



General Assembly

February Session, 2016

Raised Bill No. 412

LCO No. 2588



Referred to Committee on BANKING

Introduced by:
(BA)

AN ACT CONCERNING LEAD GENERATORS.

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

1 Section 1. Section 36a-485 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2016*):

3 As used in this section and sections 36a-486 to 36a-498f, inclusive, as
4 amended by this act, [and] 36a-534a, [to 36a-534c, inclusive,] 36a-534b,
5 as amended by this act, and section 14 to 23, inclusive, of this act,
6 unless the context otherwise requires:

7 (1) "Advance fee" means any consideration paid or given, directly or
8 indirectly, [to a mortgage lender, mortgage correspondent lender or
9 mortgage broker required to be licensed pursuant to sections 36a-485
10 to 36a-498f, inclusive, and sections 36a-534a and 36a-534b,] by a
11 consumer to a person for a residential mortgage loan prior to the
12 closing of [a] such residential mortgage loan, [to any person,]
13 including, but not limited to, loan fees, points, broker's fees or
14 commissions, transaction fees or similar prepaid finance charges;

15 (2) "Advertise", "advertisement" or "advertising" means the use of
16 any announcement, statement, assertion or representation that is
17 placed before the public in a newspaper, magazine or other
18 publication, or in the form of a notice, circular, pamphlet, letter or
19 poster or over any radio or television station, by means of the Internet,
20 or by other electronic means of distributing information, by personal
21 contact, or in any other way;

22 (3) "Branch office" means a location other than the main office at
23 which a licensee or any person on behalf of a licensee acts as a
24 mortgage lender, mortgage correspondent lender, mortgage broker or
25 mortgage loan originator;

26 (4) "Control person" means an individual that directly or indirectly
27 exercises control over another person. Any person that (A) is a
28 director, general partner or executive officer; (B) directly or indirectly
29 has the right to vote ten per cent or more of a class of any voting
30 security or has the power to sell or direct the sale of ten per cent or
31 more of any class of voting securities; (C) in the case of a limited
32 liability company, is a managing member; or (D) in the case of a
33 partnership, has the right to receive upon dissolution, or has
34 contributed, ten per cent or more of the capital, is presumed to be a
35 control person. For purposes of this subdivision, "control" means the
36 power, directly or indirectly, to direct the management or policies of a
37 company, whether through ownership of securities, by contract or
38 otherwise;

39 (5) "Depository institution" has the same meaning as provided in
40 Section 3 of the Federal Deposit Insurance Act, 12 USC 1813, and
41 includes any Connecticut credit union, federal credit union or out-of-
42 state credit union;

43 (6) "Dwelling" has the same meaning as provided in Section 103 of
44 the Consumer Credit Protection Act, 15 USC 1602;

45 (7) "Employee" means an individual (A) whose manner and means

46 of work performance are subject to the right of control of, or are
47 controlled by, a person, and (B) whose compensation is reported or
48 required to be reported on a W-2 form issued by the controlling
49 person. For purposes of the definition of "registered mortgage loan
50 originator", "employee" has the foregoing meaning or such other
51 meaning as the federal banking agencies may issue in connection with
52 such agencies' implementation of such agencies' responsibilities under
53 the S.A.F.E. Mortgage Licensing Act of 2008, 12 USC 5101 et seq.;

54 (8) "Federal banking agency" means the Board of Governors of the
55 Federal Reserve System, the Comptroller of the Currency, the Director
56 of the Office of Thrift Supervision, the National Credit Union
57 Administration and the Federal Deposit Insurance Corporation;

58 (9) "First mortgage loan" means a residential mortgage loan that is
59 secured by a first mortgage;

60 (10) "Immediate family member" means a spouse, child, sibling,
61 parent, grandparent or grandchild and includes stepparents,
62 stepchildren, stepsiblings and adoptive relationships;

63 (11) "Independent contractor" means an individual retained on a
64 basis where the individual is not an employee of any person in
65 connection with the services such individual provides and whose
66 compensation is reported or required to be reported on an Internal
67 Revenue Service Form 1099 issued by the retaining person;

68 (12) "Individual" means a natural person;

69 (13) "Lead" means any information identifying a potential consumer
70 of a residential mortgage loan;

71 (14) "Lead generator" means a person who: (A) Initiates consumer
72 interest or inquiry in a residential mortgage loan by online marketing,
73 direct response advertising, telemarketing or other similar consumer
74 contact; (B) engages in the business of selling leads for residential

75 mortgage loans; (C) generates or augments leads for other persons for
76 or with the expectation of compensation or gain; or (D) refers
77 consumers to other persons for a residential mortgage loan for or with
78 the expectation of compensation or gain;

79 [(13)] (15) "Loan processor or underwriter" means an individual
80 who performs clerical or support duties. The term "clerical or support
81 duties" includes, subsequent to the receipt of an application, (A) the
82 receipt, collection, distribution and analysis of information common
83 for the processing or underwriting of a residential mortgage loan, and
84 (B) communication with a consumer to obtain the information
85 necessary for the processing or underwriting of a loan to the extent
86 that such communication does not include offering or negotiating loan
87 rates or terms or counseling consumers about residential mortgage
88 loan rates or terms;

89 [(14)] (16) "Main office" means the main address designated on the
90 system;

91 [(15)] (17) "Mortgage broker" (A) means a person who (i) for
92 compensation or gain or with the expectation of compensation or gain
93 (I) takes a residential mortgage loan application, or (II) offers or
94 negotiates terms of a residential mortgage loan, and (ii) is not the
95 prospective source of the funds for the residential mortgage loan, and
96 (B) does not include (i) an individual who is licensed as a mortgage
97 loan originator acting as a mortgage loan originator on behalf of such
98 mortgage loan originator's sponsoring mortgage lender, mortgage
99 correspondent lender, mortgage broker or exempt registrant, or (ii) an
100 individual exempt from mortgage loan originator licensure under
101 subdivision (2) of subsection (b) of section 36a-486, as amended by this
102 act, when acting within the scope of such exemption;

103 [(16)] (18) "Mortgage correspondent lender" means a person
104 engaged in the business of making residential mortgage loans in such
105 person's own name where the loans are not held by such person for

106 more than ninety days and are funded by another person through a
107 warehouse agreement, table funding agreement or similar agreement;

108 [(17)] (19) "Mortgage lender" means a person engaged in the
109 business of making residential mortgage loans in such person's own
110 name utilizing such person's own funds or by funding loans through a
111 warehouse agreement, table funding agreement or similar agreement;

112 [(18)] (20) "Mortgage loan originator" means an individual who for
113 compensation or gain or with the expectation of compensation or gain,
114 either for such individual or for the person employing or retaining
115 such individual, (A) takes a residential mortgage loan application, or
116 (B) offers or negotiates terms of a residential mortgage loan. "Mortgage
117 loan originator" does not include (i) an individual engaged solely as a
118 loan processor or underwriter; (ii) a person who only performs real
119 estate brokerage activities and is licensed in accordance with chapter
120 392, unless the person is compensated by a mortgage lender, mortgage
121 correspondent lender, mortgage broker or other mortgage loan
122 originator or by any agent of such mortgage lender, mortgage
123 correspondent lender, mortgage broker or other mortgage loan
124 originator; (iii) a person solely involved in extensions of credit relating
125 to timeshare plans, as that term is defined in Paragraph 53D of 11 USC
126 101; or (iv) any individual who solely renegotiates terms for existing
127 mortgage loans on behalf of a mortgagee and who does not otherwise
128 act as a mortgage loan originator, unless the United States Department
129 of Housing and Urban Development, the Bureau of Consumer
130 Financial Protection or a court of competent jurisdiction determines
131 that the S.A.F.E. Mortgage Licensing Act of 2008, 12 USC Section 5101
132 et seq., requires such individual to be licensed as a mortgage loan
133 originator under state laws implementing said S.A.F.E. Mortgage
134 Licensing Act;

135 [(19)] (21) "Office" means a branch office or a main office;

136 [(20)] (22) "Person" means a natural person, corporation, company,

137 limited liability company, partnership or association;

138 [(21)] (23) "Principal amount of the loan" means the gross amount
139 the borrower is obligated to repay including any prepaid finance
140 charge that is financed, and any other charge that is financed;

141 [(22)] (24) "Real estate brokerage activity" means any activity that
142 involves offering or providing real estate brokerage services to the
143 public, including (A) acting as a real estate agent or real estate broker
144 for a buyer, seller, lessor or lessee of real property; (B) bringing
145 together parties interested in the sale, purchase, lease, rental or
146 exchange of real property; (C) negotiating, on behalf of any party, any
147 portion of a contract relating to the sale, purchase, lease, rental or
148 exchange of real property, other than in connection with providing
149 financing with respect to any such transaction; (D) engaging in any
150 activity for which a person engaged in the activity is required to be
151 registered or licensed as a real estate agent or real estate broker under
152 any applicable law; and (E) offering to engage in any activity, or act in
153 any capacity, described in this subdivision;

154 [(23)] (25) "Registered mortgage loan originator" means any
155 individual who (A) meets the definition of mortgage loan originator
156 and is an employee of a depository institution, a subsidiary that is
157 owned and controlled by a depository institution and regulated by a
158 federal banking agency, or an institution regulated by the Farm Credit
159 Administration; and (B) is registered with and maintains a unique
160 identifier through the system;

161 [(24)] (26) "Residential mortgage loan" means any loan primarily for
162 personal, family or household use that is secured by a mortgage, deed
163 of trust or other equivalent consensual security interest on a dwelling
164 or residential real estate upon which is constructed or intended to be
165 constructed a dwelling;

166 [(25)] (27) "Residential real estate" means any real property located
167 in this state, upon which is constructed or intended to be constructed a

168 dwelling;

169 [(26)] (28) "Secondary mortgage loan" means a residential mortgage
170 loan that is secured, in whole or in part, by a mortgage, provided such
171 property is subject to one or more prior mortgages;

172 [(27)] (29) "Simulated check" means a document that imitates or
173 resembles a check but is not a negotiable instrument;

174 [(28)] (30) "Sponsored" means employed or retained as an
175 independent contractor;

176 [(29)] (31) "Table funding agreement" means an agreement wherein
177 a person agrees to fund mortgage loans to be made in another person's
178 name and to purchase such loans after they are made;

179 [(30)] (32) "Unique identifier" means a number or other identifier
180 assigned by protocols established by the system; and

181 [(31)] (33) "Warehouse agreement" means an agreement to provide
182 credit to a person to enable the person to have funds to make
183 residential mortgage loans and hold such loans pending sale to other
184 persons.

