or forwarder with
2039 its own funds or use any part of a creditor's, claimant's or forwarder's
2040 money in the conduct of its business; (13)] add any post charge-off
2041 charge or fee for cost of collection, unless such cost is a court cost, to
2042 the amount of any claim which it receives for collection or knowingly
2043 accept for collection any claim to which any such charge or fee has
2044 already been added to the amount of the claim unless (A) the
2045 consumer debtor is legally liable [therefor, in which case, the collection
2046 charge or fee may not be in excess of] for such charge or fee as
2047 determined by the contract or other evidence of an agreement between
2048 the consumer debtor and creditor, a copy of which shall be obtained by
2049 or available to the consumer collection agency from the creditor and
2050 maintained as part of the records of the consumer collection agency or
2051 the creditor, or both, and (B) the total charge or fee for cost of collection
2052 does not exceed fifteen per cent of the total amount actually collected

2053 [on] and accepted by the creditor as payment in full satisfaction of the
2054 debt; [(14)] (13) use or attempt to use or make reference to the term
2055 "bonded by the state of Connecticut", "bonded" or "bonded collection
2056 agency" or any combination of such terms or words, except that the
2057 word "bonded" may be used on the stationery of any such agency in
2058 type not larger than twelve-point; (14) when the debt is beyond the
2059 statute of limitations, fail to inform the consumer debtor in its initial
2060 communication with such consumer debtor that (A) when it is
2061 collecting on debt that is not past the date for obsolescence provided
2062 for in Section 605(a) of the Fair Credit Reporting Act, 15 USC 1681c, (i)
2063 the law limits how long it may bring a lawsuit against such consumer
2064 debtor with regard to such debt, and (ii) because of the age of such
2065 debt, it will not bring a lawsuit against such consumer debtor with
2066 regard to such debt, but, if such consumer debtor fails to pay the debt,
2067 it may report or continue to report such debt to the credit reporting
2068 agencies as unpaid, and (B) when it is collecting on debt that is past the
2069 date for obsolescence provided for in Section 605(a) of the Fair Credit
2070 Reporting Act, 15 USC 1681c, (i) the law limits how long it may bring a
2071 lawsuit against such consumer debtor with regard to such debt, and
2072 (ii) because of the age of such debt, it will not bring a lawsuit against
2073 such consumer debtor with regard to such debt or report such debt to
2074 any credit reporting agencies; or (15) engage in any activities
2075 prohibited by sections 36a-800 to 36a-810, inclusive, as amended by
2076 this act.

2077 (b) No consumer collection agency shall impose a charge or fee for
2078 any child support payments collected through the efforts of a
2079 governmental agency. If the imposition of a charge or fee is permitted
2080 under section 36a-801b, no consumer collection agency shall impose a
2081 charge or fee for the collection of any child support overdue at the time
2082 of the contract in excess of twenty-five per cent of overdue support
2083 actually collected.

2084 (c) (1) No consumer collection agency shall receive any property tax
2085 on behalf of a creditor that is a municipality, unless the consumer

2086 collection agency has procured from an insurer authorized to transact
2087 business in this state an insurance policy providing coverage against
2088 loss of money, securities or other property, including loss arising from
2089 any fraudulent or dishonest act of any employee, officer or director of
2090 the consumer collection agency, with limits of at least two million
2091 dollars. It shall be the obligation of the municipality to ensure
2092 compliance with the requirements of this subdivision.

2093 (2) A municipality that enters into an agreement with a consumer
2094 collection agency to collect and receive for payment property tax on
2095 behalf of the municipality may also require such consumer collection
2096 agency to file a bond with the municipality in an amount not
2097 exceeding the total amount of the property tax to be collected on behalf
2098 of the municipality. Such bond, the form of which shall be approved
2099 by the municipality, shall be written by a surety authorized to write
2100 bonds in this state and shall contain a provision requiring the surety to
2101 provide the municipality with written notice of cancellation of such
2102 bond. Such notice shall be sent by certified mail to the municipality at
2103 least thirty days prior to the date of cancellation. The bond shall be
2104 conditioned that such consumer collection agency shall well, truly and
2105 faithfully account for all funds collected and received by the consumer
2106 collection agency for the municipality pursuant to such agreement. If
2107 the municipality is damaged by the wrongful conversion of any
2108 property tax debtor funds received by the consumer collection agency,
2109 the municipality may proceed on such bond against the principal or
2110 surety on the bond, or both, to recover damages. The proceeds of the
2111 bond, even if commingled with the other assets of the consumer
2112 collection agency, shall be deemed by operation of law to be held in
2113 trust for the benefit of the municipality in the event of bankruptcy of
2114 the consumer collection agency and shall be immune from attachment
2115 by creditors and judgment creditors.

2116 Sec. 49. Section 36a-808 of the general statutes is repealed and the
2117 following is substituted in lieu thereof (*Effective October 1, 2013*):

2118 Whenever the commissioner has reason to believe that any

2119 consumer collection agency is engaging in this state in any act or
 2120 practice in the conduct of such business which is not defined in section
 2121 36a-805, as amended by this act, and that such act or practice is unfair
 2122 or deceptive, the commissioner may take action against such consumer
 2123 collection agency in accordance with [section] sections 36a-50 and 36a-
 2124 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>October 1, 2013</i>	36a-715
Sec. 21	<i>October 1, 2013</i>	36a-716
Sec. 22	<i>October 1, 2013</i>	36a-717
Sec. 23	<i>January 1, 2014</i>	36a-718
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>October 1, 2013</i>	36a-1
Sec. 39	<i>October 1, 2013</i>	36a-3
Sec. 40	<i>October 1, 2013</i>	36a-65(c)(6)
Sec. 41	<i>October 1, 2013</i>	36a-412(a)(4)
Sec. 42	<i>October 1, 2013</i>	49-2a
Sec. 43	<i>October 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

BA *Joint Favorable Subst.*