



General Assembly

February Session, 2014

Raised Bill No. 283

LCO No. 1520



Referred to Committee on BANKS

Introduced by:
(BA)

AN ACT CONCERNING MINOR AND TECHNICAL CHANGES TO THE BANKING LAWS.

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2 repealed and the following is substituted in lieu thereof (*Effective from*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9 the general statutes is repealed and the following is substituted in lieu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 (7) of subsection (a) of section 36a-760 of the
254 general statutes is repealed and the following is substituted in lieu
255 thereof (*Effective from passage*):

256 (7) "Nonprime home loan" means any loan or extension of credit,
257 excluding an open-end line of credit, and further excluding a reverse
258 mortgage transaction, as defined in 12 CFR [226.33] 1026.33, as
259 amended from time to time:

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

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

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

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

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

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

273 (i) The difference, at the time of consummation, between the APR
274 for the loan and the conventional mortgage rate is either equal to or
275 greater than (I) one and three-quarters percentage points, if the loan is
276 a first mortgage loan, or (II) three and three-quarters percentage
277 points, if the loan is a secondary mortgage loan. For purposes of such
278 calculation, "conventional mortgage rate" means the most recent
279 contract interest rate on commitments for fixed-rate mortgages
280 published by the Board of Governors of the Federal Reserve System in
281 its statistical release H.15, or any publication that may supersede it,
282 during the week preceding the week in which the interest rate for the
283 loan is set. For purposes of determining the beginning of each weekly
284 period, the first day of each week shall be the effective date for the
285 applicable prime offer rate, as of the date the interest rate is set, as
286 determined in accordance with subparagraph (F)(ii) of this
287 subdivision.

288 (ii) The difference, at the time of consummation, between the APR
289 for the loan or extension of credit and the average prime offer rate for a
290 comparable transaction, as of the date the interest rate is set, is greater
291 than one and one-half percentage points if the loan is a first mortgage
292 loan or three and one-half percentage points if the loan is a secondary
293 mortgage loan. For purposes of this subparagraph, "average prime

294 offer rate" has the meaning as provided in 12 CFR [226.35] 1026.35, as
295 amended from time to time. For purposes of subparagraphs (F)(i) and
296 (F)(ii) of this subdivision, the date the interest rate is set is the last date
297 the interest rate is set, provided the rate is adjusted on or before
298 consummation.

299 (iii) The commissioner shall have the authority, after consideration
300 of the relevant factors, to increase the percentages set forth in clauses
301 (i) and (ii) of this subparagraph. For purposes of this clause, the
302 relevant factors to be considered by the commissioner shall include,
303 but not be limited to, the existence and amount of increases in fees or
304 charges in connection with purchases of mortgages by the Federal
305 National Mortgage Association or the Federal Home Loan Mortgage
306 Corporation and increases in fees or charges imposed by mortgage
307 insurers and the impact, including the magnitude of the impact, that
308 such increases have had, or will likely have, on APRs for mortgage
309 loans in this state. When considering such factors, the commissioner
310 shall focus on those increases that are related to the deterioration in the
311 housing market and credit conditions. The commissioner may refrain
312 from increasing such percentages if it appears that lenders are
313 increasing interest rates or fees in bad faith or if increasing the
314 percentages would be contrary to the purposes of sections 36a-760 to
315 36a-760f, inclusive, as amended by this act. No increase authorized by
316 the commissioner to a particular percentage shall exceed one-quarter
317 of one percentage point, and the total of all increases to a particular
318 percentage under this clause shall not exceed one-half of one
319 percentage point. No increase shall be made unless: (I) The increase is
320 noticed in the Banking Department Bulletin and the Connecticut Law
321 Journal, and (II) a public comment period of twenty days is provided.
322 Any increase made under this clause shall be reduced proportionately
323 when the need for the increase has diminished or no longer exists. The
324 commissioner, in the exercise of his discretion, may authorize an
325 increase in the percentages with respect to all loans or just with respect
326 to a certain class or classes of loans;

327 Sec. 9. Subdivision (3) of subsection (a) of section 36a-760e of the
328 general statutes is repealed and the following is substituted in lieu
329 thereof (*Effective from passage*):

330 (3) For a loan with a term of less than seven years, a payment
331 schedule with regular periodic payments that when aggregated do not
332 fully amortize the outstanding principal balance, except that this
333 limitation does not apply to a loan with maturities of less than one
334 year if the purpose of the loan is a bridge loan, as used in 12 CFR
335 [226.32] 1026.32, as amended from time to time, connected with the
336 acquisition or construction of a dwelling intended to become the
337 borrower's principal dwelling;