185 Sec. 2. Section 36a-486 of the 2016 supplement to the general statutes
186 is repealed and the following is substituted in lieu thereof (*Effective*
187 *October 1, 2016*):

188 (a) No person shall engage in the business of making residential
189 mortgage loans or act as a mortgage broker in this state unless such
190 person has first obtained the required license for its main office and
191 each branch office where such business is conducted in accordance
192 with the provisions of sections 36a-485 to 36a-498f, inclusive, as
193 amended by this act, 36a-534a and 36a-534b, as amended by this act.
194 [Effective April 1, 2010, any] Any such person who is an individual
195 shall also obtain a mortgage loan originator license prior to conducting
196 such business unless such individual does not engage directly in the

197 activities of a mortgage loan originator. A person, other than a licensed
198 mortgage loan originator acting on behalf of a mortgage lender or
199 mortgage correspondent lender, shall be deemed to be engaged in the
200 business of making residential mortgage loans if such person
201 advertises, causes to be advertised, solicits or offers to make residential
202 mortgage loans, either directly or indirectly. A person, other than a
203 licensed mortgage loan originator acting on behalf of a mortgage
204 broker, shall be deemed to be acting as a mortgage broker if such
205 person advertises or causes to be advertised that such person will
206 negotiate, solicit, place or find a residential mortgage loan, either
207 directly or indirectly. A licensed lead generator shall not be deemed to
208 be acting as a mortgage lender, mortgage correspondent lender,
209 mortgage broker or mortgage loan originator when engaged in
210 activities contemplated by the definition of lead generator set forth in
211 section 36a-484. A mortgage correspondent lender shall not be deemed
212 to be acting as a mortgage lender if such mortgage correspondent
213 lender makes a loan utilizing its own funds in a situation where
214 another person does not honor such person's commitment to fund the
215 loan.

216 (b) (1) No person licensed as a mortgage lender, mortgage
217 correspondent lender or mortgage broker shall engage the services of a
218 mortgage loan originator or of a loan processor or underwriter
219 required to be licensed under this section unless such mortgage loan
220 originator or loan processor or underwriter is licensed under section
221 36a-489, as amended by this act. No person licensed as a mortgage
222 lender, mortgage correspondent lender, mortgage broker or mortgage
223 loan originator shall engage the services of a lead generator unless
224 such lead generator is licensed under section 15 of this act. An
225 individual, unless specifically exempted under subdivision (2) of this
226 subsection, shall not engage in the business of a mortgage loan
227 originator on behalf of a licensee or a person exempt under section 36a-
228 487 with respect to any residential mortgage loan without first
229 obtaining and maintaining annually a license as a mortgage loan

230 originator under section 36a-489, as amended by this act. An
231 individual, unless specifically exempted under subdivision (2) of this
232 subsection, shall be deemed to be engaged in the business of a
233 mortgage loan originator if such individual: (A) Acts as a mortgage
234 loan originator in connection with any residential mortgage loan on
235 behalf of a licensee or person exempt under section 36a-487; or (B)
236 makes any representation to the public through advertising or other
237 means of communication that such individual can or will act as a
238 mortgage loan originator on behalf of a licensee or person exempt
239 under section 36a-487. Each licensed mortgage loan originator and
240 each licensed loan processor or underwriter shall register with and
241 maintain a valid unique identifier issued by the system. No individual
242 may act as a mortgage loan originator for more than one person at the
243 same time. No loan processor or underwriter licensee may be
244 sponsored by more than one person at a time. The license of a
245 mortgage loan originator or a loan processor or underwriter is not
246 effective during any period when such mortgage loan originator or a
247 loan processor or underwriter is not sponsored by a licensed mortgage
248 lender, mortgage correspondent lender or mortgage broker, or by a
249 person registered as an exempt registrant under subsection (d) of
250 section 36a-487, or during any period in which the license of the
251 mortgage lender, mortgage correspondent lender or mortgage broker
252 with whom such originator or loan processor or underwriter is
253 associated has been suspended. Either the mortgage loan originator,
254 the loan processor or underwriter or the sponsor may file a notification
255 of the termination of sponsorship with the system.

256 (2) The following are exempt from subdivision (1) of subsection (b)
257 of this section: (A) A registered mortgage loan originator or an
258 employee of an institution or subsidiary described in subdivision [(23)]
259 [(25)] of section 36a-485, as amended by this act, who is not required to
260 be registered under Section 1507 of the S.A.F.E. Mortgage Licensing
261 Act of 2008, 12 USC Section 5101 et seq., when acting for such
262 institution or subsidiary; (B) an individual who offers or negotiates the

263 terms of a residential mortgage loan with or on behalf of an immediate
264 family member of such individual; (C) an individual who offers or
265 negotiates the terms of a residential mortgage loan secured by a
266 dwelling that served as the individual's residence, unless the context
267 demonstrates that such individual engaged in such activities with a
268 degree of habitualness or repetition; (D) a Connecticut licensed
269 attorney who negotiates the terms of a residential mortgage loan on
270 behalf of a client as an ancillary matter to the attorney's representation
271 of the client, unless the attorney is compensated by a mortgage lender,
272 mortgage correspondent lender, mortgage broker or other mortgage
273 loan originator or by any agent of such mortgage lender, mortgage
274 correspondent lender, mortgage broker or other mortgage loan
275 originator; (E) an individual who takes a residential mortgage loan
276 application or offers or negotiates terms of a residential mortgage loan
277 as an employee of a federal, state or local government agency or
278 housing finance agency exempt from licensure pursuant to section 36a-
279 487, and who does so only pursuant to such individual's official duties
280 as an employee of such agency; (F) an individual who takes a
281 residential mortgage loan application or offers or negotiates terms of a
282 residential mortgage loan as an employee of an organization that has
283 obtained bona fide nonprofit status from the commissioner and is
284 exempt from licensure pursuant to section 36a-487, and who does so
285 only pursuant to such individual's official duties as an employee of
286 such organization; and (G) an individual who offers or negotiates the
287 terms of a residential mortgage loan secured by a dwelling that is not
288 the individual's residence but is owned by such individual, unless the
289 context demonstrates that such individual engaged in such activities
290 with a degree of habitualness or repetition.

291 (3) No individual shall engage in the activities of a loan processor or
292 underwriter unless such individual obtains and maintains a license as
293 a loan processor or underwriter under section 36a-489, as amended by
294 this act. The following individuals are exempt from the foregoing
295 license requirement:

296 (A) An employee of a licensed mortgage lender, mortgage
297 correspondent lender or mortgage broker who engages in loan
298 processor or underwriter activities (i) in connection with residential
299 mortgage loans either originated or made by such licensee, and (ii) at
300 the direction of and subject to the supervision of a licensed mortgage
301 loan originator of such licensee;

302 (B) An employee of a person exempt from licensure under
303 subdivision (1), (2) or (3) of subsection (a) of section 36a-487 who
304 engages in loan processor or underwriter activities at the direction of
305 and subject to the supervision of either a licensed mortgage loan
306 originator or a registered mortgage loan originator of such exempt
307 person; or

308 (C) Any individual engaged, in any capacity, in loan processor or
309 underwriter activities in connection with a residential mortgage loan
310 originated by an individual not required to be licensed or registered as
311 a mortgage loan originator under this part.

312 (4) An individual engaging solely in loan processor or underwriter
313 activities shall not represent to the public, through advertising or other
314 means of communicating or providing information, including the use
315 of business cards, stationery, brochures, signs, rate lists or other
316 promotional items, that such individual can or will perform any of the
317 activities of a mortgage loan originator.

318 (c) If the United States Department of Housing and Urban
319 Development, the Bureau of Consumer Financial Protection or a court
320 of competent jurisdiction determines that the S.A.F.E. Mortgage
321 Licensing Act of 2008, 12 USC Section 5101 et seq., requires an
322 individual described in subparagraph (B) (iv) of subdivision [(18)] (20)
323 of section 36a-485, as amended by this act, to be licensed as a mortgage
324 loan originator under state laws implementing said S.A.F.E. Mortgage
325 Licensing Act, such individual may continue to act in such individual's
326 current capacity, provided such individual files an application for a

327 mortgage loan originator license not later than the date sixty days from
328 the date of such determination by the United States Department of
329 Housing and Urban Development, the Bureau of Consumer Financial
330 Protection or a court of competent jurisdiction.

331 (d) Each residential mortgage loan taken, offered, negotiated,
332 solicited, arranged, placed, found, made, processed or underwritten
333 without a license shall constitute a separate violation for purposes of
334 section 36a-50.

