



Senate

General Assembly

File No. 379

February Session, 2014

Substitute Senate Bill No. 283

Senate, April 7, 2014

The Committee on Banks reported through SEN. LEONE of the 27th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING THE BANKING LAWS, THE UNIFORM COMMERCIAL CODE, THE ELECTRONIC FUND TRANSFER ACT AND MORTGAGORS IN GOOD STANDING.

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

1 Section 1. Subdivision (3) of section 36a-485 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective from*
3 *passage*):

4 (3) "Branch office" means a location other than the main office at
5 which a licensee or any person on behalf of a licensee acts as a
6 mortgage lender, mortgage correspondent lender, [or] mortgage
7 broker or mortgage loan originator;

8 Sec. 2. Subdivision (2) of section 36a-800 of the 2014 supplement to
9 the general statutes is repealed and the following is substituted in lieu
10 thereof (*Effective from passage*):

11 (2) "Consumer collection agency" means any person (A) engaged as
12 a third party in the business of collecting or receiving for payment for

13 others of any account, bill or other indebtedness from a consumer
14 debtor, (B) engaged directly or indirectly in the business of collecting
15 any account, bill or other indebtedness from a consumer debtor for
16 such person's own account if the indebtedness was acquired from
17 another person and if the indebtedness was either delinquent or in
18 default at the time it was acquired, or (C) engaged in the business of
19 collecting or receiving for payment property tax from a property tax
20 debtor on behalf of a municipality, including any person who, by any
21 device, subterfuge or pretense, makes a pretended purchase or takes a
22 pretended assignment of accounts from any other person or
23 municipality of such indebtedness for the purpose of evading the
24 provisions of sections 36a-800 to 36a-810, inclusive, as amended by this
25 act. It includes persons who furnish collection systems carrying a name
26 which simulates the name of a consumer collection agency and who
27 supply forms or form letters to be used by the creditor, even though
28 such forms direct the consumer debtor or property tax debtor to make
29 payments directly to the creditor rather than to such fictitious agency.
30 "Consumer collection agency" further includes any person who, in
31 attempting to collect or in collecting such person's own accounts or
32 claims from a consumer debtor, uses a fictitious name or any name
33 other than such person's own name which would indicate to the
34 consumer debtor that a third person is collecting or attempting to
35 collect such account or claim. "Consumer collection agency" does not
36 include (i) an individual employed on the staff of a licensed consumer
37 collection agency, or by a creditor who is exempt from licensing, when
38 attempting to collect on behalf of such consumer collection agency, (ii)
39 persons not primarily engaged in the collection of debts from
40 consumer debtors who receive funds in escrow for subsequent
41 distribution to others, including, but not limited to, real estate brokers
42 and lenders holding funds of borrowers for payment of taxes or
43 insurance, (iii) any public officer or a person acting under the order of
44 any court, (iv) any member of the bar of this state, (v) a person who
45 services loans or accounts for the owners thereof when the
46 arrangement includes, in addition to requesting payment from
47 delinquent consumer debtors, the providing of other services such as

48 receipt of payment, accounting, record-keeping, data processing
49 services and remitting, for loans or accounts which are current as well
50 as those which are delinquent, (vi) a bank or out-of-state bank, as
51 defined in section 36a-2, and (vii) a subsidiary or affiliate of a bank or
52 out-of-state bank, [to the extent] provided such affiliate or subsidiary is
53 not primarily engaged in the business of purchasing and collecting
54 upon delinquent [debts. For purposes of this subparagraph, "account,
55 bill or other indebtedness" shall not include] debt, other than
56 delinquent debt secured by real property. Any person not included in
57 the definition contained in this subdivision is, for purposes of sections
58 36a-645 to 36a-647, inclusive, a "creditor", as defined in section 36a-645;

59 Sec. 3. Subsections (a) and (b) of section 36a-671d of the general
60 statutes are repealed and the following is substituted in lieu thereof
61 (*Effective from passage*):

62 (a) (1) No debt negotiation license, and no renewal thereof, shall be
63 granted unless the applicant has filed the surety bond required by this
64 section, which bond shall be written by a surety authorized to write
65 such bonds in this state.

66 (2) No application for a debt negotiation license for a main office,
67 and no renewal of such a license, shall be granted unless the applicant
68 has filed a single surety bond with the commissioner in an aggregate
69 amount of fifty thousand dollars, or such other amount required by
70 subdivision (4) of this subsection. No application for a debt negotiation
71 license branch office, and no renewal of such a license, shall be granted
72 unless the applicant has identified such branch office as a bonded
73 location by addendum to the main office surety bond required by this
74 section.

75 (3) Each debt negotiation licensee shall file a single surety bond that
76 complies with the requirements of this section in connection with the
77 main office license with the commissioner in an aggregate amount of
78 fifty thousand dollars or such other amount required in subdivision (4)
79 of this subsection, which bond shall identify any licensed branch office
80 as a bonded location on such bond by addendum.

81 (4) In the case of a debt negotiation licensee engaging or offering to
82 engage in the business of negotiating residential mortgage loans on
83 behalf of mortgagors, such debt negotiation licensee shall file a bond in
84 the penal sum amount set forth in subsection [(f)] (e) of this section
85 based on the aggregate dollar amount of the residential mortgage
86 loans negotiated or offered to be negotiated by its sponsored mortgage
87 loan originator licensees. The principal on a bond required by this
88 subdivision shall annually confirm that it maintains the required penal
89 sum in the amount required by this subdivision. Not later than
90 September 1, 2012, and each September first thereafter, a licensee shall
91 file with the commissioner such information as the commissioner may
92 require to confirm that the penal sum of the bond remains consistent
93 with the amount required by this section. The principal shall file not
94 later than September first of the applicable year, or on such other date
95 as the commissioner may require pursuant to subsection [(h)] (g) of
96 this section, any bond rider or endorsement to the surety bond on file
97 with the commissioner to reflect any changes necessary to maintain the
98 surety bond coverage required by this section.

99 (b) The form of any surety bond submitted pursuant to subsection
100 (a) of this section shall be approved by the Attorney General. Any
101 surety bond filed under subsection (a) of this section shall be
102 conditioned upon the debt negotiation licensee and any sponsored
103 mortgage loan originator licensee faithfully performing any and all
104 written agreements or commitments with or for the benefit of debtors
105 and mortgagors, as applicable, truly and faithfully accounting for all
106 funds received from a debtor or mortgagor by the principal or a
107 mortgage loan originator sponsored by the principal in the principal's
108 capacity as debt negotiation licensee, and conducting such business
109 consistent with the provisions of sections 36a-485 to 36a-498f, inclusive,
110 as amended by this act, 36a-534a, 36a-534b and 36a-671 to [36a-671d]
111 36a-671e, inclusive, as amended by this act. Any debtor or mortgagor
112 who may be damaged by a failure to perform any written agreements,
113 by the wrongful conversion of funds paid by a debtor or mortgagor to
114 a debt negotiation licensee or mortgage loan originator licensee, or by
115 conduct inconsistent with the provisions of sections 36a-485 to 36a-

116 498f, inclusive, as amended by this act, 36a-534a, 36a-534b and 36a-671
117 to [36a-671d] 36a-671e, inclusive, as amended by this act, may proceed
118 on any such surety bond against the principal or surety thereon, or
119 both, to recover damages. The commissioner may proceed on any such
120 surety bond against the principal or surety thereon, or both, to collect
121 any civil penalty imposed upon the licensee pursuant to subsection (a)
122 of section 36a-50 and any unpaid costs of examination of a licensee as
123 determined pursuant to section 36a-65. The proceeds of any bond,
124 even if commingled with other assets of the principal, shall be deemed
125 by operation of law to be held in trust for the benefit of such claimants
126 against the principal in the event of bankruptcy of the principal and
127 shall be immune from attachment by creditors and judgment creditors.
128 Any bond required by this section shall be maintained during the
129 entire period of the license granted to the applicant, and the aggregate
130 liability under any such bond shall not exceed the penal amount of the
131 bond. The principal shall notify the commissioner of the
132 commencement of an action on the bond. When an action is
133 commenced on a principal's bond, the commissioner may require the
134 filing of a new bond and immediately on recovery on any action on the
135 bond, the principal shall file a new bond. Any mortgagor or
136 prospective mortgagor who may be damaged by a failure of the debt
137 negotiation licensee or mortgage loan originator licensee to satisfy a
138 judgment against the licensee arising from the negotiation of or offer to
139 negotiate a nonprime home loan, as defined in section 36a-760, as
140 amended by this act, may proceed on such bond against the principal
141 or surety on such bond, or both, to recover the amount of the
142 judgment.

143 Sec. 4. Subdivision (2) of subsection (e) of section 36a-671d of the
144 general statutes is repealed and the following is substituted in lieu
145 thereof (*Effective from passage*):

146 (2) A debt negotiation licensee sponsoring and bonding at least one
147 mortgage loan originator as an exempt registrant under subdivision (2)
148 of subsection (a) and subsection [(c)] (d) of section 36a-487 shall file a
149 bond with a penal sum in the following amount:

150 (A) If the aggregate dollar amount of all residential mortgage loans
151 negotiated or offered to be negotiated by all sponsored mortgage loan
152 originators during the preceding twelve-month period ending July
153 thirty-first of the current year is less than thirty million dollars, the
154 penal sum of the bond shall be fifty thousand dollars;

155 (B) If the aggregate dollar amount of all residential mortgage loans
156 negotiated or offered to be negotiated by all sponsored mortgage loan
157 originators during the preceding twelve-month period ending July
158 thirty-first of the current year is thirty million dollars or more but less
159 than fifty million dollars, the penal sum of the bond shall be one
160 hundred thousand dollars; and

161 (C) If the aggregate dollar amount of all residential mortgage loans
162 negotiated or offered to be negotiated by all sponsored mortgage loan
163 originators during the preceding twelve-month period ending July
164 thirty-first of the current year is fifty million dollars or more, the penal
165 sum of the bond shall be one hundred fifty thousand dollars.