338 Sec. 10. Section 36a-671 of the general statutes is repealed and the
339 following is substituted in lieu thereof (*Effective from passage*):

340 (a) As used in this section and sections 36a-671a to [36a-671d] 36a-
341 671e, inclusive, as amended by this act, (1) "debt negotiation" means,
342 for or with the expectation of a fee, commission or other valuable
343 consideration, assisting a debtor in negotiating or attempting to
344 negotiate on behalf of a debtor the terms of a debtor's obligations with
345 one or more mortgagees or creditors of the debtor, including the
346 negotiation of short sales of residential property or foreclosure rescue
347 services; (2) "debtor" means any individual who has incurred
348 indebtedness or owes a debt for personal, family or household
349 purposes; (3) "mortgagee" means the original lender under a mortgage
350 loan secured by residential property or its agents, successors or
351 assigns; (4) "mortgagor" means a debtor who is an owner of residential
352 property, including, but not limited to, a single-family unit in a
353 common interest community, who is also the borrower under a
354 mortgage encumbering such residential property; (5) "short sale"
355 means the sale of residential property by a mortgagor for an amount
356 less than the outstanding balance owed on the loan secured by such
357 property where, prior to the sale, the mortgagee or an assignee of the
358 mortgagee agrees to accept less than the outstanding loan balance in

359 full or partial satisfaction of the mortgage debt and the proceeds of the
360 sale are paid to the mortgagee or an assignee of the mortgagee; (6)
361 "foreclosure rescue services" means services related to or promising
362 assistance in connection with (A) avoiding or delaying actual or
363 anticipated foreclosure proceedings concerning residential property, or
364 (B) curing or otherwise addressing a default or failure to timely pay
365 with respect to a mortgage loan secured by residential property, and
366 includes, but is not limited to, the offer, arrangement or placement of a
367 mortgage loan secured by residential property or other extension of
368 credit when those services are advertised, offered or promoted in the
369 context of foreclosure related services; and (7) "residential property"
370 means one-to-four family owner-occupied real property.

371 (b) No person shall engage or offer to engage in debt negotiation in
372 this state without a license issued under this section for each location
373 where debt negotiation will be conducted. Any person desiring to
374 obtain such a license shall file with the commissioner an application
375 under oath, setting forth such information as the commissioner may
376 require. Each applicant for a license and each licensee shall notify the
377 commissioner of any change in the applicant's business from that
378 stated in the application for the license. A person is engaging in debt
379 negotiation in this state if such person: (1) Has a place of business
380 located within this state; (2) has a place of business located outside of
381 this state and the debtor is a resident of this state who negotiates or
382 agrees to the terms of the services in person, by mail, by telephone or
383 via the Internet; or (3) has its place of business located outside of this
384 state and the services concern a debt that is secured by property
385 located within this state.

386 (c) An application for an original or renewal debt negotiation license
387 shall be in writing on a form provided by the commissioner and shall
388 include (1) the history of criminal convictions of the (A) applicant, (B)
389 partners, if the applicant is a partnership, (C) members, if the applicant
390 is a limited liability company or association, or (D) officers, directors
391 and principal employees, if the applicant is a corporation; and (2)

392 sufficient information pertaining to the history of criminal convictions,
393 in a form acceptable to the commissioner, on such applicant, partners,
394 members, officers, directors and principal employees as the
395 commissioner deems necessary to make the findings under subsection
396 (d) of this section. The commissioner, in accordance with section 29-
397 17a, may conduct a state and national criminal history records check of
398 the applicant and of each partner, member, officer, director and
399 principal employee of the applicant. The commissioner may deem an
400 application for a debt negotiation license abandoned if the applicant
401 fails to respond to any request for information required under sections
402 36a-671 to [36a-671d] 36a-671e, inclusive, as amended by this act, or
403 any regulations adopted pursuant to said sections 36a-671 to [36a-
404 671d] 36a-671e, inclusive. The commissioner shall notify the applicant,
405 in writing, that if the applicant fails to submit such information not
406 later than sixty days after the date on which such request for
407 information was made, the application shall be deemed abandoned.
408 An application filing fee paid prior to the date an application is
409 deemed abandoned pursuant to this subsection shall not be refunded.
410 Abandonment of an application pursuant to this subsection shall not
411 preclude the applicant from submitting a new application for a license
412 under sections 36a-671 to [36a-671d] 36a-671e, inclusive, as amended
413 by this act.