335 Sec. 3. Section 36a-488 of the general statutes is repealed and the
336 following is substituted in lieu thereof (*Effective October 1, 2016*):

337 (a) (1) The commissioner shall not issue a mortgage lender license, a
338 mortgage correspondent lender license or a mortgage broker license to
339 any person unless such person meets the following tangible net worth
340 and experience requirements, as applicable: (A) The minimum tangible
341 net worth requirement for a mortgage lender shall be two hundred
342 fifty thousand dollars and the minimum tangible net worth
343 requirement for a mortgage correspondent lender and a mortgage
344 broker shall be [(i) prior to March 2, 2009, twenty-five thousand
345 dollars, and (ii) on and after March 2, 2009,] fifty thousand dollars, and
346 (B) a mortgage lender, mortgage correspondent lender or mortgage
347 broker shall have, at the main office for which the license is sought, a
348 qualified individual and, at each branch office, a branch manager (i)
349 who have supervisory authority over the lending or brokerage
350 activities, (ii) who have at least three years' experience in the mortgage
351 business within the five years immediately preceding the date of the
352 application for the license, (iii) who [, effective April 1, 2010, have
353 completed the prelicensing education requirement described in section
354 36a-489a and passed a written test that meets the test requirement
355 described in section 36a-489a, and (iv) who, effective November 1,
356 2012,] are licensed as a mortgage loan originator under section 36a-489,
357 as amended by this act. As used in this subdivision, "experience in the
358 mortgage business" means paid experience in the origination,

359 processing or underwriting of residential mortgage loans, the
360 marketing of such loans in the secondary market or in the supervision
361 of such activities, or any other relevant experience as determined by
362 the commissioner.

363 (2) Each licensee shall maintain the net worth required by this
364 subsection.

365 [(3) Not later than April 1, 2010, each qualified individual and
366 branch manager shall have completed the prelicensing education
367 requirement described in section 36a-489a and passed a written test
368 that meets the test requirement described in section 36a-489a.]

369 (b) The commissioner may issue a mortgage lender license, a
370 mortgage correspondent lender license, or a mortgage broker license.
371 Each mortgage lender licensee may also act as a mortgage
372 correspondent lender and a mortgage broker, and each mortgage
373 correspondent lender licensee may also act as a mortgage broker. [On
374 and after July 1, 2008, an] An application for a license as a mortgage
375 lender, mortgage correspondent lender or mortgage broker office or
376 renewal of such license shall be filed, in a form prescribed by the
377 commissioner, with the system. Each such form shall contain content
378 as set forth by instruction or procedure of the commissioner and may
379 be changed or updated as necessary by the commissioner in order to
380 carry out the purpose of sections 36a-21, 36a-485 to 36a-498f, inclusive,
381 as amended by this act, 36a-534a and 36a-534b, as amended by this act.
382 The applicant shall, at a minimum, furnish to the system information
383 concerning the identity of the applicant, any control person of the
384 applicant, the qualified individual and any branch manager, including
385 personal history and experience in a form prescribed by the system
386 and information related to any administrative, civil or criminal
387 findings by any governmental jurisdiction. The following
388 supplementary information shall be filed directly with the
389 commissioner: (1) In the case of an initial application for a license for
390 the main office, (A) a financial statement as of a date not more than

391 twelve months prior to the filing of the application which reflects
392 tangible net worth, and if such financial statement is unaudited, the
393 proprietor, general partner, or duly authorized officer, trustee or
394 member shall swear to its accuracy under oath before a notary public,
395 and (B) a bond as required by section 36a-492, as amended by this act;
396 (2) evidence that the qualified individual or branch manager meets the
397 experience required by subsection (a) of this section; and (3) such other
398 information pertaining to the applicant, the applicant's background,
399 the background of its principals, employees, mortgage loan
400 originators, and loan processors or underwriters, and the applicant's
401 activities as the commissioner may require. For the purpose of this
402 subsection, evidence of experience of the qualified individual or
403 branch manager shall include: (A) A statement specifying the duties
404 and responsibilities of such person's employment, the term of
405 employment, including month and year, and the name, address and
406 telephone number of a supervisor, employer or, if self-employed, a
407 business reference; and (B) if required by the commissioner, copies of
408 W-2 forms, 1099 tax forms or, if self-employed, 1120 corporate tax
409 returns, signed letters from the employer on the employer's letterhead
410 verifying such person's duties and responsibilities and term of
411 employment including month and year, and if such person is unable to
412 provide such letters, other proof satisfactory to the commissioner that
413 such person meets the experience requirement. The commissioner may
414 conduct a criminal history records check of the applicant, any control
415 person of the applicant and the qualified individual or branch manager
416 with supervisory authority at the office for which the license is sought
417 and require the applicant to submit the fingerprints of such persons
418 and authorization of such persons for the system and the
419 commissioner to obtain an independent credit report from a consumer
420 reporting agency, as described in Section 603(p) of the Fair Credit
421 Reporting Act, 15 USC 1681a, as part of the application.

422 (c) [(1)] The commissioner may issue a mortgage loan originator
423 license or a loan processor or underwriter license. Each mortgage loan

424 originator licensee may also act as a loan processor or underwriter. An
425 application to license an individual as a mortgage loan originator or a
426 loan processor or underwriter for a specified office or renewal of such
427 license shall be filed, in a form prescribed by the commissioner, with
428 the system. Each such form shall contain content as set forth by
429 instruction or procedure of the commissioner and may be changed or
430 updated as necessary by the commissioner in order to carry out the
431 purpose of sections 36a-485 to 36a-498f, inclusive, as amended by this
432 act, 36a-534a and 36a-534b, as amended by this act. The applicant shall,
433 at a minimum, furnish to the system, in a form prescribed by the
434 system, information concerning the applicant's identity, including
435 personal history and experience and information related to any
436 administrative, civil or criminal findings by any governmental
437 jurisdiction. [Effective April 1, 2010, each] Each applicant for a
438 mortgage loan originator [license and, effective October 1, 2011, each
439 applicant for a] or loan processor or underwriter license [,] shall
440 furnish to the system fingerprints for submission to the Federal Bureau
441 of Investigation and any governmental agency or entity authorized to
442 receive such information for a state, national and international criminal
443 history background check. [Effective the later of July 31, 2010, or thirty
444 days after the date the system commences accepting such
445 authorizations for processing, each] Each applicant shall furnish
446 authorization for the system and the commissioner to obtain an
447 independent credit report from a consumer reporting agency, as
448 described in Section 603(p) of the Fair Credit Reporting Act, 15 USC
449 1681a.

450 [(2) Not later than April 1, 2010, each mortgage loan originator
451 licensee shall furnish to the system fingerprints for submission to the
452 Federal Bureau of Investigation and any governmental agency or
453 entity authorized to receive such information for a state, national and
454 international criminal history background check. By July 31, 2010, or
455 thirty days after the system commences accepting such authorizations
456 for processing, whichever is later, each such licensee shall furnish

457 authorization for the system and the commissioner to obtain an
458 independent credit report obtained from a consumer reporting agency
459 described in Section 603(p) of the Fair Credit Reporting Act, 15 USC
460 1681a.]

461 Sec. 4. Section 36a-489 of the general statutes is repealed and the
462 following is substituted in lieu thereof (*Effective October 1, 2016*):

463 (a) (1) The commissioner shall not issue an initial license for a
464 mortgage lender, mortgage correspondent lender or mortgage broker
465 unless the commissioner, at a minimum, finds that: (A) The applicant
466 meets the requirements of subsection (a) of section 36a-488, as
467 amended by this act; (B) notwithstanding the provisions of section 46a-
468 80, the applicant, the control persons of the applicant and the qualified
469 individual or branch manager with supervisory authority at the office
470 for which the license is sought have not been convicted of, or pled
471 guilty or nolo contendere to, a felony in a domestic, foreign or military
472 court during the seven-year period preceding the date of the
473 application for licensing or at any time preceding the date of
474 application if such felony involved an act of fraud, dishonesty, a
475 breach of trust or money laundering, provided any pardon or
476 expungement of a conviction shall not be a conviction for purposes of
477 this subdivision; (C) the applicant demonstrates that the financial
478 responsibility, character and general fitness of the applicant, the
479 control persons of the applicant and the qualified individual or branch
480 manager having supervisory authority over the office for which the
481 license is sought are such as to command the confidence of the
482 community and to warrant a determination that the applicant will
483 operate honestly, fairly and efficiently within the purposes of sections
484 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-534a and
485 36a-534b, as amended by this act; (D) the applicant has met the surety
486 bond requirement under section 36a-492, as amended by this act; and
487 (E) the applicant has not made a material misstatement in the
488 application. If the commissioner fails to make such findings, the
489 commissioner shall not issue a license, and shall notify the applicant of

490 the denial and the reasons for such denial. For purposes of this
491 subsection, the level of offense of the crime and the status of any
492 conviction, pardon or expungement shall be determined by reference
493 to the law of the jurisdiction where the case was prosecuted. In the
494 event that such jurisdiction does not use the term "felony", "pardon" or
495 "expungement", such terms shall include legally equivalent events.

496 (2) (A) The minimum standards for license renewal for a mortgage
497 lender, mortgage correspondent lender or mortgage broker shall
498 include the following: (i) The applicant continues to meet the
499 minimum standards under subdivision (1) of this subsection; and (ii)
500 [effective April 1, 2010, each qualified individual and branch manager
501 has completed the prelicensing education requirement described in
502 section 36a-489a and passed a written test that meets the test
503 requirement described in section 36a-489a, or has satisfied the annual
504 continuing education requirements described in subsection (c) of
505 section 36a-489a, as applicable, and effective November 1, 2012, each
506 qualified individual and branch manager is licensed as a mortgage
507 loan originator and has completed any applicable continuing
508 education requirements described in subsection (c) of section 36a-489a;
509 and (iii)] the mortgage lender, mortgage correspondent lender or
510 mortgage broker has paid all required fees for renewal of the license.

511 (B) The license of a mortgage lender, mortgage correspondent
512 lender or mortgage broker failing to satisfy the minimum standards for
513 license renewal shall expire. The commissioner may adopt procedures
514 for the reinstatement of expired licenses consistent with the standards
515 established by the system. The commissioner may automatically
516 suspend a mortgage lender, mortgage correspondent lender or
517 mortgage broker license if the licensee receives a deficiency on the
518 system indicating that the payment required by subparagraph (A) of
519 this subdivision was Returned-ACH or returned pursuant to such
520 other term as may be utilized by the system to indicate that the
521 payment was not accepted. After a license has been automatically
522 suspended pursuant to this section, the commissioner shall give such

523 licensee notice of the automatic suspension, pending proceedings for
524 revocation or refusal to renew pursuant to section 36a-494, as amended
525 by this act, and an opportunity for a hearing on such action in
526 accordance with section 36a-51, and require such licensee to take or
527 refrain from taking such action that, in the opinion of the
528 commissioner, will effectuate the purposes of this section.