166 Sec. 5. Section 36a-746a of the general statutes is repealed and the
167 following is substituted in lieu thereof (*Effective from passage*):

168 As used in this section and sections 36a-746b to 36a-746g, inclusive:

169 (1) "APR" means the annual percentage rate for the loan calculated
170 according to the provisions of the federal Truth-in-Lending Act, 15
171 USC Section 1601 et seq., as amended from time to time, and the
172 regulations promulgated thereunder. For open-end lines of credit,
173 "APR" means the highest corresponding annual percentage rate
174 required to be disclosed under 12 CFR [226.6(a)(2) and 226.14(b)]
175 1026.6(a)(2) and 1026.14(b), as amended from time to time, excluding
176 any maximum rates required to be disclosed or stated pursuant to 12
177 CFR [226.6(a)(2) or 226.30] 1026.6(a)(2) or 1026.30, as amended from
178 time to time. For closed-end loans, "APR" means the annual percentage
179 rate required to be disclosed under 12 CFR [226.18(e)] 1026.18(e), as
180 amended from time to time, excluding any maximum rates required to
181 be disclosed or stated pursuant to 12 CFR [226.18(f) or 226.30]

182 1026.18(f) or 1026.30, as amended from time to time. For purposes of
183 this subdivision, any variable rate calculation shall use an index value
184 in effect within forty-five days prior to consummation;

185 (2) "Broker" means a person who, for a fee, commission or other
186 valuable consideration, negotiates, solicits, arranges, places or finds a
187 high cost home loan that is to be made by a lender;

188 (3) "Consummation" means the time that a borrower becomes
189 contractually obligated on a loan or extension of credit;

190 (4) "High cost home loan" means any loan or extension of credit,
191 including an open-end line of credit but excluding a reverse mortgage
192 transaction, as defined in 12 CFR [226.33] 1026.33, as amended from
193 time to time:

194 (A) In which the borrower is a natural person;

195 (B) The proceeds of which are to be used primarily for personal,
196 family or household purposes;

197 (C) In which the loan is secured by a mortgage upon any interest in
198 one-to-four family residential property, as defined in section 36a-485,
199 as amended by this act, located in this state that is, or, when the loan is
200 made, is intended to be used or occupied by the borrower as a
201 principal residence; and

202 (D) In which the APR at consummation is greater than the yield on
203 Treasury securities having comparable periods of maturity to the loan
204 maturity as of the fifteenth day of the month immediately preceding
205 the month in which the application for the loan or extension of credit is
206 received by the lender, by more than the number of percentage points
207 specified in 12 CFR [226.32(a)(1)(i)] 1026.32(a)(1)(i), as amended from
208 time to time;

209 (5) "Interim interest" means interest for the period from funding to
210 the start of amortization paid by a borrower at or before
211 consummation of a closed-end loan where such amortization begins

212 sixty-two days or less after funding;

213 (6) "Lender" means any person who originates one or more high
214 cost home loans; and

215 (7) "Prepaid finance charge" means any finance charge determined
216 in accordance with 12 CFR [226.4] 1026.4, as amended from time to
217 time, that is paid separately in cash or by check before or at
218 consummation of a loan or extension of credit or withheld from the
219 proceeds of such transaction at any time, except the term includes any
220 fees or commissions payable to the lender or broker in connection with
221 the sale of credit life, accident, health, disability or unemployment
222 insurance products or unrelated goods or services sold in conjunction
223 with the loan or extension of credit when the cost of such insurance
224 products or goods or services is prepaid with the proceeds of the loan
225 or extension of credit and financed as part of the principal amount of
226 the loan or extension of credit, and excludes premiums, fees and any
227 other amounts paid to a governmental agency, any amounts required
228 to be escrowed by a governmental agency and interim interest.

229 Sec. 6. Subdivision (1) of section 36a-746c of the general statutes is
230 repealed and the following is substituted in lieu thereof (*Effective from*
231 *passage*):

232 (1) For a loan with a term of less than seven years, a payment
233 schedule with regular periodic payments that when aggregated do not
234 fully amortize the outstanding principal balance, except that this
235 limitation does not apply to a loan with maturities of less than one
236 year if the purpose of the loan is a bridge loan, as used in 12 CFR
237 [226.32] 1026.32, as amended from time to time, connected with the
238 acquisition or construction of a dwelling intended to become the
239 borrower's principal dwelling;

240 Sec. 7. Section 36a-758 of the general statutes is repealed and the
241 following is substituted in lieu thereof (*Effective from passage*):

242 Any person who makes any first mortgage loan, as defined in

243 section 36a-485, as amended by this act, or any secondary mortgage
244 loan, as defined in section 36a-485, as amended by this act, shall, at the
245 time of consummation of such loan or at the termination of any right to
246 rescind the loan transaction under 12 CFR [226] 1026, as amended from
247 time to time, whichever is later, pay the loan proceeds to the
248 mortgagor, to the mortgagor's attorney, to the mortgagee's attorney or
249 to any other person specified in any settlement statement, any written
250 agreement between the mortgagor and the mortgagee or any written
251 instruction of the mortgagor, by a certified, bank treasurer's or
252 cashier's check or by means of wire transfer.

253 Sec. 8. Subdivision (3) of subsection (a) of section 36a-760e of the
254 general statutes is repealed and the following is substituted in lieu
255 thereof (*Effective from passage*):

256 (3) For a loan with a term of less than seven years, a payment
257 schedule with regular periodic payments that when aggregated do not
258 fully amortize the outstanding principal balance, except that this
259 limitation does not apply to a loan with maturities of less than one
260 year if the purpose of the loan is a bridge loan, as used in 12 CFR
261 [226.32] 1026.32, as amended from time to time, connected with the
262 acquisition or construction of a dwelling intended to become the
263 borrower's principal dwelling;

264 Sec. 9. Section 36a-671 of the general statutes is repealed and the
265 following is substituted in lieu thereof (*Effective from passage*):

266 (a) As used in this section and sections 36a-671a to [36a-671d] 36a-
267 671e, inclusive, as amended by this act, (1) "debt negotiation" means,
268 for or with the expectation of a fee, commission or other valuable
269 consideration, assisting a debtor in negotiating or attempting to
270 negotiate on behalf of a debtor the terms of a debtor's obligations with
271 one or more mortgagees or creditors of the debtor, including the
272 negotiation of short sales of residential property or foreclosure rescue
273 services; (2) "debtor" means any individual who has incurred
274 indebtedness or owes a debt for personal, family or household
275 purposes; (3) "mortgagee" means the original lender under a mortgage

276 loan secured by residential property or its agents, successors or
277 assigns; (4) "mortgagor" means a debtor who is an owner of residential
278 property, including, but not limited to, a single-family unit in a
279 common interest community, who is also the borrower under a
280 mortgage encumbering such residential property; (5) "short sale"
281 means the sale of residential property by a mortgagor for an amount
282 less than the outstanding balance owed on the loan secured by such
283 property where, prior to the sale, the mortgagee or an assignee of the
284 mortgagee agrees to accept less than the outstanding loan balance in
285 full or partial satisfaction of the mortgage debt and the proceeds of the
286 sale are paid to the mortgagee or an assignee of the mortgagee; (6)
287 "foreclosure rescue services" means services related to or promising
288 assistance in connection with (A) avoiding or delaying actual or
289 anticipated foreclosure proceedings concerning residential property, or
290 (B) curing or otherwise addressing a default or failure to timely pay
291 with respect to a mortgage loan secured by residential property, and
292 includes, but is not limited to, the offer, arrangement or placement of a
293 mortgage loan secured by residential property or other extension of
294 credit when those services are advertised, offered or promoted in the
295 context of foreclosure related services; and (7) "residential property"
296 means one-to-four family owner-occupied real property.

297 (b) No person shall engage or offer to engage in debt negotiation in
298 this state without a license issued under this section for each location
299 where debt negotiation will be conducted. Any person desiring to
300 obtain such a license shall file with the commissioner an application
301 under oath, setting forth such information as the commissioner may
302 require. Each applicant for a license and each licensee shall notify the
303 commissioner of any change in the applicant's business from that
304 stated in the application for the license. A person is engaging in debt
305 negotiation in this state if such person: (1) Has a place of business
306 located within this state; (2) has a place of business located outside of
307 this state and the debtor is a resident of this state who negotiates or
308 agrees to the terms of the services in person, by mail, by telephone or
309 via the Internet; or (3) has its place of business located outside of this
310 state and the services concern a debt that is secured by property

311 located within this state.

312 (c) An application for an original or renewal debt negotiation license
313 shall be in writing on a form provided by the commissioner and shall
314 include (1) the history of criminal convictions of the (A) applicant, (B)
315 partners, if the applicant is a partnership, (C) members, if the applicant
316 is a limited liability company or association, or (D) officers, directors
317 and principal employees, if the applicant is a corporation; and (2)
318 sufficient information pertaining to the history of criminal convictions,
319 in a form acceptable to the commissioner, on such applicant, partners,
320 members, officers, directors and principal employees as the
321 commissioner deems necessary to make the findings under subsection
322 (d) of this section. The commissioner, in accordance with section 29-
323 17a, may conduct a state and national criminal history records check of
324 the applicant and of each partner, member, officer, director and
325 principal employee of the applicant. The commissioner may deem an
326 application for a debt negotiation license abandoned if the applicant
327 fails to respond to any request for information required under sections
328 36a-671 to [36a-671d] 36a-671e, inclusive, or any regulations adopted
329 pursuant to said sections 36a-671 to [36a-671d] 36a-671e, inclusive. The
330 commissioner shall notify the applicant, in writing, that if the applicant
331 fails to submit such information not later than sixty days after the date
332 on which such request for information was made, the application shall
333 be deemed abandoned. An application filing fee paid prior to the date
334 an application is deemed abandoned pursuant to this subsection shall
335 not be refunded. Abandonment of an application pursuant to this
336 subsection shall not preclude the applicant from submitting a new
337 application for a license under sections 36a-671 to [36a-671d] 36a-671e,
338 inclusive.