414 (d) If the commissioner finds, upon the filing of an application for a
415 debt negotiation license, that: (1) The financial responsibility, character,
416 reputation, integrity and general fitness of the (A) applicant, (B)
417 partners thereof, if the applicant is a partnership, (C) members, if the
418 applicant is a limited liability company or association, and (D) officers,
419 directors and principal employees, if the applicant is a corporation, are
420 such as to warrant belief that the business will be operated soundly
421 and efficiently, in the public interest and consistent with the purposes
422 of sections 36a-671 to [36a-671d] 36a-671e, inclusive, as amended by
423 this act; and (2) the applicant is solvent and no proceeding in
424 bankruptcy, receivership or assignment for the benefit of creditors has

425 been commenced against the applicant, the commissioner may
426 thereupon issue the applicant a debt negotiation license. Such debt
427 negotiation license shall not be transferable. Any change of location of
428 a licensee shall require prior written notice to the commissioner. No
429 licensee shall use any name unless such name has been approved by
430 the commissioner. If the commissioner fails to make such findings, the
431 commissioner shall not issue a license and shall notify the applicant of
432 the reasons for such denial. The commissioner may deny an
433 application if the commissioner finds that the applicant or any partner,
434 member, officer, director or principal employee of the applicant has
435 been convicted of any misdemeanor involving any aspect of the debt
436 negotiation business or any felony. Any denial of an application by the
437 commissioner shall, when applicable, be subject to the provisions of
438 section 46a-80. Withdrawal of an application for a license shall become
439 effective upon receipt by the commissioner of a notice of intent to
440 withdraw such application. The commissioner may deny a license up
441 to the date one year after the effective date of withdrawal.

442 (e) Each applicant for an original or renewal debt negotiation license
443 shall, at the time of making such application, pay to the commissioner
444 an application fee of one thousand six hundred dollars, provided, if
445 such application is filed not earlier than one year before the date such
446 license will expire, such person shall pay a license fee of eight hundred
447 dollars. Each such license shall expire at the close of business on
448 September thirtieth of the odd-numbered year following its issuance
449 unless such license is renewed. Each licensee shall, on or before
450 September first of the year in which the license expires, file such
451 renewal application as the commissioner may require. Whenever an
452 application for a license is filed under this section by any person who
453 was a licensee under this section and whose license expired less than
454 sixty days prior to the date such application was filed, such application
455 shall be accompanied by a one-hundred-dollar processing fee in
456 addition to the application fee.

457 (f) If the commissioner determines that a check filed with the

458 commissioner to pay an application fee has been dishonored, the
459 commissioner shall automatically suspend the license or a renewal
460 license that has been issued but is not yet effective. The commissioner
461 shall give the licensee notice of the automatic suspension pending
462 proceedings for revocation or refusal to renew and an opportunity for
463 a hearing on such actions in accordance with section 36a-51.

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

468 Sec. 11. Subsection (a) of section 36a-671a of the general statutes is
469 repealed and the following is substituted in lieu thereof (*Effective from*
470 *passage*):

471 (a) The commissioner may suspend, revoke or refuse to renew any
472 license or take any other action, in accordance with the provisions of
473 section 36a-51, for any reason that would be sufficient grounds for the
474 commissioner to deny application for a license under sections 36a-671
475 to 36a-671e, inclusive, as amended by this act, or if the commissioner
476 finds that the licensee or any proprietor, director, officer, member,
477 partner, shareholder, trustee, employee or agent of such licensee has
478 done any of the following: (1) Made any material misstatement in the
479 application; (2) committed any fraud or misappropriated funds; (3)
480 violated any of the provisions of sections 36a-671 to [36a-671d] 36a-
481 671e, inclusive, as amended by this act, or any other law or regulation
482 applicable to the conduct of its business; or (4) failed to perform any
483 agreement with a debtor.

484 Sec. 12. Subdivision (1) of subsection (b) of section 36a-486 of the
485 general statutes is repealed and the following is substituted in lieu
486 thereof (*Effective from passage*):

487 (b) (1) No person licensed as a mortgage lender, mortgage
488 correspondent lender or mortgage broker shall engage the services of a