529 (b) (1) The commissioner shall not issue an initial license for a
530 mortgage loan originator or a loan processor or underwriter unless the
531 commissioner, at a minimum, finds that the applicant has: (A) Never
532 had a mortgage loan originator or equivalent loan processor or
533 underwriter license revoked in any governmental jurisdiction, except
534 that a subsequent formal vacating of such revocation shall not be
535 deemed a revocation; (B) notwithstanding the provisions of section
536 46a-80, not been convicted of, or pled guilty or nolo contendere to, a
537 felony in a domestic, foreign or military court during the seven-year
538 period preceding the date of the application for licensing or at any
539 time preceding such date of application if such felony involved an act
540 of fraud, dishonesty, a breach of trust, or money laundering, provided
541 any pardon or expungement of a conviction shall not be a conviction
542 for purposes of this subdivision; (C) demonstrated financial
543 responsibility, character and general fitness so as to command the
544 confidence of the community and to warrant a determination that the
545 mortgage loan originator or loan processor or underwriter will operate
546 honestly, fairly and efficiently within the purposes of sections 36a-485
547 to 36a-498f, inclusive, as amended by this act, 36a-534a and 36a-534b,
548 as amended by this act; (D) [for mortgage loan originator applicants,
549 effective April 1, 2010, and for loan processor or underwriter
550 applicants, effective October 1, 2011,] completed the prelicensing
551 education requirement described in section 36a-489a, amended by this
552 act, and passed a written test that meets the test requirement described
553 in section 36a-489a, as amended by this act; [and, effective November
554 1, 2012, for qualified individuals or branch managers seeking initial
555 licensure as a mortgage loan originator, completed any continuing

556 education required of them in their position as qualified individuals
557 and branch managers pursuant to section 36a-489a; (E) effective July
558 31, 2010,] (E) met the surety bond requirement under section 36a-492,
559 as amended by this act, and [, effective October 1, 2011,] in the case of a
560 mortgage loan originator required to be licensed under section 36a-
561 671e, met the surety bond requirements under sections 36a-492, as
562 amended by this act, and 36a-671d; and (F) not made a material
563 misstatement in the application. If the commissioner denies an
564 application for a mortgage loan originator or a loan processor or
565 underwriter license, the commissioner shall notify the applicant and
566 may notify the sponsor or any other person the commissioner deems
567 appropriate of the denial and the reasons for such denial. For purposes
568 of this subsection, the level of offense of the crime and the status of any
569 conviction, pardon or expungement shall be determined by reference
570 to the law of the jurisdiction where the case was prosecuted. In the
571 event that such jurisdiction does not use the term "felony", "pardon" or
572 "expungement", those terms shall include legally equivalent events.

573 (2) (A) The minimum standards for license renewal for a mortgage
574 loan originator or a loan processor or underwriter shall include the
575 following: (i) The licensee continues to meet the minimum standards
576 for license issuance under subdivision (1) of this subsection; (ii) the
577 licensee has satisfied the annual continuing education requirements
578 described in subsection (c) of section 36a-489a, as amended by this act;
579 and (iii) the licensee has paid all required fees for renewal of the
580 license.

581 (B) The license of a mortgage loan originator or a loan processor or
582 underwriter that fails to satisfy the minimum standards for license
583 renewal shall expire. The commissioner may adopt procedures for the
584 reinstatement of expired licenses consistent with the standards
585 established by the system. The commissioner may automatically
586 suspend a mortgage loan originator or a loan processor or underwriter
587 license if the licensee receives a deficiency on the system indicating
588 that the payment required by subparagraph (A) of subdivision (2) of

589 this subsection was Returned-ACH or returned pursuant to such other
590 term as may be utilized by the system to indicate that the payment was
591 not accepted. After a license has been automatically suspended
592 pursuant to this section, the commissioner shall give such licensee
593 notice of the automatic suspension, pending proceedings for
594 revocation or refusal to renew pursuant to section 36a-494, as amended
595 by this act, and an opportunity for a hearing on such action in
596 accordance with section 36a-51 and require such licensee to take or
597 refrain from taking such action that, in the opinion of the
598 commissioner, will effectuate the purposes of this section.

599 [(3) Not later than April 1, 2010, each mortgage loan originator
600 licensee shall have completed the prelicensing education requirement
601 described in section 36a-489a and passed a written test that meets the
602 test requirement described in section 36a-489a, provided a mortgage
603 loan originator licensee who was licensed as of the enactment of public
604 act 09-209 shall have completed such prelicensing education
605 requirement and passed such written test not later than October 31,
606 2010.]

607 (c) For purposes of this section, a person has shown that such
608 person is not financially responsible when such person has shown a
609 disregard in the management of such person's own financial condition.
610 A determination that a person has not shown financial responsibility
611 may include, but is not limited to: (1) Current outstanding judgments,
612 except judgments solely as a result of medical expenses; (2) current
613 outstanding tax liens or other government liens and filings; (3)
614 foreclosures during the three years preceding the date of application
615 for an initial license or renewal of a license; or (4) a pattern of seriously
616 delinquent accounts within the past three years.

617 (d) (1) Withdrawal of an application for a license filed under
618 subsection (a) or (b) of this section shall become effective upon receipt
619 by the commissioner of a notice of intent to withdraw such application.
620 The commissioner may deny a license up to the date one year after the

621 effective date of withdrawal.

622 (2) If a license expires under this section due to the licensee's failure
623 to renew, the commissioner may institute a revocation or suspension
624 proceeding or issue an order suspending or revoking such license
625 pursuant to section 36a-494, as amended by this act, not later than one
626 year after the date of such expiration.

627 (e) The commissioner may deem an application for a license under
628 this section abandoned if the applicant fails to respond to any request
629 for information required under sections 36a-485 to 36a-498f, inclusive,
630 as amended by this act, 36a-534a and 36a-534b, as amended by this act,
631 or the regulations adopted pursuant to said sections. The
632 commissioner shall notify the applicant on the system that if such
633 information is not submitted not later than sixty days from the date of
634 such request the application shall be deemed abandoned. An
635 application filing fee paid prior to the date an application is deemed
636 abandoned pursuant to this subsection shall not be refunded.
637 Abandonment of an application pursuant to this subsection shall not
638 preclude the applicant from submitting a new application for a license
639 under said sections 36a-485 to 36a-498f, inclusive, as amended by this
640 act, 36a-534a and 36a-534b, as amended by this act.

641 Sec. 5. Section 36a-489a of the general statutes is repealed and the
642 following is substituted in lieu thereof (*Effective October 1, 2016*):

643 (a) (1) In order to meet the prelicensing education and testing
644 requirements referred to in sections 36a-488, as amended by this act,
645 and 36a-489, as amended by this act, an individual shall complete at
646 least twenty-one hours of education approved in accordance with
647 subdivision (2) of this subsection, which shall include at least (A) three
648 hours of instruction on relevant federal law and regulations; (B) three
649 hours of ethics, including instruction on fraud, consumer protection
650 and fair lending issues; (C) two hours of training related to lending
651 standards for the nontraditional mortgage product marketplace; and

652 (D) one hour of relevant Connecticut law.

653 (2) For purposes of subdivision (1) of this subsection, prelicensing
654 education courses shall be reviewed and approved by the system
655 based upon reasonable standards. Review and approval of a
656 prelicensing education course shall include review and approval of the
657 course provider.

658 (3) Nothing in this subsection shall preclude any prelicensing
659 education course, as approved by the system, that is provided by the
660 sponsor or employer of the individual or an entity which is affiliated
661 with the individual by an agency contract, or any subsidiary or affiliate
662 of such sponsor, employer or entity.

663 (4) Prelicensing education may be offered either in a classroom,
664 online or by any other means approved by the system.

665 (5) When prelicensing education requirements described in
666 subdivision (1) of this subsection are completed in another state, such
667 out-of-state prelicensing education requirements shall be accepted as
668 credit towards completion of the prelicensing education requirements
669 of this state, provided such out-of-state prelicensing education
670 requirements are approved by the system.

671 (6) (A) An individual previously licensed under section 36a-489, as
672 amended by this act, [subsequent to the applicable effective date of the
673 prelicensing and testing requirements referred to in section 36a-489,]
674 who is applying to be relicensed shall prove that such individual has
675 completed [all of] the continuing education requirements for the year
676 in which the license was last held.

677 (B) An individual who previously held a position as a qualified
678 individual or branch manager, [subsequent to the applicable effective
679 date of the prelicensing and testing requirements referred to in section
680 36a-488,] at a time when such individual was not required to be
681 licensed as a mortgage loan originator, may not hold such position

682 again until such individual has completed [all of] the continuing
683 education requirements for the year in which such individual last held
684 such position and [, effective November 1, 2012,] has obtained the
685 required mortgage loan originator license.

686 (b) (1) In order to meet the written test requirements referred to in
687 sections 36a-488, as amended by this act, and 36a-489, as amended by
688 this act, an individual shall pass, in accordance with the standards
689 established under this subsection, a qualified written test developed by
690 the system and administered by a test provider approved by the
691 system based upon reasonable standards.

692 (2) A written test shall not be treated as a qualified written test for
693 purposes of subdivision (1) of this subsection unless the test
694 adequately measures the individual's knowledge and comprehension
695 in appropriate subject areas, including ethics, federal law and
696 regulation pertaining to mortgage origination, state law and regulation
697 pertaining to mortgage origination, and federal and state law and
698 regulation, including instruction on fraud, consumer protection, the
699 nontraditional mortgage marketplace and fair lending issues.

700 (3) Nothing in this subsection shall prohibit a test provider
701 approved by the system from providing a test at the location of the
702 sponsor or employer, any subsidiary or affiliate of the sponsor or
703 employer or any entity with which the individual holds an exclusive
704 arrangement to conduct the business of a mortgage loan originator.