339 (d) If the commissioner finds, upon the filing of an application for a
340 debt negotiation license, that: (1) The financial responsibility, character,
341 reputation, integrity and general fitness of the (A) applicant, (B)
342 partners thereof, if the applicant is a partnership, (C) members, if the
343 applicant is a limited liability company or association, and (D) officers,
344 directors and principal employees, if the applicant is a corporation, are

345 such as to warrant belief that the business will be operated soundly
346 and efficiently, in the public interest and consistent with the purposes
347 of sections 36a-671 to [36a-671d] 36a-671e, inclusive; and (2) the
348 applicant is solvent and no proceeding in bankruptcy, receivership or
349 assignment for the benefit of creditors has been commenced against
350 the applicant, the commissioner may thereupon issue the applicant a
351 debt negotiation license. Such debt negotiation license shall not be
352 transferable. Any change of location of a licensee shall require prior
353 written notice to the commissioner. No licensee shall use any name
354 unless such name has been approved by the commissioner. If the
355 commissioner fails to make such findings, the commissioner shall not
356 issue a license and shall notify the applicant of the reasons for such
357 denial. The commissioner may deny an application if the
358 commissioner finds that the applicant or any partner, member, officer,
359 director or principal employee of the applicant has been convicted of
360 any misdemeanor involving any aspect of the debt negotiation
361 business or any felony. Any denial of an application by the
362 commissioner shall, when applicable, be subject to the provisions of
363 section 46a-80. Withdrawal of an application for a license shall become
364 effective upon receipt by the commissioner of a notice of intent to
365 withdraw such application. The commissioner may deny a license up
366 to the date one year after the effective date of withdrawal.

367 (e) Each applicant for an original or renewal debt negotiation license
368 shall, at the time of making such application, pay to the commissioner
369 an application fee of one thousand six hundred dollars, provided, if
370 such application is filed not earlier than one year before the date such
371 license will expire, such person shall pay a license fee of eight hundred
372 dollars. Each such license shall expire at the close of business on
373 September thirtieth of the odd-numbered year following its issuance
374 unless such license is renewed. Each licensee shall, on or before
375 September first of the year in which the license expires, file such
376 renewal application as the commissioner may require. Whenever an
377 application for a license is filed under this section by any person who
378 was a licensee under this section and whose license expired less than
379 sixty days prior to the date such application was filed, such application

380 shall be accompanied by a one-hundred-dollar processing fee in
381 addition to the application fee.

382 (f) If the commissioner determines that a check filed with the
383 commissioner to pay an application fee has been dishonored, the
384 commissioner shall automatically suspend the license or a renewal
385 license that has been issued but is not yet effective. The commissioner
386 shall give the licensee notice of the automatic suspension pending
387 proceedings for revocation or refusal to renew and an opportunity for
388 a hearing on such actions in accordance with section 36a-51.

389 (g) No abatement of the license fee shall be made if the license is
390 surrendered, revoked or suspended prior to the expiration of the
391 period for which it was issued. The fee required by subsection (e) of
392 this section shall be nonrefundable.

393 Sec. 10. Subsection (a) of section 36a-671a of the general statutes is
394 repealed and the following is substituted in lieu thereof (*Effective from*
395 *passage*):

396 (a) The commissioner may suspend, revoke or refuse to renew any
397 license or take any other action, in accordance with the provisions of
398 section 36a-51, for any reason that would be sufficient grounds for the
399 commissioner to deny application for a license under sections 36a-671
400 to 36a-671e, inclusive, as amended by this act, or if the commissioner
401 finds that the licensee or any proprietor, director, officer, member,
402 partner, shareholder, trustee, employee or agent of such licensee has
403 done any of the following: (1) Made any material misstatement in the
404 application; (2) committed any fraud or misappropriated funds; (3)
405 violated any of the provisions of sections 36a-671 to [36a-671d] 36a-
406 671e, inclusive, as amended by this act, or any other law or regulation
407 applicable to the conduct of its business; or (4) failed to perform any
408 agreement with a debtor.

409 Sec. 11. Subdivision (1) of subsection (b) of section 36a-486 of the
410 general statutes is repealed and the following is substituted in lieu
411 thereof (*Effective from passage*):

412 (b) (1) No person licensed as a mortgage lender, mortgage
413 correspondent lender or mortgage broker shall engage the services of a
414 mortgage loan originator or of a loan processor or underwriter
415 required to be licensed under this section unless such mortgage loan
416 originator or loan processor or underwriter is licensed under section
417 36a-489. An individual, unless specifically exempted under
418 subdivision (2) of this subsection, shall not engage in the business of a
419 mortgage loan originator on behalf of a licensee or a person exempt
420 under section 36a-487 with respect to any residential mortgage loan
421 without first obtaining and maintaining annually a license as a
422 mortgage loan originator under section 36a-489. An individual, unless
423 specifically exempted under subdivision (2) of this subsection, shall be
424 deemed to be engaged in the business of a mortgage loan originator if
425 such individual: (A) Acts as a mortgage loan originator in connection
426 with any residential mortgage loan on behalf of a licensee or person
427 exempt under section 36a-487; or (B) makes any representation to the
428 public through advertising or other means of communication that such
429 individual can or will act as a mortgage loan originator on behalf of a
430 licensee or person exempt under section 36a-487. Each licensed
431 mortgage loan originator and each licensed loan processor or
432 underwriter shall register with and maintain a valid unique identifier
433 issued by the system. No individual may act as a mortgage loan
434 originator for more than one person at the same time. No loan
435 processor or underwriter licensee may be sponsored by more than one
436 person at a time. The license of a mortgage loan originator or a loan
437 processor or underwriter is not effective during any period when such
438 mortgage loan originator or a loan processor or underwriter is not
439 sponsored by a licensed mortgage lender, mortgage correspondent
440 lender or mortgage broker, or by a person registered as an exempt
441 registrant under subsection [(c)] (d) of section 36a-487, or during any
442 period in which the license of the mortgage lender, mortgage
443 correspondent lender or mortgage broker with whom such originator
444 or loan processor or underwriter is associated has been suspended.
445 Either the mortgage loan originator, the loan processor or underwriter
446 or the sponsor may file a notification of the termination of sponsorship

447 with the system.

448 Sec. 12. Subdivisions (3) to (6), inclusive, of subsection (d) of section
449 36a-492 of the general statutes are repealed and the following is
450 substituted in lieu thereof (*Effective from passage*):

451 (3) Effective October 1, 2011, an exempt registrant under subsection
452 [(c)] (d) of section 36a-487 who is exempt from licensing under
453 subdivision (1) of subsection (a) of section 36a-487 shall file a bond in a
454 penal sum of one hundred thousand dollars the first time such exempt
455 registrant sponsors a mortgage loan originator.

456 (4) Effective October 1, 2011, an exempt registrant under subsection
457 [(c)] (d) of section 36a-487 who is exempt from licensure under
458 subsection (b) of section 36a-487 shall file a bond in a penal sum of fifty
459 thousand dollars the first time such exempt registrant sponsors a
460 mortgage loan originator.

461 (5) Effective October 1, 2011, an exempt registrant under subsection
462 [(c)] (d) of section 36a-487, as who is exempt from licensure under
463 subdivision (2) of subsection (a) of section 36a-487 shall file a bond in a
464 penal sum as set forth in section 36a-671d, as amended by this act.

465 (6) (A) For mortgage lender and mortgage correspondent lender
466 licensees, and, after October 1, 2011, persons sponsoring and bonding
467 at least one mortgage loan originator as an exempt registrant under
468 subsection [(c)] (d) of section 36a-487 and who are exempt from
469 licensing under subdivision (1) of subsection (a) of section 36a-487 if (i)
470 the aggregate dollar amount of all residential mortgage loans
471 originated by such licensee at all licensed locations or by the exempt
472 registrant during the preceding twelve-month period ending July
473 thirty-first of the current year is less than thirty million dollars, the
474 penal sum of the bond shall be one hundred thousand dollars; (ii) the
475 aggregate dollar amount of all residential mortgage loans originated
476 by such licensee at all licensed locations or by the exempt registrant
477 during the preceding twelve-month period ending July thirty-first of
478 the current year is thirty million dollars or more but less than one

479 hundred million dollars, the penal sum of the bond shall be two
480 hundred thousand dollars; (iii) the aggregate dollar amount of all
481 residential mortgage loans originated by such licensee at all licensed
482 locations or by the exempt registrant during the preceding twelve-
483 month period ending July thirty-first of the current year is one
484 hundred million dollars or more but less than two hundred fifty
485 million dollars, the penal sum of the bond shall be three hundred
486 thousand dollars; and (iv) the aggregate dollar amount of all
487 residential mortgage loans originated by such licensee at all licensed
488 locations or by the exempt registrant during the preceding twelve-
489 month period ending July thirty-first of the current year is two
490 hundred fifty million dollars or more, the penal sum of the bond shall
491 be five hundred thousand dollars.