489 mortgage loan originator or of a loan processor or underwriter
490 required to be licensed under this section unless such mortgage loan
491 originator or loan processor or underwriter is licensed under section
492 36a-489. An individual, unless specifically exempted under
493 subdivision (2) of this subsection, shall not engage in the business of a
494 mortgage loan originator on behalf of a licensee or a person exempt
495 under section 36a-487 with respect to any residential mortgage loan
496 without first obtaining and maintaining annually a license as a
497 mortgage loan originator under section 36a-489. An individual, unless
498 specifically exempted under subdivision (2) of this subsection, shall be
499 deemed to be engaged in the business of a mortgage loan originator if
500 such individual: (A) Acts as a mortgage loan originator in connection
501 with any residential mortgage loan on behalf of a licensee or person
502 exempt under section 36a-487; or (B) makes any representation to the
503 public through advertising or other means of communication that such
504 individual can or will act as a mortgage loan originator on behalf of a
505 licensee or person exempt under section 36a-487. Each licensed
506 mortgage loan originator and each licensed loan processor or
507 underwriter shall register with and maintain a valid unique identifier
508 issued by the system. No individual may act as a mortgage loan
509 originator for more than one person at the same time. No loan
510 processor or underwriter licensee may be sponsored by more than one
511 person at a time. The license of a mortgage loan originator or a loan
512 processor or underwriter is not effective during any period when such
513 mortgage loan originator or a loan processor or underwriter is not
514 sponsored by a licensed mortgage lender, mortgage correspondent
515 lender or mortgage broker, or by a person registered as an exempt
516 registrant under subsection [(c)] (d) of section 36a-487, or during any
517 period in which the license of the mortgage lender, mortgage
518 correspondent lender or mortgage broker with whom such originator
519 or loan processor or underwriter is associated has been suspended.
520 Either the mortgage loan originator, the loan processor or underwriter
521 or the sponsor may file a notification of the termination of sponsorship
522 with the system.

523 Sec. 13. Subdivisions (3) to (6), inclusive, of subsection (d) of section
524 36a-492 of the general statutes are repealed and the following is
525 substituted in lieu thereof (*Effective from passage*):

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

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

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

540 (6) (A) For mortgage lender and mortgage correspondent lender
541 licensees, and, after October 1, 2011, persons sponsoring and bonding
542 at least one mortgage loan originator as an exempt registrant under
543 subsection [(c)] (d) of section 36a-487 and who are exempt from
544 licensing under subdivision (1) of subsection (a) of section 36a-487 if (i)
545 the aggregate dollar amount of all residential mortgage loans
546 originated by such licensee at all licensed locations or by the exempt
547 registrant during the preceding twelve-month period ending July
548 thirty-first of the current year is less than thirty million dollars, the
549 penal sum of the bond shall be one hundred thousand dollars; (ii) the
550 aggregate dollar amount of all residential mortgage loans originated
551 by such licensee at all licensed locations or by the exempt registrant
552 during the preceding twelve-month period ending July thirty-first of
553 the current year is thirty million dollars or more but less than one

554 hundred million dollars, the penal sum of the bond shall be two
555 hundred thousand dollars; (iii) the aggregate dollar amount of all
556 residential mortgage loans originated by such licensee at all licensed
557 locations or by the exempt registrant during the preceding twelve-
558 month period ending July thirty-first of the current year is one
559 hundred million dollars or more but less than two hundred fifty
560 million dollars, the penal sum of the bond shall be three hundred
561 thousand dollars; and (iv) the aggregate dollar amount of all
562 residential mortgage loans originated by such licensee at all licensed
563 locations or by the exempt registrant during the preceding twelve-
564 month period ending July thirty-first of the current year is two
565 hundred fifty million dollars or more, the penal sum of the bond shall
566 be five hundred thousand dollars.

567 (B) For mortgage broker licensees and, after October 1, 2011, persons
568 who are sponsoring and bonding at least one mortgage loan originator
569 as an exempt registrant under subsection (c) of section 36a-487 and
570 who are exempt from licensing under subsection (b) or (c) of section
571 36a-487 if (i) the aggregate dollar amount of all residential mortgage
572 loans originated by such licensee at all licensed locations or by the
573 exempt registrant during the preceding twelve-month period ending
574 July thirty-first of the current year is less than thirty million dollars, the
575 penal sum of the bond shall be fifty thousand dollars; (ii) the aggregate
576 dollar amount of all residential mortgage loans originated by such
577 licensee at all licensed locations or by the exempt registrant during the
578 preceding twelve-month period ending July thirty-first of the current
579 year is thirty million dollars or more but less than fifty million dollars,
580 the penal sum of the bond shall be one hundred thousand dollars; and
581 (iii) the aggregate dollar amount of all residential mortgage loans
582 originated by such licensee at all licensed locations or by the exempt
583 registrant during the preceding twelve-month period ending July
584 thirty-first of the current year is fifty million dollars or more, the penal
585 sum of the bond shall be one hundred fifty thousand dollars.

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-760(a)(7)
Sec. 9	<i>from passage</i>	36a-760e(a)(3)
Sec. 10	<i>from passage</i>	36a-671
Sec. 11	<i>from passage</i>	36a-671a(a)
Sec. 12	<i>from passage</i>	36a-486(b)(1)
Sec. 13	<i>from passage</i>	36a-492(d)(3) to (6)

Statement of Purpose:

To make minor, technical and conforming changes to the banking laws.

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