705 (4) (A) An individual shall not be considered to have passed a
706 qualified written test unless the individual achieves a test score of not
707 less than seventy-five per cent correct answers to questions.

708 (B) An individual may retake a test three consecutive times with
709 each consecutive taking occurring at least thirty days after the
710 preceding test. After failing three consecutive tests, an individual shall
711 wait at least six months before taking the test again.

712 (C) (i) An individual who was previously licensed [subsequent to
713 the applicable effective date of the prelicensing and testing
714 requirements referred to in section 36a-489] as a mortgage loan
715 originator, who completed the test in connection with such license and
716 who has not been licensed as a mortgage loan originator within the
717 five-year period preceding the date of the filing of such individual's
718 application for a mortgage loan originator license, not taking into
719 account any time during which such individual [is] was a registered
720 mortgage loan originator, shall retake such test; and (ii) [effective
721 October 1, 2011,] an individual previously licensed as a loan processor
722 or underwriter who applies to be licensed again shall retake the test if
723 such individual has not been licensed as a loan processor or
724 underwriter within the five-year period preceding the date of the filing
725 of such application, not taking into account any time during which
726 such individual is engaged in loan processing or underwriting but not
727 required to be licensed under subdivision (3) of subsection (b) of
728 section 36a-486, as amended by this act.

729 (c) (1) In order to meet the annual continuing education
730 requirements referred to in subsections (a) and (b) of section 36a-489,
731 as amended by this act, a licensed mortgage loan originator, a qualified
732 individual or branch manager and [, effective October 1, 2011,] a
733 licensed loan processor or underwriter, shall complete at least eight
734 hours of education approved in accordance with subdivision (2) of this
735 subsection. Such courses shall include at least (A) three hours of
736 instruction on relevant federal law and regulation; (B) two hours of
737 ethics, including instruction on fraud, consumer protection and fair
738 lending issues; (C) two hours of training related to lending standards
739 for the nontraditional mortgage product marketplace; and (D) effective
740 January 1, 2015, one hour of relevant Connecticut law.

741 (2) For purposes of subdivision (1) of this subsection, continuing
742 education courses shall be reviewed and approved by the system
743 based upon reasonable standards. Review and approval of a
744 continuing education course shall include review and approval of the

745 course provider.

746 (3) Nothing in this subsection shall preclude any education course
747 approved by the system that is provided by the sponsor or employer
748 or an entity that is affiliated with the mortgage loan originator,
749 qualified individual or branch manager or [, effective October 1, 2011,]
750 loan processor or underwriter by an agency contract, or by any
751 subsidiary or affiliate of such sponsor, employer or entity.

752 (4) Continuing education may be offered either in a classroom,
753 online or by any other means approved by the system.

754 (5) Except as provided in procedures adopted under subsections (a)
755 and (b) of section 36a-489, as amended by this act, or in regulations
756 adopted under subdivision (9) of this subsection, a licensed mortgage
757 loan originator, qualified individual or branch manager or [, effective
758 October 1, 2011,] a licensed loan processor or underwriter, may only
759 receive credit for a continuing education course in the year for which
760 the course is taken, and may not take the same approved course in the
761 same or successive years to meet the annual requirements for
762 continuing education.

763 (6) A licensed mortgage loan originator, [or] a qualified individual
764 or branch manager or [, effective October 1, 2011,] a licensed loan
765 processor or underwriter who is an approved instructor of an
766 approved continuing education course may receive credit for the
767 licensee's own annual continuing education requirement at the rate of
768 two hours credit for every one hour taught.

769 (7) When education requirements described in subdivision (1) of
770 subsection (a) of this section are completed in another state, such out-
771 of-state education requirements shall be accepted as credit towards
772 completion of the education requirements of this state, provided such
773 out-of-state education requirements are approved by the system.

774 (8) A licensed mortgage loan originator and [, effective October 1,

2011,] a licensed loan processor or underwriter who subsequently becomes unlicensed must complete the continuing education requirements for the last year in which the license was held prior to issuance of an initial or renewed license. A qualified individual or branch manager who ceases to hold such position shall complete the continuing education requirements for the last year in which such individual or branch manager held such position prior to licensure as a mortgage loan originator.

(9) A person who meets the requirements of subparagraphs (A)(i) and ~~[(A)(iii)]~~ (A)(ii) of subdivision (2) of subsection (a) or subparagraphs (A)(i) and (A) (iii) of subdivision (2) of subsection (b) of section 36a-489, as amended by this act, may compensate for any deficiency in an individual's continuing education requirements pursuant to regulations adopted by the commissioner.

(d) For purposes of this section "nontraditional mortgage product" means any mortgage product other than a thirty-year fixed rate mortgage.

Sec. 6. Section 36a-490 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2016*):

(a) (1) A mortgage lender, mortgage correspondent lender and mortgage broker license shall not be transferable or assignable. No licensee may use any name other than its legal name or a fictitious name approved by the commissioner, provided such licensee may not use its legal name if the commissioner disapproves use of such name. Any licensee who intends to permanently cease engaging in the business of making residential mortgage loans or acting as a mortgage broker at any time during a license period for any cause, including, but not limited to, bankruptcy or voluntary dissolution, shall file a request to surrender the license for each office at which the licensee intends to cease to do business, on the system, not later than fifteen days after the date of such cessation, provided this requirement shall not apply when

806 a license has been suspended pursuant to section 36a-51. No surrender
807 shall be effective until accepted by the commissioner.

808 (2) A mortgage loan originator licensee who intends to permanently
809 cease engaging in the business of a mortgage loan originator at any
810 time during a license period for any cause, including, but not limited
811 to, bankruptcy, shall file a request to surrender the license on the
812 system not later than fifteen days after the date of such cessation,
813 provided this requirement shall not apply when a license has been
814 suspended pursuant to section 36a-51. No surrender shall be effective
815 until accepted by the commissioner.

816 (3) [Effective October 1, 2011, a] A loan processor or underwriter
817 licensee who intends to permanently cease engaging in the activities of
818 a loan processor or underwriter at any time during a license period for
819 any cause, including, but not limited to, bankruptcy, shall file a request
820 to surrender the license on the system not later than fifteen days after
821 the date of such cessation, provided this requirement shall not apply
822 when a license has been suspended pursuant to section 36a-51. No
823 surrender shall be effective until accepted by the commissioner.

824 (b) A mortgage lender, mortgage correspondent lender or mortgage
825 broker licensee may change the name of the licensee or address of the
826 office specified on the most recent filing with the system if (1) at least
827 thirty calendar days prior to such change, the licensee files such
828 change with the system and, in the case of a main or branch office,
829 provides, directly to the commissioner, a bond rider or endorsement,
830 or addendum, as applicable, to the surety bond on file with the
831 commissioner that reflects the new name or address of the main or
832 branch office, and (2) the commissioner does not disapprove such
833 change, in writing, or request further information within such thirty-
834 day period. The licensee shall promptly file any change in the
835 information most recently submitted in connection with the license
836 with the system or, if the information cannot be filed on the system,
837 directly notify the commissioner, in writing, of such change in the

838 information.

839 (c) The mortgage lender, mortgage correspondent lender or
840 mortgage broker licensee shall promptly file with the system or, if the
841 information cannot be filed on the system, directly notify the
842 commissioner, in writing, of the occurrence of any of the following
843 developments:

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

846 (2) Filing of a criminal indictment against the licensee in any way
847 related to the lending or brokerage activities of the licensee, or
848 receiving notification of the filing of any criminal felony indictment or
849 felony conviction of any of the licensee's officers, directors, members,
850 partners or shareholders owning ten per cent or more of the
851 outstanding stock;

852 (3) Receiving notification of the institution of license denial, cease
853 and desist, suspension or revocation procedures, or other formal or
854 informal [regulatory] action by any governmental agency against the
855 licensee and the reasons therefor;

856 (4) Receiving notification of the initiation of any action by the
857 Attorney General or the attorney general of any other state and the
858 reasons therefor;

859 (5) Receiving notification of a material adverse action with respect
860 to any existing line of credit or warehouse credit agreement;

861 (6) Suspension or termination of the licensee's status as an approved
862 seller or servicer by the Federal National Mortgage Association,
863 Federal Home Loan Mortgage Corporation or Government National
864 Mortgage Association;

865 (7) Exercise of recourse rights by investors or subsequent assignees
866 of residential mortgage loans if such loans for which the recourse

867 rights are being exercised, in the aggregate, exceed the licensee's net
868 worth exclusive of real property and fixed assets;

869 (8) Receiving notification of filing for bankruptcy of any of the
870 licensee's officers, directors, members, partners or shareholders
871 owning ten per cent or more of the outstanding stock of the licensee; or

872 (9) A decrease in the net worth required by subsection (a) of section
873 36a-488, as amended by this act.

874 (d) Each mortgage loan originator licensee and [, effective October 1,
875 2011, each] loan processor or underwriter licensee shall promptly file
876 with the system or, if the information cannot be filed on the system,
877 directly notify the commissioner, in writing, of any change in the
878 information most recently submitted in connection with the license
879 and of the occurrence of any of the following developments:

880 (1) Filing for bankruptcy of the licensee;

881 (2) Filing of a criminal indictment against the licensee;

882 (3) Receiving notification of the institution of license or registration
883 denial, cease and desist, suspension or revocation procedures, or other
884 formal or informal [regulatory] action by any governmental agency
885 against the licensee and the reasons therefor; or

886 (4) Receiving notification of the initiation of any action against the
887 licensee by the Attorney General or the attorney general of any other
888 state and the reasons therefor.

889 (e) Each mortgage lender, mortgage correspondent lender,
890 mortgage broker, mortgage loan originator and loan processor or
891 underwriter license shall remain in force and effect until it has been
892 surrendered, revoked or suspended, or until it expires or is no longer
893 effective, in accordance with the provisions of this title.