492 (B) For mortgage broker licensees and, after October 1, 2011, persons
493 who are sponsoring and bonding at least one mortgage loan originator
494 as an exempt registrant under subsection [(c)] (d) of section 36a-487
495 and who are exempt from licensing under subsection (b) or (c) of
496 section 36a-487 if (i) the aggregate dollar amount of all residential
497 mortgage loans originated by such licensee at all licensed locations or
498 by the exempt registrant during the preceding twelve-month period
499 ending July thirty-first of the current year is less than thirty million
500 dollars, the penal sum of the bond shall be fifty thousand dollars; (ii)
501 the aggregate dollar amount of all residential mortgage loans
502 originated by such licensee at all licensed locations or by the exempt
503 registrant during the preceding twelve-month period ending July
504 thirty-first of the current year is thirty million dollars or more but less
505 than fifty million dollars, the penal sum of the bond shall be one
506 hundred thousand dollars; and (iii) the aggregate dollar amount of all
507 residential mortgage loans originated by such licensee at all licensed
508 locations or by the exempt registrant during the preceding twelve-
509 month period ending July thirty-first of the current year is fifty million
510 dollars or more, the penal sum of the bond shall be one hundred fifty
511 thousand dollars.

512 Sec. 13. Subsection (a) of section 36a-17 of the general statutes is

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

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

529 Sec. 14. Subsection (g) of section 36b-33 of the general statutes is
530 repealed and the following is substituted in lieu thereof (*Effective*
531 *October 1, 2014*):

532 (g) Every applicant for registration under sections 36b-2 to 36b-34,
533 inclusive, every investment adviser exempt under subsection (e) of
534 section 36b-6, and every issuer, other than the United States, any state,
535 Canada, any other foreign government with which the United States
536 currently maintains diplomatic relations, or any issuer of covered
537 securities under Section 18(b)(1) of the Securities Act of 1933, which
538 proposes to offer a security in this state through any person acting on
539 an agency basis in the common-law sense shall file with the
540 commissioner, in such form as the commissioner by regulation
541 prescribes, an irrevocable consent appointing the commissioner or the
542 commissioner's successor in office to be his or her attorney to receive
543 service of any lawful process in any noncriminal suit, action, or
544 proceeding against him or her or his or her successor executor or
545 administrator which arises under sections 36b-2 to 36b-34, inclusive, or

546 any regulation or order thereunder after the consent has been filed,
547 with the same force and validity as if served personally on the person
548 filing the consent. A person who has filed such a consent in connection
549 with a previous registration need not file another. Service may be
550 made by leaving a copy of the process in the office of the
551 commissioner, but it is not effective unless (1) the plaintiff, who may
552 be the commissioner in a suit, action, or proceeding instituted by the
553 commissioner, forthwith sends notice of the service and a copy of the
554 process by registered mail, return receipt requested, certified mail,
555 return receipt requested, or [by] any express delivery carrier that
556 provides a dated delivery receipt, to the defendant or respondent at
557 the defendant's or respondent's last address on file with the
558 commissioner, and (2) the plaintiff's affidavit of compliance with this
559 subsection is filed in the case on or before the return day of the
560 process, if any, or within such further time as the court allows.

561 Sec. 15. Subsection (h) of section 36b-33 of the general statutes is
562 repealed and the following is substituted in lieu thereof (*Effective*
563 *October 1, 2014*):

564 (h) When any person, including any nonresident of this state,
565 engages in conduct prohibited or made actionable by sections 36b-2 to
566 36b-34, inclusive, or any regulation or order thereunder, and such
567 person has not filed a consent to service of process under subsection
568 (g) of this section and personal jurisdiction over such person cannot
569 otherwise be obtained in this state, that conduct shall be considered
570 equivalent to such person's appointment of the commissioner or the
571 commissioner's successor in office to be such person's attorney to
572 receive service of any lawful process in any noncriminal suit, action, or
573 proceeding against such person or such person's successor executor or
574 administrator which grows out of that conduct and which is brought
575 under said sections or any regulation or order thereunder, with the
576 same force and validity as if served on such person personally. Service
577 may be made by leaving a copy of the process in the office of the
578 commissioner, and it is not effective unless (1) the plaintiff, who may
579 be the commissioner in a suit, action, or proceeding instituted by the

580 commissioner, forthwith sends notice of the service and a copy of the
581 process by registered mail, return receipt requested, certified mail,
582 return receipt requested, or [by] any express delivery carrier that
583 provides a dated delivery receipt, to the defendant or respondent at
584 the defendant's or respondent's last known address or takes other
585 steps which are reasonably calculated to give actual notice, and (2) the
586 plaintiff's affidavit of compliance with this subsection is filed in the
587 case on or before the return day of the process, if any, or within such
588 further time as the court allows.

589 Sec. 16. Subsections (e) and (f) of section 36b-62 of the general
590 statutes are repealed and the following is substituted in lieu thereof
591 (*Effective October 1, 2014*):

592 (e) Every seller proposing to sell or offer for sale a business
593 opportunity in this state or from this state directly or through any
594 person acting on an agency basis, as determined by reference to the
595 principles of common law, shall file with the commissioner, in such
596 form as the commissioner by regulation, adopted pursuant to section
597 36b-77, or order prescribes, an irrevocable consent appointing the
598 commissioner to be the seller's attorney to receive service of any lawful
599 process in any noncriminal suit, action or proceeding against the seller
600 or the seller's successor, executor or administrator that arises under
601 sections 36b-60 to 36b-80, inclusive, or any regulation or order adopted
602 or issued under said sections after the consent has been filed, with the
603 same force and validity as if served personally on the person filing the
604 consent. Service may be made by leaving a copy of the process in the
605 office of the commissioner, but such service shall not be effective
606 unless (1) the plaintiff, who may be the commissioner in a suit, action
607 or proceeding instituted by the commissioner, forthwith sends notice
608 of the service and a copy of the process by registered mail, return
609 receipt requested, certified mail, return receipt requested, or [by] any
610 express delivery carrier that provides a dated delivery receipt, to the
611 defendant or respondent at the defendant's or respondent's last
612 address on file with the commissioner, and (2) the plaintiff's affidavit
613 of compliance with this subsection is filed in the case on or before the

614 return day of the process, if any, or within such further time as the
615 court allows.

616 (f) When any person, including any nonresident of this state,
617 engages in conduct prohibited or made actionable by sections 36b-60 to
618 36b-80, inclusive, or any regulation or order adopted or issued under
619 said sections, and such person has not filed a consent to service of
620 process under subsection (e) of this section and personal jurisdiction
621 over such person cannot otherwise be obtained in this state, such
622 conduct shall be considered equivalent to such person's appointment
623 of the commissioner to be such person's attorney to receive service of
624 any lawful process in any noncriminal suit, action or proceeding
625 against such person or such person's successor, executor or
626 administrator that grows out of such conduct and that is brought
627 under said sections or any regulation or order adopted or issued under
628 said sections, with the same force and validity as if served on such
629 person personally. Service may be made by leaving a copy of the
630 process in the office of the commissioner, but such service shall not be
631 effective unless (1) the plaintiff, who may be the commissioner in a
632 suit, action or proceeding instituted by the commissioner, forthwith
633 sends notice of the service and a copy of the process by registered mail,
634 return receipt requested, certified mail, return receipt requested, or
635 [by] any express delivery carrier that provides a dated delivery receipt,
636 to the defendant or respondent at the defendant's or respondent's last
637 known address, and (2) the plaintiff's affidavit of compliance with this
638 subsection is filed in the case on or before the return day of the
639 process, if any, or within such further time as the court allows.

640 Sec. 17. Section 52-367b of the general statutes is repealed and the
641 following is substituted in lieu thereof (*Effective October 1, 2014*):

642 (a) Execution may be granted pursuant to this section against any
643 debts due from any financial institution to a judgment debtor who is a
644 natural person, except to the extent such debts are protected from
645 execution by sections 52-352a, 52-352b, 52-352c of the general statutes,
646 revision of 1958, revised to 1983, 52-354 of the general statutes, revision

647 of 1958, revised to 1983, 52-361 of the general statutes, revision of 1958,
648 revised to 1983 and section 52-361a, as well as by any other laws or
649 regulations of this state or of the United States which exempt such
650 debts from execution.

651 (b) If execution is desired against any such debt, the plaintiff
652 requesting the execution shall make application to the clerk of the
653 court. The application shall be accompanied by a fee of one hundred
654 dollars payable to the clerk of the court for the administrative costs of
655 complying with the provisions of this section which fee may be
656 recoverable by the judgment creditor as a taxable cost of the action. In
657 a IV-D case, the request for execution shall be accompanied by an
658 affidavit signed by the serving officer attesting to an overdue support
659 amount of five hundred dollars or more which accrued after the entry
660 of an initial family support judgment. If the papers are in order, the
661 clerk shall issue such execution containing a direction that the officer
662 serving such execution shall, within seven days from the receipt by the
663 serving officer of such execution, make demand (1) upon the main
664 office of any financial institution having its main office within the
665 county of the serving officer, or (2) if such main office is not within the
666 serving officer's county and such financial institution has one or more
667 branch offices within such county, upon an employee of such a branch
668 office, such employee and branch office having been designated by the
669 financial institution in accordance with regulations adopted by the
670 Banking Commissioner, in accordance with chapter 54, for payment of
671 any such nonexempt debt due to the judgment debtor and, after
672 having made such demand, shall serve a true and attested copy of the
673 execution, together with the affidavit and exemption claim form
674 prescribed by subsection (k) of this section, with the serving officer's
675 actions endorsed thereon, with the financial institution officer upon
676 whom such demand is made. The serving officer shall not serve more
677 than one financial institution execution per judgment debtor at a time,
678 including copies thereof. After service of an execution on one financial
679 institution, the serving officer shall not serve the same execution or a
680 copy thereof upon another financial institution until receiving
681 confirmation from the preceding financial institution that the judgment

682 debtor had insufficient funds at the preceding financial institution
683 available for collection to satisfy the execution, provided any such
684 additional service is made not later than forty-five days from the
685 receipt by the serving officer of such execution. After service of an
686 execution on a financial institution, the serving officer shall not
687 subsequently serve the same execution or a copy thereof upon such
688 financial institution if an electronic direct deposit from a readily
689 identifiable source described in subsection (c) of this section was made
690 to the judgment debtor's account during the look-back period, as
691 described in subsection (c) of this section. If no such deposit was made,
692 the serving officer may subsequently serve the same execution or a
693 copy thereof upon such institution, provided such execution has not
694 expired or otherwise become unenforceable.

