

OFFICE OF LEGISLATIVE RESEARCH  
PUBLIC ACT SUMMARY



**PA 14-109—SB 221**

*Labor and Public Employees Committee  
Banks Committee*

**AN ACT CONCERNING CREDIT CHECKS AND FINANCIAL INSTITUTIONS**

**SUMMARY:** This act expands the types of employers who can require a credit check of their employees or prospective employees to include mortgage servicing companies and licensed (1) mortgage brokers, (2) mortgage correspondent lenders, and (3) mortgage lenders. Under the act, a “mortgage servicing company” is any person who receives payments for a first mortgage, records the payments, and performs other administrative functions to meet the mortgage holder’s obligations.

Existing law generally prohibits employers from requiring their employees or prospective employees to submit to a credit check unless:

1. the employer is a financial institution, such as a bank, credit union, insurance company, or investment advisor;
2. it is required by law;
3. the employer reasonably believes the employee has violated a law related to the employee’s employment;
4. it is substantially related to the employee’s current or potential position; or
5. the employer has a bona fide purpose for requesting or using the information that is substantially job related and disclosed in writing.

EFFECTIVE DATE: October 1, 2014

OLR Tracking: LRH:MS:JKL:ro