894 Sec. 7. Section 36a-491 of the general statutes is repealed and the

895 following is substituted in lieu thereof (*Effective October 1, 2016*):

896 (a) [The expiration date of any mortgage lender, mortgage
897 correspondent lender and mortgage broker license that expires on
898 September 30, 2008, shall be extended to the close of business on
899 December 31, 2008. On and after July 1, 2008, each] Each mortgage
900 lender, mortgage correspondent lender, mortgage broker, mortgage
901 loan originator and [, on and after October 1, 2011, each] loan
902 processor or underwriter license shall expire at the close of business on
903 December thirty-first of the year in which it is approved, unless such
904 license is renewed, and provided any such license that is approved on
905 or after November first shall expire at the close of business on
906 December thirty-first of the year following the year in which it is
907 approved. An application for renewal of a license shall be filed
908 between November first and December thirty-first of the year in which
909 the license expires. Each applicant for an initial license or renewal of a
910 license as a mortgage lender or mortgage correspondent lender shall
911 pay to the system any required fees or charges and a license fee of one
912 thousand dollars, and each applicant for an initial or renewal license as
913 a mortgage broker shall pay to the system any required fees or charges
914 and a license fee of five hundred dollars. [, provided each mortgage
915 lender or mortgage correspondent lender licensee who is a licensee on
916 September 30, 2008, who submits a renewal application shall, at the
917 time of making such application, pay to the system any required fees
918 or charges and a license fee of one thousand one hundred twenty-five
919 dollars and each mortgage broker who was a licensee on June 30, 2008,
920 who submits a renewal application shall, at the time of making such
921 application, pay to the system any required fees or charges and a
922 license fee of five hundred sixty-five dollars. Effective November 1,
923 2009, each] Each applicant for an initial license or renewal of a license
924 as a mortgage loan originator [and, effective October 1, 2011, as a] or
925 loan processor or underwriter [,] shall pay to the system any required
926 fees or charges and a license fee of three hundred dollars.

927 (b) All fees paid pursuant to this section, including fees paid in

928 connection with an application that is denied or withdrawn prior to
929 the issuance of the license, shall be nonrefundable. No fee paid
930 pursuant to this section shall be prorated if the license is surrendered,
931 revoked or suspended prior to the expiration of the period for which it
932 was approved.

933 Sec. 8. Section 36a-492 of the 2016 supplement to the general statutes
934 is repealed and the following is substituted in lieu thereof (*Effective*
935 *October 1, 2016*):

936 (a) (1) Each licensed mortgage lender, mortgage correspondent
937 lender and mortgage broker shall file with the commissioner a single
938 surety bond, written by a surety authorized to write such bonds in this
939 state, covering its main office and file an addendum to such bond to
940 cover any branch office, in a penal sum determined in accordance with
941 subsection (d) of this section, provided the penal sum of the bond for
942 licensed mortgage lenders and mortgage correspondent lenders shall
943 be not less than one hundred thousand dollars and the penal sum of
944 the bond for mortgage brokers shall be not less than fifty thousand
945 dollars. The bond shall cover all mortgage loan originators sponsored
946 by such licensee.

947 (2) Each mortgage loan originator licensee shall be covered by a
948 surety bond with a penal sum in an amount that reflects the dollar
949 amount of loans originated by such mortgage loan originator in
950 accordance with subsection (d) of this section, provided such coverage
951 shall be provided through a single surety bond filed with the
952 commissioner by the person who sponsors such mortgage loan
953 originator.

954 (3) [Effective October 1, 2011,] (A) [in] In the case of an exempt
955 registrant under subdivision (1), (2) or (3) of subsection (a) of section
956 36a-487: (i) The surety bond shall cover all mortgage loan originators
957 sponsored by such exempt registrant and comply with the
958 requirements set forth in this section, and (ii) the penal sum of such

959 bond shall be in an amount determined in accordance with subsection
960 (d) of this section, provided the penal sum of the bond shall be not less
961 than one hundred thousand dollars; (B) in the case of an exempt
962 registrant under subsection (b) of section 36a-487: (i) The surety bond
963 shall cover all mortgage loan originators sponsored by such exempt
964 registrant and comply with the requirements set forth in this section,
965 and (ii) the penal sum of the bond shall be in an amount determined in
966 accordance with subsection (d) of this section, provided the penal sum
967 shall be not less than fifty thousand dollars; and (C) in the case of an
968 exempt registrant under subdivision (4) of subsection (a) of section
969 36a-487, the surety bond shall cover all mortgage loan originators
970 sponsored by such exempt registrant and comply with the
971 requirements set forth in section 36a-671d.

972 (4) (A) The principal on a bond required by subdivisions (1) and (2)
973 of this subsection shall annually confirm, in connection with any
974 renewal request, that it maintains the required penal sum in an
975 amount required by subsection (d) of this section after review of the
976 preceding four-quarter period ending June thirtieth. The principal
977 shall file such information as the commissioner may require under
978 subsection (d) of this section and shall file, as the commissioner may
979 require, pursuant to subdivision (d) of this section, any bond rider or
980 endorsement to the surety bond on file with the commissioner to
981 reflect any changes necessary to maintain the surety bond coverage
982 required by this section.

983 (B) [Effective October 1, 2011, the] The principal on a bond required
984 by subdivision (3) of this subsection shall annually confirm, in
985 connection with any renewal request, that it maintains the required
986 penal sum in an amount required by subsection (d) of this section after
987 review of the preceding four-quarter period ending June thirtieth. The
988 principal shall file such information as the commissioner may require
989 under subsection (d) of this section and shall file, as the commissioner
990 may require pursuant to subsection (d) of this section, any bond rider
991 or endorsement to the surety bond on file with the commissioner to

992 reflect any changes necessary to maintain the surety bond coverage
993 required by this section.

994 (5) The commissioner may adopt regulations in accordance with
995 chapter 54 with respect to the requirements for such surety bonds.

996 (b) The bond required by subsection (a) of this section shall be (1) in
997 a form approved by the Attorney General, and (2) conditioned upon
998 the mortgage lender, mortgage correspondent lender or mortgage
999 broker licensee and any mortgage loan originator licensee sponsored
1000 by such mortgage lender, mortgage correspondent lender or mortgage
1001 broker or, in the case of a mortgage loan originator licensee sponsored
1002 after October 1, 2011, by an exempt registrant, upon such mortgage
1003 loan originator licensee faithfully performing any and all written
1004 agreements or commitments with or for the benefit of borrowers and
1005 prospective borrowers, truly and faithfully accounting for all funds
1006 received from a borrower or prospective borrower by the licensee in
1007 the licensee's capacity as a mortgage lender, mortgage correspondent
1008 lender, mortgage broker or mortgage loan originator, and conducting
1009 such mortgage business consistent with the provisions of sections 36a-
1010 485 to 36a-498f, inclusive, as amended by this act, 36a-534a and 36a-
1011 534b, as amended by this act. Any borrower or prospective borrower
1012 who may be damaged by failure to perform any written agreements or
1013 commitments, or by the wrongful conversion of funds paid by a
1014 borrower or prospective borrower to a licensee, may proceed on such
1015 bond against the principal or surety thereon, or both, to recover
1016 damages. [Commencing August 1, 2009, any] Any borrower or
1017 prospective borrower who may be damaged by a mortgage lender,
1018 mortgage correspondent lender, mortgage broker or mortgage loan
1019 originator licensee's failure to satisfy a judgment against the licensee
1020 arising from the making or brokering of a nonprime home loan, as
1021 defined in section 36a-760, may proceed on such bond against the
1022 principal or surety thereon, or both, to recover the amount of the
1023 judgment. The commissioner may proceed on such bond against the
1024 principal or surety thereon, or both, to collect any civil penalty

1025 imposed upon a licensee pursuant to subsection (a) of section 36a-50
1026 and any unpaid costs of examination of a licensee as determined
1027 pursuant to section 36a-65, as amended by this act. The proceeds of the
1028 bond, even if commingled with other assets of the principal, shall be
1029 deemed by operation of law to be held in trust for the benefit of such
1030 claimants against the principal in the event of bankruptcy of the
1031 principal and shall be immune from attachment by creditors and
1032 judgment creditors. The bond shall run concurrently with the period of
1033 the license for the main office and the aggregate liability under the
1034 bond shall not exceed the penal sum of the bond. The principal shall
1035 notify the commissioner of the commencement of an action on the
1036 bond. When an action is commenced on a principal's bond, the
1037 commissioner may require the filing of a new bond and immediately
1038 on recovery on any action on the bond, the principal shall file a new
1039 bond.

1040 (c) The surety company shall have the right to cancel the bond at
1041 any time by a written notice to the principal stating the date
1042 cancellation shall take effect. Such notice shall be sent by certified mail
1043 to the principal at least thirty days prior to the date of cancellation. A
1044 surety bond shall not be cancelled unless the surety company notifies
1045 the commissioner in writing not less than thirty days prior to the
1046 effective date of cancellation. After receipt of such notification from the
1047 surety company, the commissioner shall give written notice to the
1048 principal of the date such bond cancellation shall take effect and such
1049 notice shall be deemed notice to each mortgage loan originator licensee
1050 sponsored by such principal. The commissioner shall automatically
1051 suspend the licenses of a mortgage lender, mortgage correspondent
1052 lender or mortgage broker on such date and inactivate the licenses of
1053 the mortgage loan originators sponsored by such lender,
1054 correspondent lender or broker. [On and after October 1, 2011, in] In
1055 the case of a cancellation of an exempt registrant's bond, the
1056 commissioner shall inactivate the licenses of the mortgage loan
1057 originators sponsored by such exempt registrant. No automatic

1058 suspension or inactivation shall occur if, prior to the date that the bond
1059 cancellation shall take effect, (1) the principal submits a letter of
1060 reinstatement of the bond from the surety company or a new bond, (2)
1061 the mortgage lender, mortgage correspondent lender or mortgage
1062 broker licensee has ceased business and has surrendered all licenses in
1063 accordance with subsection (a) of section 36a-490, as amended by this
1064 act, or (3) in the case of a mortgage loan originator licensee, the
1065 sponsorship with the mortgage lender, mortgage correspondent lender
1066 or mortgage broker who was automatically suspended pursuant to this
1067 section or, [after October 1, 2011,] with the exempt registrant who
1068 failed to provide the bond required by this section, has been
1069 terminated and a new sponsor has been requested and approved. After
1070 a mortgage lender, mortgage correspondent lender or mortgage broker
1071 license has been automatically suspended pursuant to this section, the
1072 commissioner shall give such licensee notice of the automatic
1073 suspension, pending proceedings for revocation or refusal to renew
1074 pursuant to section 36a-494, as amended by this act, and an
1075 opportunity for a hearing on such action in accordance with section
1076 36a-51 and require such licensee to take or refrain from taking such
1077 action as in the opinion of the commissioner will effectuate the
1078 purposes of this section. [Effective October 1, 2011, the] The
1079 commissioner may provide information to an exempt registrant
1080 concerning actions taken by the commissioner pursuant to this
1081 subsection against any mortgage loan originator licensee that was
1082 sponsored and bonded by such exempt registrant.