695 (c) If any such financial institution upon which such execution is
696 served and upon which such demand is made is indebted to the
697 judgment debtor, the financial institution shall remove from the
698 judgment debtor's account the amount of such indebtedness not
699 exceeding the amount due on such execution before its midnight
700 deadline, as defined in section 42a-4-104. Notwithstanding the
701 provisions of this subsection, if electronic direct deposits that are
702 readily identifiable as exempt federal veterans' benefits, Social Security
703 benefits, including, but not limited to, retirement, survivors' and
704 disability benefits, supplemental security income benefits, exempt
705 benefits paid by the federal Railroad Retirement Board or the federal
706 Office of Personnel Management, unemployment compensation
707 benefits exempt under section 52-352b, or child support payments
708 processed and received pursuant to Title IV-D of the Social Security
709 Act were made to the judgment debtor's account during the [thirty-
710 day] look-back period of either the sixty-day period preceding the date
711 that the execution was served on the financial institution, or, with
712 regard to federal benefits, such greater period as required by federal
713 law, then the financial institution shall leave the lesser of the account
714 balance or one thousand dollars in the judgment debtor's account,
715 provided nothing in this subsection shall be construed to limit a
716 financial institution's right or obligation to remove such funds from the

717 judgment debtor's account if required by any other provision of law or
718 by a court order. The judgment debtor shall have full and customary
719 access to such funds left in the judgment debtor's account pursuant to
720 this subsection. The financial institution may notify the judgment
721 creditor that funds have been left in the judgment debtor's account
722 pursuant to this subsection. Nothing in this subsection shall alter the
723 exempt status of funds which are exempt from execution under
724 subsection (a) of this section or under any other provision of state or
725 federal law, or the right of a judgment debtor to claim such exemption.
726 Nothing in this subsection shall be construed to affect any other rights
727 or obligations of the financial institution with regard to the funds in
728 the judgment debtor's account.

729 (d) If any funds are removed from the judgment debtor's account
730 pursuant to subsection (c) of this section, upon receipt of the execution
731 and exemption claim form from the serving officer, the financial
732 institution shall (1) forthwith mail copies thereof, postage prepaid, to
733 the judgment debtor and to any secured party that is party to a control
734 agreement between the financial institution and such secured party
735 under article 9 of title 42a at the last known address of the judgment
736 debtor and of any such secured party with respect to the affected
737 accounts on the records of the financial institution, and (2) mail notice
738 to the judgment debtor as required by 31 CFR 212.6 and 212.7. The
739 financial institution shall hold the amount removed from the judgment
740 debtor's account pursuant to subsection (c) of this section for fifteen
741 days from the date of the mailing to the judgment debtor and any such
742 secured party, and during such period shall not pay the serving officer.

743 (e) To prevent the financial institution from paying the serving
744 officer, as provided in subsection (h) of this section, the judgment
745 debtor shall give notice of a claim of exemption by delivering to the
746 financial institution, by mail or other means, the exemption claim form
747 or other written notice that an exemption is being claimed and any
748 such secured party shall give notice of its claim of a prior perfected
749 security interest in such deposit account by delivering to the financial
750 institution, by mail or other means, written notice thereof. The

751 financial institution may designate an address to which the notice of a
752 claim of exemption, or a secured party claim notice, shall be delivered.
753 Upon receipt of such notice, the financial institution shall, within two
754 business days, send a copy of such notice to the clerk of the court
755 which issued the execution.

756 (f) (1) Upon receipt of an exemption claim form or a secured party
757 claim notice, the clerk of the court shall enter the appearance of the
758 judgment debtor or such secured party with the address set forth in
759 the exemption claim form or secured party claim notice. The clerk shall
760 forthwith send file-stamped copies of the exemption claim form or
761 secured party claim notice to the judgment creditor and judgment
762 debtor with a notice stating that the disputed funds are being held for
763 forty-five days from the date the exemption claim form or secured
764 party claim notice was received by the financial institution or until a
765 court order is entered regarding the disposition of the funds,
766 whichever occurs earlier, and the clerk shall automatically schedule
767 the matter for a short calendar hearing. The claim of exemption filed
768 by such judgment debtor shall be prima facie evidence at such hearing
769 of the existence of the exemption.

770 (2) Upon receipt of notice from the financial institution pursuant to
771 subsection (c) of this section, a judgment creditor may, on an ex parte
772 basis, present to a judge of the Superior Court an affidavit sworn
773 under oath by a competent party demonstrating a reasonable belief
774 that such judgment debtor's account contains funds which are not
775 exempt from execution and the amount of such nonexempt funds.
776 Such affidavit shall not be conclusory but is required to show the
777 factual basis upon which the reasonable belief is based. If such judge
778 finds that the judgment creditor has demonstrated a reasonable belief
779 that such judgment debtor's account contains funds which are not
780 exempt from execution, such judge shall authorize the judgment
781 creditor to submit a written application to the clerk of the court for a
782 hearing on the exempt status of funds left in the judgment debtor's
783 account pursuant to subsection (c) of this section. The judgment
784 creditor shall promptly send a copy of the application and the

785 supporting affidavit to the judgment debtor and to any secured party
786 shown on a secured party claim notice sent to the judgment creditor
787 pursuant to subdivision (1) of this subsection. Upon receipt of such
788 application, the clerk of the court shall automatically schedule the
789 matter for a short calendar hearing and shall give written notice to the
790 judgment creditor, the judgment debtor and any secured party shown
791 on a secured party claim notice received by the clerk of the court. The
792 notice to the judgment creditor pursuant to subsection (c) of this
793 section shall be prima facie evidence at such hearing that the funds in
794 the account are exempt funds. The burden of proof shall be upon the
795 judgment creditor to establish the amount of funds which are not
796 exempt.

797 (g) If an exemption claim is made or a secured party claim notice is
798 given pursuant to subsection (e) of this section, the financial institution
799 shall continue to hold the amount removed from the judgment debtor's
800 account for forty-five days or until a court order is received regarding
801 disposition of the funds, whichever occurs earlier. If no such order is
802 received within forty-five days of the date the financial institution
803 sends a copy of the exemption claim form or notice of exemption or a
804 secured party claim notice to the clerk of the court, the financial
805 institution shall return the funds to the judgment debtor's account.

806 (h) If no claim of exemption or secured party claim notice is
807 received by the financial institution within fifteen days of the mailing
808 to the judgment debtor and any secured party of the execution and
809 exemption claim form pursuant to subsection (d) of this section, the
810 financial institution shall, upon demand, forthwith pay the serving
811 officer the amount removed from the judgment debtor's account, and
812 the serving officer shall thereupon pay such sum, less such serving
813 officer's fees, to the judgment creditor, except to the extent otherwise
814 ordered by a court.

815 (i) The court, after a hearing conducted pursuant to subsection (f) of
816 this section, shall enter an order determining the issues raised by the
817 claim of exemption and claim by a secured party of a prior perfected

818 security interest in such deposit account. The clerk of the court shall
819 forthwith send a copy of such order to the financial institution. Such
820 order shall be deemed to be a final judgment for the purposes of
821 appeal. No appeal shall be taken except within seven days of the
822 rendering of the order. The order of the court may be implemented
823 during such seven-day period, unless stayed by the court.

824 (j) [If] Except as otherwise provided in subsection (c) of this section,
825 if both exempt and nonexempt moneys have been deposited into an
826 account, for the purposes of determining which moneys are exempt
827 under this section, the moneys most recently deposited as of the time
828 the execution is served shall be deemed to be the moneys remaining in
829 the account.

830 (k) The execution, exemption claim form and clerk's notice
831 regarding the filing of a claim of exemption shall be in such form as
832 prescribed by the judges of the Superior Court or their designee. The
833 exemption claim form shall be dated and include a checklist and
834 description of the most common exemptions, instructions on the
835 manner of claiming the exemptions and a space for the judgment
836 debtor to certify those exemptions claimed under penalty of false
837 statement.

838 (l) If records or testimony are subpoenaed from a financial
839 institution in connection with a hearing conducted pursuant to
840 subsection (f) of this section, the reasonable costs and expenses of the
841 financial institution in complying with the subpoena shall be
842 recoverable by the financial institution from the party requiring such
843 records or testimony, provided, the financial institution shall be under
844 no obligation to attempt to obtain records or documentation relating to
845 the account executed against which are held by any other financial
846 institution. The records of a financial institution as to the dates and
847 amounts of deposits into an account in the financial institution shall, if
848 certified as true and accurate by an officer of the financial institution,
849 be admissible as evidence without the presence of the officer in any
850 hearing conducted pursuant to subsection (f) of this section to

851 determine the legitimacy of a claim of exemption made under this
852 section.

853 (m) If there are moneys to be removed from the judgment debtor's
854 account, prior to the removal of such moneys pursuant to subsection
855 (c) of this section, the financial institution shall receive from the
856 serving officer as representative of the judgment creditor a fee of eight
857 dollars for the financial institution's costs in complying with the
858 provisions of this section which fee may be recoverable by the
859 judgment creditor as a taxable cost of the action.