1083 (d) The penal sum of the bond required by subdivisions (1) to (3),
1084 inclusive, of subsection (a) of this section shall be determined as
1085 follows:

1086 (1) An applicant for an initial mortgage lender license or mortgage
1087 correspondent lender license shall file a bond in a penal sum of one
1088 hundred thousand dollars in connection with its application for the
1089 main office.

1090 (2) An applicant for an initial mortgage broker license shall file a
1091 bond in a penal sum of fifty thousand dollars in connection with its
1092 application for the main office.

1093 (3) [Effective October 1, 2011, an] An exempt registrant under
1094 subsection (d) of section 36a-487 who is exempt from licensure under
1095 subdivision (1), (2) or (3) of subsection (a) of section 36a-487 shall file a
1096 bond in a penal sum of one hundred thousand dollars the first time
1097 such exempt registrant sponsors a mortgage loan originator.

1098 (4) [Effective October 1, 2011, an] An exempt registrant under
1099 subsection (d) of section 36a-487 who is exempt from licensure under
1100 subsection (b) of section 36a-487 shall file a bond in a penal sum of fifty
1101 thousand dollars the first time such exempt registrant sponsors a
1102 mortgage loan originator.

1103 (5) [Effective October 1, 2011, an] An exempt registrant under
1104 subsection (d) of section 36a-487, who is exempt from licensure under
1105 subdivision (4) of subsection (a) of section 36a-487, shall file a bond in
1106 a penal sum as set forth in section 36a-671d.

1107 (6) (A) For mortgage lender and mortgage correspondent lender
1108 licensees [] and [, after October 1, 2011,] persons sponsoring and
1109 bonding at least one mortgage loan originator as an exempt registrant
1110 under subsection (d) of section 36a-487 and who are exempt from
1111 licensing under subdivision (1), (2) or (3) of subsection (a) of section
1112 36a-487 if: (i) The aggregate dollar amount of all residential mortgage
1113 loans originated by such licensee at all licensed locations or by the
1114 exempt registrant during the preceding four quarters ending June
1115 thirtieth is less than thirty million dollars, the penal sum of the bond
1116 shall be one hundred thousand dollars; (ii) the aggregate dollar
1117 amount of all residential mortgage loans originated by such licensee at
1118 all licensed locations or by the exempt registrant during the preceding
1119 four quarters ending June thirtieth is thirty million dollars or more but
1120 less than one hundred million dollars, the penal sum of the bond shall

1121 be two hundred thousand dollars; (iii) the aggregate dollar amount of
1122 all residential mortgage loans originated by such licensee at all
1123 licensed locations or by the exempt registrant during the preceding
1124 four quarters ending June thirtieth is one hundred million dollars or
1125 more but less than two hundred fifty million dollars, the penal sum of
1126 the bond shall be three hundred thousand dollars; and (iv) the
1127 aggregate dollar amount of all residential mortgage loans originated
1128 by such licensee at all licensed locations or by the exempt registrant
1129 during the preceding four quarters ending June thirtieth is two
1130 hundred fifty million dollars or more, the penal sum of the bond shall
1131 be five hundred thousand dollars.

1132 (B) For mortgage broker licensees and [, after October 1, 2011,]
1133 persons who are sponsoring and bonding at least one mortgage loan
1134 originator as an exempt registrant under subsection (d) of section 36a-
1135 487 and who are exempt from licensing under subsection (b) or (c) of
1136 section 36a-487 [:] if: (i) The aggregate dollar amount of all residential
1137 mortgage loans originated by such licensee at all licensed locations or
1138 by the exempt registrant during the preceding four quarters ending
1139 June thirtieth is less than thirty million dollars, the penal sum of the
1140 bond shall be fifty thousand dollars; (ii) the aggregate dollar amount of
1141 all residential mortgage loans originated by such licensee at all
1142 licensed locations or by the exempt registrant during the preceding
1143 four quarters ending June thirtieth is thirty million dollars or more but
1144 less than fifty million dollars, the penal sum of the bond shall be one
1145 hundred thousand dollars; and (iii) the aggregate dollar amount of all
1146 residential mortgage loans originated by such licensee at all licensed
1147 locations or by the exempt registrant during the preceding four
1148 quarters ending June thirtieth is fifty million dollars or more, the penal
1149 sum of the bond shall be one hundred fifty thousand dollars.

1150 (7) For purposes of this subsection, the aggregate dollar amount of
1151 all residential mortgage loans originated by such licensee or [, after
1152 October 1, 2011, such] exempt registrant [:] includes the aggregate
1153 dollar amount of all closed residential mortgage loans that the licensee

1154 or exempt registrant originated, brokered or made, as applicable.

1155 (8) Financial information necessary to verify the aggregate dollar
1156 amount of residential mortgage loans originated shall be filed with the
1157 commissioner, as the commissioner may require, and shall be reported
1158 on the system at such time and in such form as the system may
1159 require.

1160 (9) The commissioner may require a change in the penal sum of the
1161 bond if the commissioner determines at any time that the aggregate
1162 dollar amount of all residential mortgage loans originated warrants a
1163 change in the penal sum of the bond.

1164 Sec. 9. Subsection (c) of section 36a-494 of the 2016 supplement to
1165 the general statutes is repealed and the following is substituted in lieu
1166 thereof (*Effective October 1, 2016*):

1167 (c) (1) The commissioner may order a licensee to remove any
1168 individual conducting business under sections 36a-485 to 36a-498f,
1169 inclusive, as amended by this act, 36a-534a and 36a-534b, as amended
1170 by this act, from office and from employment or retention as an
1171 independent contractor in the mortgage business in this state
1172 whenever the commissioner finds as the result of an investigation that
1173 such [person] individual: (A) Has violated any of said sections or any
1174 regulation or order issued thereunder; or (B) for any reason that would
1175 be sufficient grounds for the commissioner to deny a license under
1176 section 36a-489, as amended by this act, by sending a notice to such
1177 [person] individual by registered or certified mail, return receipt
1178 requested, or by any express delivery carrier that provides a dated
1179 delivery receipt. The notice shall be deemed received by such [person]
1180 individual on the earlier of the date of actual receipt or seven days
1181 after mailing or sending. Any such notice shall include: (i) A statement
1182 of the time, place and nature of the hearing; (ii) a statement of the legal
1183 authority and jurisdiction under which the hearing is to be held; (iii) a
1184 reference to the particular sections of the general statutes, regulations

1185 or orders alleged to have been violated; (iv) a short and plain
1186 statement of the matters asserted; and (v) a statement indicating that
1187 such [person] individual may file a written request for a hearing on the
1188 matters asserted not later than fourteen days after receipt of the notice.
1189 If the commissioner finds that the protection of borrowers requires
1190 immediate action, the commissioner may suspend any such [person]
1191 individual from office and require such [person] individual to take or
1192 refrain from taking such action as in the opinion of the commissioner
1193 will effectuate the purposes of this subsection, by incorporating a
1194 finding to that effect in such notice. The suspension or prohibition
1195 shall become effective upon receipt of such notice and, unless stayed
1196 by a court, shall remain in effect until the entry of a permanent order
1197 or the dismissal of the matters asserted.

1198 (2) If a hearing is requested within the time specified in the notice,
1199 the commissioner shall hold a hearing upon the matters asserted in the
1200 notice unless such [person] individual fails to appear at the hearing.
1201 After the hearing, if the commissioner finds that any of the grounds set
1202 forth in subparagraph (A) or (B), of subdivision (1) of this subsection
1203 exist with respect to such [person] individual, the commissioner may
1204 order the removal of such [person] individual from office and from
1205 any employment in the mortgage business in this state. If such
1206 [person] individual fails to appear at the hearing, the commissioner
1207 may order the removal of such [person] individual from office and
1208 from employment in the mortgage business in this state.