860 (n) If the financial institution fails or refuses to pay over to the
861 serving officer the amount of such debt, not exceeding the amount due
862 on such execution, such financial institution shall be liable in an action
863 therefor to the judgment creditor named in such execution for the
864 amount of nonexempt moneys which the financial institution failed or
865 refused to pay over, excluding funds of up to one thousand dollars
866 which the financial institution in good faith allowed the judgment
867 debtor to access pursuant to subsection (c) of this section. The amount
868 so recovered by such judgment creditor shall be applied toward the
869 payment of the amount due on such execution. Thereupon, the rights
870 of the financial institution shall be subrogated to the rights of the
871 judgment creditor. If such financial institution pays exempt moneys
872 from the account of the judgment debtor over to the serving officer
873 contrary to the provisions of this section, such financial institution
874 shall be liable in an action therefor to the judgment debtor for any
875 exempt moneys so paid and such financial institution shall refund or
876 waive any charges or fees by the financial institution, including, but
877 not limited to, dishonored check fees, overdraft fees or minimum
878 balance service charges and legal process fees, which were assessed as
879 a result of such payment of exempt moneys. Thereupon, the rights of
880 the financial institution shall be subrogated to the rights of the
881 judgment debtor.

882 (o) Except as provided in subsection (n) of this section, no financial
883 institution or any officer, director or employee of such financial

884 institution shall be liable to any person with respect to any act done or
885 omitted in good faith or through the commission of a bona fide error
886 that occurred despite reasonable procedures maintained by the
887 financial institution to prevent such errors in complying with the
888 provisions of this section.

889 (p) Nothing in this section shall in any way restrict the rights and
890 remedies otherwise available to a judgment debtor or any such secured
891 party at law or in equity.

892 (q) Nothing in this section shall in any way affect any rights of the
893 financial institution with respect to uncollected funds credited to the
894 account of the judgment debtor, which rights shall be superior to those
895 of the judgment creditor.

896 (r) For the purposes of this subsection, "exempt" shall have the same
897 meaning as provided in subsection (c) of section 52-352a. Funds
898 deposited in an account that has been established for the express
899 purpose of receiving electronic direct deposits of public assistance or
900 of Title IV-D child support payments from the Department of Social
901 Services shall be exempt.

902 Sec. 18. Subsection (b) of section 52-367b of the general statutes, as
903 amended by section 14 of public act 12-89, is repealed and the
904 following is substituted in lieu thereof (*Effective July 1, 2015*):

905 (b) If execution is desired against any such debt, the plaintiff
906 requesting the execution shall make application to the clerk of the
907 court. The application shall be accompanied by a fee of seventy-five
908 dollars payable to the clerk of the court for the administrative costs of
909 complying with the provisions of this section which fee may be
910 recoverable by the judgment creditor as a taxable cost of the action. In
911 a IV-D case, the request for execution shall be accompanied by an
912 affidavit signed by the serving officer attesting to an overdue support
913 amount of five hundred dollars or more which accrued after the entry
914 of an initial family support judgment. If the papers are in order, the
915 clerk shall issue such execution containing a direction that the officer

916 serving such execution shall, within seven days from the receipt by the
917 serving officer of such execution, make demand (1) upon the main
918 office of any financial institution having its main office within the
919 county of the serving officer, or (2) if such main office is not within the
920 serving officer's county and such financial institution has one or more
921 branch offices within such county, upon an employee of such a branch
922 office, such employee and branch office having been designated by the
923 financial institution in accordance with regulations adopted by the
924 Banking Commissioner, in accordance with chapter 54, for payment of
925 any such nonexempt debt due to the judgment debtor and, after
926 having made such demand, shall serve a true and attested copy of the
927 execution, together with the affidavit and exemption claim form
928 prescribed by subsection (k) of this section, with the serving officer's
929 actions endorsed thereon, with the financial institution officer upon
930 whom such demand is made. The serving officer shall not serve more
931 than one financial institution execution per judgment debtor at a time,
932 including copies thereof. After service of an execution on one financial
933 institution, the serving officer shall not serve the same execution or a
934 copy thereof upon another financial institution until receiving
935 confirmation from the preceding financial institution that the judgment
936 debtor had insufficient funds at the preceding financial institution
937 available for collection to satisfy the execution, provided any such
938 additional service is made not later than forty-five days from the
939 receipt by the serving officer of such execution. After service of an
940 execution on a financial institution, the serving officer shall not
941 subsequently serve the same execution or a copy thereof upon such
942 financial institution if an electronic direct deposit from a readily
943 identifiable source described in subsection (c) of this section was made
944 to the judgment debtor's account during the look-back period, as
945 defined in subsection (c) of this section. If no such deposit was made,
946 the serving officer may subsequently serve the same execution or a
947 copy thereof upon such institution, provided such execution has not
948 expired or otherwise become unenforceable.

949 Sec. 19. Section 36a-760 of the general statutes is repealed and the
950 following is substituted in lieu thereof (*Effective October 1, 2014*):

951 (a) As used in this section and sections 36a-760a to 36a-760j,
952 inclusive:

953 (1) "APR" has the same meaning as provided in section 36a-746a, as
954 amended by this act;

955 (2) "CHFA loan" means a loan made, insured, purchased, subsidized
956 or guaranteed by the Connecticut Housing Finance Authority;

957 (3) "FHA loan" means a loan made, insured, purchased, subsidized
958 or guaranteed by the Federal Housing Administration;

959 (4) "First mortgage loan" has the same meaning as provided in
960 section 36a-485, as amended by this act;

961 (5) "Lender" means any person engaged in the business of the
962 making of mortgage loans who is required to be licensed by the
963 Department of Banking under chapter 668, or such person's successors
964 or assigns, and also means any bank, out-of-state bank, Connecticut
965 credit union, federal credit union, out-of-state credit union, or an
966 operating subsidiary of a federal bank or a federally chartered out-of-
967 state bank where such subsidiary engages in the business of making
968 mortgage loans, and their successors and assigns, but does not include
969 any mortgage broker, as defined in this section, or any mortgage loan
970 originator, as defined in section 36a-485, as amended by this act;

971 (6) "Mortgage broker" means any person, other than a lender, who
972 (A) for a fee, commission or other valuable consideration, negotiates,
973 solicits, arranges, places or finds a mortgage, and (B) who is required
974 to be licensed by the Department of Banking under chapter 668, or
975 such person's successors or assigns;

976 (7) "Nonprime home loan" means any loan or extension of credit,
977 excluding an open-end line of credit, any mortgage insured under Title
978 II of the National Housing Act, 12 USC 1701 et seq. that satisfies the
979 requirements for a qualified mortgage set forth in 78 Federal Register
980 75215 (December 11, 2013), and [further excluding] a reverse mortgage
981 transaction, as defined in 12 CFR [226.33] 1026.33, as amended from

982 time to time:

983 (A) In which the borrower is a natural person;

984 (B) The proceeds of which are to be used primarily for personal
985 family or household purposes;

986 (C) In which the loan is secured by a mortgage upon any interest in
987 one-to-four family residential real property located in this state which
988 is, or when the loan is made, intended to be used or occupied by the
989 borrower as a principal residence;

990 (D) In which the principal amount of the loan does not exceed four
991 hundred seventeen thousand dollars;

992 (E) Where the loan is not a CHFA loan; and

993 (F) In which the conditions set forth in clauses (i) and (ii) of this
994 subparagraph apply, subject to any adjustments made pursuant to
995 clause (iii) of this subparagraph:

996 (i) The difference, at the time of consummation, between the APR
997 for the loan and the conventional mortgage rate is either equal to or
998 greater than (I) one and three-quarters percentage points, if the loan is
999 a first mortgage loan, or (II) three and three-quarters percentage
1000 points, if the loan is a secondary mortgage loan. For purposes of such
1001 calculation, "conventional mortgage rate" means the most recent
1002 contract interest rate on commitments for fixed-rate mortgages
1003 published by the Board of Governors of the Federal Reserve System in
1004 its statistical release H.15, or any publication that may supersede it,
1005 during the week preceding the week in which the interest rate for the
1006 loan is set. For purposes of determining the beginning of each weekly
1007 period, the first day of each week shall be the effective date for the
1008 applicable prime offer rate, as of the date the interest rate is set, as
1009 determined in accordance with subparagraph (F)(ii) of this
1010 subdivision.

1011 (ii) The difference, at the time of consummation, between the APR

1012 for the loan or extension of credit and the average prime offer rate for a
1013 comparable transaction, as of the date the interest rate is set, is greater
1014 than one and one-half percentage points if the loan is a first mortgage
1015 loan or three and one-half percentage points if the loan is a secondary
1016 mortgage loan. For purposes of this subparagraph, "average prime
1017 offer rate" has the meaning as provided in 12 CFR 226.35, as amended
1018 from time to time. For purposes of subparagraphs (F)(i) and (F)(ii) of
1019 this subdivision, the date the interest rate is set is the last date the
1020 interest rate is set, provided the rate is adjusted on or before
1021 consummation.

1022 (iii) The commissioner shall have the authority, after consideration
1023 of the relevant factors, to increase the percentages set forth in clauses
1024 (i) and (ii) of this subparagraph. For purposes of this clause, the
1025 relevant factors to be considered by the commissioner shall include,
1026 but not be limited to, the existence and amount of increases in fees or
1027 charges in connection with purchases of mortgages by the Federal
1028 National Mortgage Association or the Federal Home Loan Mortgage
1029 Corporation and increases in fees or charges imposed by mortgage
1030 insurers and the impact, including the magnitude of the impact, that
1031 such increases have had, or will likely have, on APRs for mortgage
1032 loans in this state. When considering such factors, the commissioner
1033 shall focus on those increases that are related to the deterioration in the
1034 housing market and credit conditions. The commissioner may refrain
1035 from increasing such percentages if it appears that lenders are
1036 increasing interest rates or fees in bad faith or if increasing the
1037 percentages would be contrary to the purposes of sections 36a-760 to
1038 36a-760f, inclusive, as amended by this act. No increase authorized by
1039 the commissioner to a particular percentage shall exceed one-quarter
1040 of one percentage point, and the total of all increases to a particular
1041 percentage under this clause shall not exceed one-half of one
1042 percentage point. No increase shall be made unless: (I) The increase is
1043 noticed in the Banking Department Bulletin and the Connecticut Law
1044 Journal, and (II) a public comment period of twenty days is provided.
1045 Any increase made under this clause shall be reduced proportionately
1046 when the need for the increase has diminished or no longer exists. The

1047 commissioner, in the exercise of his discretion, may authorize an
1048 increase in the percentages with respect to all loans or just with respect
1049 to a certain class or classes of loans;

1050 (8) "Open-end line of credit" means a mortgage extended by a
1051 lender under a plan in which: (A) The lender reasonably contemplates
1052 repeated transactions; (B) the lender may impose a finance charge from
1053 time to time on an outstanding unpaid balance; (C) the amount of
1054 credit that may be extended to the consumer during the term of the
1055 plan, up to any limit set by the lender, is generally made available to
1056 the extent that any outstanding balance is repaid; and (D) none of the
1057 proceeds of the open-end line of credit are used at closing to (i)
1058 purchase the borrower's primary residence, or (ii) refinance a
1059 mortgage loan that had been used by the borrower to purchase the
1060 borrower's primary residence;

1061 (9) "Secondary mortgage loan" has the same meaning as provided in
1062 section 36a-485, as amended by this act.

1063 (b) The provisions of sections 36a-760a to 36a-760i, inclusive, shall
1064 be applicable to nonprime home loans and mortgages, as appropriate,
1065 for which applications have been received on or after August 1, 2008.

1066 Sec. 20. Section 36a-308 of the 2014 supplement to the general
1067 statutes is repealed and the following is substituted in lieu thereof
1068 (*Effective from passage*):

1069 (a) For purposes of this section, "savings promotion raffle" means a
1070 raffle conducted by a Connecticut credit union [, as defined in section
1071 36a-2,] or a [community] Connecticut bank, as such terms are defined
1072 in section [36a-70] 36a-2, where the sole consideration required for a
1073 chance of winning designated prizes is the deposit of a minimum
1074 specified amount of money in a savings account or other savings
1075 program offered by such Connecticut credit union or [community]
1076 Connecticut bank.

1077 (b) Any Connecticut credit union or [community] Connecticut bank

1078 [that has secure financial integrity, as determined by the Banking
 1079 Commissioner,] may conduct a savings promotion raffle, provided the
 1080 Connecticut credit union or [community] Connecticut bank (1)
 1081 conducts the savings promotion raffle in a manner that (A) ensures
 1082 that each entry has an equal chance of winning the designated prize,
 1083 [and] (B) does not jeopardize the safety and soundness of the
 1084 Connecticut credit union or Connecticut bank, and (C) complies with
 1085 applicable consumer protection laws, (2) fully discloses the terms and
 1086 conditions of the savings promotion raffle to each of its [share] account
 1087 holders, [as defined in section 36a-2, or account holders, and] (3)
 1088 maintains records sufficient to facilitate an audit of such savings
 1089 promotion raffle, and (4) submits written notice to the commissioner
 1090 not less than thirty days prior to conducting the savings promotion
 1091 raffle. Only [a share account holder or] an account holder who is
 1092 eighteen years of age or older may participate in a savings promotion
 1093 raffle under this section.

1094 (c) The Banking Commissioner may adopt regulations, in
 1095 accordance with the provisions of chapter 54, to carry out the
 1096 provisions of this section.

1097 Sec. 21. (NEW) (*Effective July 1, 2014*) A mortgagee, as defined in
 1098 section 49-31k of the general statutes, shall provide a mortgagor, as
 1099 defined in said section, with a certificate of good standing, at the
 1100 request of such mortgagor, if such mortgagor has successfully
 1101 completed the foreclosure mediation program established pursuant to
 1102 section 49-31m of the general statutes and has remained current on
 1103 mortgage payments for a period of three or more years following the
 1104 completion of such program. For purposes of this section, "certificate
 1105 of good standing" means a letter stating that the mortgagor has paid
 1106 each mortgage payment in a timely fashion, as determined by the
 1107 mortgagee.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	36a-485(3)

Sec. 2	<i>from passage</i>	36a-800(2)
Sec. 3	<i>from passage</i>	36a-671d(a) and (b)
Sec. 4	<i>from passage</i>	36a-671d(e)(2)
Sec. 5	<i>from passage</i>	36a-746a
Sec. 6	<i>from passage</i>	36a-746c(1)
Sec. 7	<i>from passage</i>	36a-758
Sec. 8	<i>from passage</i>	36a-760e(a)(3)
Sec. 9	<i>from passage</i>	36a-671
Sec. 10	<i>from passage</i>	36a-671a(a)
Sec. 11	<i>from passage</i>	36a-486(b)(1)
Sec. 12	<i>from passage</i>	36a-492(d)(3) to (6)
Sec. 13	<i>from passage</i>	36a-17(a)
Sec. 14	<i>October 1, 2014</i>	36b-33(g)
Sec. 15	<i>October 1, 2014</i>	36b-33(h)
Sec. 16	<i>October 1, 2014</i>	36b-62(e) and (f)
Sec. 17	<i>October 1, 2014</i>	52-367b
Sec. 18	<i>July 1, 2015</i>	52-367b(b)
Sec. 19	<i>October 1, 2014</i>	36a-760
Sec. 20	<i>from passage</i>	36a-308
Sec. 21	<i>July 1, 2014</i>	New section

Statement of Legislative Commissioners:

For purposes of consistency with section 17, "sixty-day period preceding the date of the subsequent service or, with regard to federal benefit, such greater period of time preceding such date as is required by federal law" was changed to "look-back period, as defined in subsection (c) of this section" in section 18; and for purposes of accuracy, "24 CFR 203.19, as amended from time to time" was changed to "78 Federal Register 75215 (December 11, 2013)" in section 19(a)(7).

BA *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 15 \$	FY 16 \$
Banking Dept.	BF - Savings	less than 500	less than 500

Municipal Impact: None

Explanation

The bill results in a savings of less than \$500 to the Department of Banking as it allows service of process to be made by certified mail, return receipt requested. Current law requires costlier methods of mailing. The estimate is based on the FY 13 number of service of process mailings (37) and an average postage savings of \$11 per mailing.

The bill makes other changes that have no fiscal impact on the Department of Banking.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sSB 283*****AN ACT CONCERNING THE BANKING LAWS, THE UNIFORM COMMERCIAL CODE, THE ELECTRONIC FUND TRANSFER ACT AND MORTGAGORS IN GOOD STANDING.*****SUMMARY:**

This bill makes a number of unrelated changes. Among other things, it:

1. expands the licensure and bond requirements for businesses that make residential mortgage loans or act as mortgage lenders, mortgage correspondent lenders, or mortgage brokers that engage the services of mortgage loan originators to act on their behalf;
2. creates a bond requirement for certain bona fide nonprofit organizations that are exempt from mortgage broker licensure and choose to sponsor a mortgage loan originator;
3. limits the recovery of judgments against a debt negotiator's bond by prospective mortgagors of certain types of mortgages;
4. expands licensure requirements for debt negotiators who are also mortgage loan originators;
5. allows service of notice and process to begin a legal proceeding against certain individuals to be made by certified mail, return receipt requested;
6. modifies the process by which a debtor's funds held by a financial institution can be obtained to satisfy a judgment, including expanding the circumstances when a bank must leave the lesser of \$1,000 or the balance in a person's account;

7. excludes from the laws governing nonprime home loans, single family mortgages insured or guaranteed by the Federal Department of Housing and Urban Development under federal law and regulations;
8. expands the types of banks that may offer savings promotion raffles; and
9. requires a mortgagee to provide a certificate of good standing to a mortgagor who has completed the foreclosure mediation program, if specified conditions are met.

The bill also makes technical changes, including various references to federal regulations to reflect the transfer of authority from the Federal Reserve System to the Consumer Financial Protection Bureau. It also corrects improper references (§§ 2, 5-8, and 13).

EFFECTIVE DATE: Upon passage, except for (1) the provision on certificates of good standing, which is effective July 1, 2014; (2) provisions on service of process in certain cases, funds exempt from execution, and nonprime loans, which are effective October 1, 2014; and (3) a conforming change regarding funds exempt from execution, which is effective July 1, 2015.

§§ 1 & 11-12 — MORTGAGE LOAN ORIGINATORS

§ 1 — Branch Offices

The bill expands the licensure and bond requirements for certain businesses that make residential mortgage loans or act as mortgage lenders, mortgage correspondent lenders, or mortgage brokers (i.e., licensees).

By law, a licensee may engage the services of a licensed “mortgage loan originator” but is not required to obtain a license for any location where a mortgage loan originator acts on its behalf. Existing law requires a licensee to do so for its main office and each branch office. The bill classifies a mortgage loan originator’s location as a branch office and, in so doing, requires a licensee to (1) obtain a license, (2) file

an addendum to the required bond, and (3) have a branch manager for each location where a licensed mortgage loan originator acts on its behalf. The branch manager at the mortgage loan originator's location must meet the minimum requirements for a branch manager under existing law, which include (1) at least three years' experience in the mortgage business within the five years preceding the license application and (2) prelicensing education.

Under law a "mortgage loan originator" is an individual who, for compensation, (1) takes a residential mortgage loan application or (2) offers or negotiates terms of a residential mortgage loan.

§ 11&12 — Bond Requirement for a Bona fide Nonprofit Organization Sponsoring a Mortgage Loan Originator

The bill creates a bond requirement for certain "bona fide nonprofit organizations" that (1) are exempt from mortgage broker licensing and (2) choose to sponsor a mortgage loan originator (defined above).

By law a "bona fide nonprofit organization" is an organization that files a form with the banking commissioner certifying it has tax-exempt status, promotes affordable housing, and serves public or charitable purposes.

By law, a bona fide nonprofit organization is exempt from licensing as a mortgage broker if it acts as a mortgage broker for residential loans made by a corporation or its affiliate to (1) benefit its employees or agents or (2) promote home ownership in urban areas. By law, a bona fide nonprofit organization may sponsor a mortgage loan originator by registering as an exempt registrant on the Nationwide Mortgage Licensing System and Registry (i.e., the system) which is used for licensing and registration mortgage lenders, mortgage correspondent lenders, mortgage brokers, mortgage loan originators, and loan processors or underwriters.

Under current law, a bona fide nonprofit organization that is an exempt registrant is not required to file a surety bond with the commissioner. The bill requires the organization to obtain a bond for

an amount based on its aggregate residential mortgage loan amount during the 12-month period ending July 31 of the current year, as follows:

<i>Aggregate Residential Mortgage Loan Amount</i>	<i>Required Bond Amount</i>
Up to \$30 million	\$50,000
\$30 million up to \$50 million	\$100,000
\$50 million or more	\$150,000

The bill also makes technical changes and corrects an improper reference throughout.

§§ 3-4 & 9-10 — DEBT NEGOTIATORS

§§ 3-4 — Judgment Recovery from Bond Proceeds

The bill limits the recovery of judgments against a debt negotiator's bond by certain prospective mortgagors.

By law, debt negotiators must file a surety bond with the commissioner. Under current law, a mortgagor or prospective mortgagor may recover from the bond, a judgment that the debt negotiator or the sponsored mortgage loan originator failed to satisfy relating to the negotiation of, or offer to negotiate, a nonprime home loan.

Under current law, nonprime home loans include single family mortgages insured or guaranteed by the Federal Department of Housing and Urban Development under federal law and regulations (78 Federal Register 75237). This bill no longer classifies such a mortgage as a nonprime loan and by so doing, prevents a prospective mortgagor of such a loan from proceeding against the principal or surety of the bond when the negotiator fails to satisfy a judgment that arises from the negotiation of or offer to negotiate such a mortgage. A mortgagor of such a loan may proceed against the bond under similar provisions in existing law, but those existing provisions do not apply to prospective mortgagors.

§§ 9-10 — Licensure Requirement

The bill expands the licensure requirements for certain debt negotiators.

By law, unless otherwise exempt, a debt negotiator must be licensed as a mortgage loan originator if engaged in the negotiation of a residential mortgage loan on behalf of a mortgagor for compensation or gain. Under current law, any such debt negotiator must comply with all requirements imposed on a mortgage loan originator, such as licensure, bond, and records retention requirements. The bill allows the commissioner to suspend, revoke, or refuse to issue or renew the debt negotiator license of a debt negotiator who violates the mortgage loan originator requirements.

The bill also makes conforming changes and corrects an improper reference.

§§ 14-16 — SERVICE OF PROCESS IN CERTAIN CASES INVOLVING THE BANKING COMMISSIONER

The bill allows service of notice and process to begin a legal proceeding against certain individuals to be made by certified mail, return receipt requested. As under current law, this service can also be by (1) registered mail, return receipt requested or (2) express delivery carrier with a dated delivery receipt.

This applies when the law requires one of the following people to appoint the banking commissioner as his or her agent for service of process:

1. applicants for registration with the commissioner under the uniform securities act (such as broker-dealers, investment advisors, and investment advisor agents), investment advisors who are exempt from registration, and certain issuers of securities;
2. sellers proposing to sell or offer a business opportunity (the sale and lease of products, equipment, supplies, or services that enable a person to start his or her own business) in Connecticut;

and

3. people who violate these laws, have not filed the required consent to service, and are not subject to personal jurisdiction in Connecticut.

§§ 17-18 — FUNDS EXEMPT FROM EXECUTION IN DEBTOR'S ACCOUNT

The bill modifies the process by which a debtor's funds held by a financial institution ("bank") can be obtained to satisfy a judgment. Specifically, the bill:

1. expands the circumstances when a bank must leave the lesser of \$1,000 or the balance in a person's account when paying funds under an execution,
2. limits when a serving officer (such as a state marshal) may serve the same execution on the same bank, and
3. makes other minor changes to the execution laws.

Amount Left in Account and Readily Identifiable Deposits

By law, a creditor may obtain a court-ordered judgment against someone who owes the creditor money (debtor). The creditor may have an execution issued by the court served on any bank where the debtor has an account. Certain funds are exempt from execution if the debtor claims the exemption.

Current law requires the bank to leave in the account the lesser of \$1,000 or the account balance if, in the 30 days before the execution was served on the bank, an electronic direct deposit was made to the account that is readily identifiable as one of the following: (1) federal veterans' benefits, (2) Social Security benefits, or (3) child support payments the state collects and electronically deposits into a parent's bank account. The bill expands application of this rule in two ways:

1. it applies this rule when an account receives electronic direct deposits that are readily identifiable as (a) exempt benefits paid

by the federal Railroad Retirement Board or Office of Personnel Management (which includes federal civil service retirement benefits) or (b) unemployment benefits and

2. it lengthens the look-back period for all of these readily identifiable deposits from 30 to 60 days or a longer period if required by federal law for a federal benefit.

The law requires the debtor to have access to funds left in the account. The bill specifies that this must be full and customary access to the funds.

Repeat Service of Executions on Banks

The bill prohibits a serving officer from subsequently serving the same execution (or a copy of it) on the same bank when an electronic direct deposit from one of the readily identifiable sources described above was made to the debtor's account during the look-back period described above (presumably the period before subsequent service). Otherwise, the bill allows subsequent service of the execution as long as the execution has not expired or become unenforceable.

Notice

When funds are removed from an account, the law requires the bank to mail a copy of the execution and exemption claim form to the debtor. The bill additionally requires mailing notice to the debtor as required by federal regulation for certain federal benefits. Federal regulations require a bank to send a readily understandable notice with certain information when a benefit agency deposits a benefit payment into the account. The notice must, among other things, identify the federal benefits involved and explain garnishment, the bank's obligations under federal law, and the state law's requirements to freeze funds (31 CFR 212.7).

§ 19 — NONPRIME LOANS

The bill excludes from the laws governing nonprime home loans, single family mortgages insured or guaranteed by the federal Department of Housing and Urban Development under federal law

and regulations (see 12 USC § 1701 et seq. and 78 Federal Register 75237, which adds new regulations on qualified mortgages). Under the federal regulations, these mortgages must meet certain requirements regarding maximum points, fees, and interest rates that relate to the borrower's ability to repay the loan.

The law governing nonprime home loans imposes various requirements on making these loans, and restricts allowable provisions in such loans. In practice, a nonprime home loan is one generally made to a relatively risky borrower and that thus has a higher interest rate and stricter repayment terms.

§ 20 — SAVINGS PROMOTION RAFFLES

This bill expands the types of banks that may offer savings promotion raffles under specified conditions.

By law, a "savings promotion raffle" is a raffle in which an account holder who is at least age 18 deposits a minimum specified amount of money in a savings account or savings program for a chance to win designated prizes. Each entry in the raffle must have an equal chance of winning.

The bill allows all bank and trust companies, savings banks, or savings and loan associations chartered or organized under Connecticut law to offer savings promotion raffles. Current law limits these raffles to Connecticut credit unions and community banks the commissioner deems to be financially secure. (A community bank is a Connecticut bank with a minimum equity capital of at least \$3 million.)

The bill also expands the requirements for institutions seeking to offer savings promotion raffles. Existing law requires such institutions to (1) fully disclose the savings promotion raffle terms and conditions and (2) maintain records sufficient to facilitate a related audit. The bill also requires the institutions to (1) comply with applicable consumer protection laws, (2) not jeopardize their safety and soundness, and (3) submit written notice to the commissioner 30 days prior to conducting the raffle.

§ 21 — MEDIATION PROGRAM CERTIFICATE OF GOOD STANDING

The bill requires mortgagees (i.e., the owner or servicer of a mortgage debt) to provide a “certificate of good standing” to a mortgagor (i.e., the homeowner) who has (1) requested such certificate, (2) successfully completed the state’s foreclosure mediation program, and (3) remained current on the mortgage payment for three years after completing the program.

The bill defines a “certificate of good standing” as a letter stating that the mortgagor has made each mortgage payment in a timely fashion, as determined by the mortgagee.

The state’s foreclosure mediation program determines whether parties can reach an agreement that will avoid foreclosure. The program uses the judicial branch’s foreclosure mediators to conduct mediation sessions in a statutorily prescribed timeframe. Under existing law, the program will sunset on July 1, 2014.

BACKGROUND***Related Bills***

sHB 5353, favorably reported by the Banks Committee, among other things, (1) limits the exemptions from mortgage lender, mortgage correspondent lender, mortgage broker, and debt negotiator licensure that apply to certain subsidiaries of banks and credit unions; (2) narrows the scope of the exemption from mortgage loan originator licensure applicable to certain attorneys; and (3) extends the foreclosure mediation program by four years, until July 1, 2018.

HB 5483 (File 99), favorably reported by the Housing Committee, extends the foreclosure mediation program by four years, until July 1, 2018. It also adds the Housing Committee to the required recipients of two reports the Judicial Branch’s chief court administrator must submit concerning the foreclosure mediation program.

SB 57 (File 17), favorably reported by the Labor Committee, expands the types of deposits that are automatically exempt up to \$1,000 from

bank executions against a judgment debtor's account to include electronic direct deposits that are readily identifiable as wages.

COMMITTEE ACTION

Banks Committee

Joint Favorable Substitute

Yea 17 Nay 0 (03/18/2014)