1209 Sec. 10. Section 36a-498e of the general statutes is repealed and the
1210 following is substituted in lieu thereof (*Effective October 1, 2016*):

1211 No person or individual who is required to be licensed and who is
1212 subject to sections 36a-485 to 36a-498f, inclusive, as amended by this
1213 act, 36a-534a and 36a-534b, as amended by this act, may:

1214 (1) Directly or indirectly employ any scheme, device or artifice to
1215 defraud or mislead borrowers or lenders or to defraud any person;

- 1216 (2) Engage in any unfair or deceptive practice toward any person;
- 1217 (3) Obtain property by fraud or misrepresentation;
- 1218 (4) Solicit or enter into a contract with a borrower that provides in
1219 substance that such person or individual may earn a fee or commission
1220 through "best efforts" to obtain a loan even though no loan is actually
1221 obtained for the borrower;
- 1222 (5) Solicit, advertise or enter into a contract for specific interest rates,
1223 points or other financing terms unless the terms are actually available
1224 at the time of soliciting, advertising or contracting;
- 1225 (6) Conduct any business as a mortgage lender, mortgage
1226 correspondent lender, mortgage broker, mortgage loan originator or
1227 loan processor or underwriter without holding a valid license as
1228 required under sections 36a-485 to 36a-498f, inclusive, as amended by
1229 this act, 36a-534a and 36a-534b, as amended by this act, or assist or
1230 [aide] aid and abet any person in the conduct of business as a
1231 mortgage lender, mortgage correspondent lender, mortgage broker,
1232 lead generator, mortgage loan originator or loan processor or
1233 underwriter without a valid license as required under said sections
1234 and sections 14 to 23, inclusive, of this act;
- 1235 (7) Fail to make disclosures as required by sections 36a-485 to 36a-
1236 498f, inclusive, as amended by this act, 36a-534a and 36a-534b, as
1237 amended by this act, and any other applicable state or federal law
1238 including regulations thereunder;
- 1239 (8) Fail to comply with sections 36a-485 to 36a-498f, inclusive, as
1240 amended by this act, 36a-534a and 36a-534b, as amended by this act, or
1241 rules or regulations adopted under said sections or fail to comply with
1242 any other state or federal law, including the rules and regulations
1243 thereunder, applicable to any business authorized or conducted under
1244 said sections;

1245 (9) Make, in any manner, any false or deceptive statement or
1246 representation including, with regard to the rates, points or other
1247 financing terms or conditions for a residential mortgage loan, or
1248 engage in bait and switch advertising;

1249 (10) Negligently make any false statement or knowingly and
1250 wilfully make any omission of material fact in connection with any
1251 information or reports filed with a governmental agency or the system,
1252 as defined in section 36a-2, or in connection with any investigation
1253 conducted by the commissioner or another governmental agency;

1254 (11) Make any payment, threat or promise, directly or indirectly, to
1255 any person for the purposes of influencing the independent judgment
1256 of the person in connection with a residential mortgage loan as defined
1257 in section 36a-485, as amended by this act, or make any payment,
1258 threat or promise, directly or indirectly, to any appraiser of a property,
1259 for the purposes of influencing the independent judgment of the
1260 appraiser with respect to the value of the property;

1261 (12) Collect, charge, attempt to collect or charge or use or propose
1262 any agreement purporting to collect or charge any fee prohibited by
1263 sections 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-
1264 534a and 36a-534b, as amended by this act;

1265 (13) Cause or require a borrower to obtain property insurance
1266 coverage in an amount that exceeds the replacement cost of the
1267 improvements as established by the property insurer; or

1268 (14) Fail to truthfully account for moneys belonging to a party to a
1269 residential mortgage loan transaction.

1270 Sec. 11. Section 36a-498f of the general statutes is repealed and the
1271 following is substituted in lieu thereof (*Effective October 1, 2016*):

1272 (a) In addition to any authority provided under this title, the
1273 [Banking Commissioner] commissioner shall have the authority to

1274 conduct investigations and examinations as follows:

1275 (1) For purposes of initial licensing, license renewal, license
1276 suspension, license conditioning, license revocation or termination, or
1277 general or specific inquiry or investigation to determine compliance
1278 with sections 36a-485 to 36a-498f, inclusive, as amended by this act,
1279 36a-534a and 36a-534b, as amended by this act, the commissioner may
1280 access, receive and use any books, accounts, records, files, documents,
1281 information or evidence including, but not limited to: (A) Criminal,
1282 civil and administrative history information; (B) personal history and
1283 experience information including independent credit reports obtained
1284 from a consumer reporting agency described in Section 603(p) of the
1285 federal Fair Credit Reporting Act, 15 USC 1681a; and (C) any other
1286 documents, information or evidence the commissioner deems relevant
1287 to the inquiry or investigation regardless of the location, possession,
1288 control or custody of such documents, information or evidence.

1289 (2) For the purposes of investigating violations or complaints arising
1290 under sections 36a-485 to 36a-498f, inclusive, as amended by this act,
1291 36a-534a or 36a-534b, as amended by this act, or for the purposes of
1292 examination, the commissioner may review, investigate or examine
1293 any licensee, individual or person subject to said sections as often as
1294 necessary in order to carry out the purposes of said sections. The
1295 commissioner may direct, subpoena or order the attendance of and
1296 examine under oath all persons whose testimony may be required
1297 about the loans or the business or subject matter of any such
1298 examination or investigation, and may direct, subpoena or order such
1299 person to produce books, accounts, records, files and any other
1300 documents the commissioner deems relevant to the inquiry.

1301 (b) Each licensee [,] or individual [or person] subject to sections 36a-
1302 485 to 36a-498f, inclusive, as amended by this act, 36a-534a and 36a-
1303 534b, as amended by this act, shall make or compile reports or prepare
1304 other information as directed by the commissioner in order to carry
1305 out the purposes of this section including accounting compilations,

1306 information lists and data concerning loan transactions in a format
1307 prescribed by the commissioner or such other information the
1308 commissioner deems necessary to carry out the purposes of this
1309 section.

1310 (c) In making any examination or investigation authorized by this
1311 section, the commissioner may control access to any documents and
1312 records of the licensee or person under examination or investigation.
1313 The commissioner may take possession of the documents and records
1314 or place a person in exclusive charge of the documents and records in
1315 the place where they are usually kept. During the period of control, no
1316 individual or person shall remove or attempt to remove any of the
1317 documents and records except pursuant to a court order or with the
1318 consent of the commissioner. Unless the commissioner has reasonable
1319 grounds to believe the documents or records of the licensee have been,
1320 or are at risk of being, altered or destroyed for purposes of concealing
1321 a violation of sections 36a-485 to 36a-498f, inclusive, as amended by
1322 this act, 36a-534a or 36a-534b, as amended by this act, the licensee or
1323 owner of the documents and records shall have access to the
1324 documents or records as necessary to conduct its ordinary business
1325 affairs.

1326 (d) In order to carry out the purposes of this section, the
1327 commissioner may:

1328 (1) Retain attorneys, accountants or other professionals and
1329 specialists as examiners, auditors or investigators to conduct or assist
1330 in the conduct of examinations or investigations;

1331 (2) Enter into agreements or relationships with other government
1332 officials or regulatory associations in order to improve efficiencies and
1333 reduce regulatory burden by sharing resources, standardized or
1334 uniform methods or procedures, and documents, records, information
1335 or evidence obtained under this section;

1336 (3) Use, hire, contract or employ public or privately available

1337 analytical systems, methods or software to examine or investigate the
1338 licensee, individual or person subject to sections 36a-485 to 36a-498f,
1339 inclusive, as amended by this act, 36a-534a and 36a-534b, as amended
1340 by this act;

1341 (4) Accept and rely on examination or investigation reports made by
1342 other government officials, within or without this state; and

1343 (5) Accept audit reports made by an independent certified public
1344 accountant for the licensee, individual or person subject to sections
1345 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-534a and
1346 36a-534b, as amended by this act, in the course of that part of the
1347 examination covering the same general subject matter as the audit and
1348 may incorporate the audit report in the report of the examination,
1349 report of investigation or other writing of the commissioner.

1350 (e) The authority of this section shall remain in effect, whether such
1351 licensee [,] or individual [or person] subject to sections 36a-485 to 36a-
1352 498f, inclusive, as amended by this act, 36a-534a and 36a-534b, as
1353 amended by this act, acts or claims to act under any licensing or
1354 registration law of this state, or claims to act without such authority.

1355 (f) No licensee [,] or individual [or person] subject to investigation
1356 or examination under this section may knowingly withhold, abstract,
1357 remove, mutilate, destroy or secrete any books, records, computer
1358 records or other information.

1359 Sec. 12. Section 36a-534b of the general statutes is repealed and the
1360 following is substituted in lieu thereof (*Effective October 1, 2016*):

1361 (a) (1) In addition to any other duties imposed upon the
1362 commissioner by law, the commissioner shall require mortgage
1363 lenders, mortgage correspondent lenders, mortgage brokers, lead
1364 generators, mortgage loan originators and loan processors or
1365 underwriters to be licensed and registered through the system. In
1366 order to carry out this requirement, the commissioner shall participate

1367 in the system and permit the system to process applications for
1368 mortgage lender, mortgage correspondent lender, mortgage broker,
1369 lead generator, mortgage loan originator and loan processor or
1370 underwriter licenses in this state and receive and maintain records
1371 related to such licenses that are allowed or required to be maintained
1372 by the commissioner. For this purpose, the commissioner may
1373 establish requirements as necessary for participation in the system,
1374 including: (A) Background checks for criminal history through (i)
1375 fingerprint or other databases, (ii) civil or administrative records, or
1376 (iii) credit history or any other information as deemed necessary by the
1377 system; (B) the payment of fees to apply for or renew licenses through
1378 the system; (C) the setting or resetting of renewal or reporting dates;
1379 and (D) the requirements for amending or surrendering a license or
1380 any other such activities as the commissioner deems necessary for
1381 participation in the system. For the purpose of participating in the
1382 system, the commissioner may waive or modify, in whole or in part,
1383 by regulation or order, any requirement of this section and sections
1384 36a-485 to 36a-498f, inclusive, as amended by this act, and 36a-534a
1385 and establish new requirements as reasonably necessary to participate
1386 in the system. For the purposes of implementing an orderly and
1387 efficient licensing process, the commissioner may adopt licensing
1388 regulations, in accordance with the provisions of chapter 54, and
1389 interim procedures for licensing and acceptance of applications. For
1390 previously licensed individuals, the commissioner may establish
1391 expedited review and licensing procedures.

1392 (2) The commissioner shall report regularly to the system violations
1393 of and enforcement actions under sections 36a-485 to 36a-498f,
1394 inclusive, as amended by this act, 36a-534a and 36a-534b, as amended
1395 by this act, and other relevant information.

1396 (3) The commissioner may establish relationships or enter into
1397 contracts with the system or other entities designated by the system to
1398 collect and maintain records and process transaction fees or other fees
1399 related to licensees or other persons subject to sections 36a-485 to 36a-

1400 498f, inclusive, as amended by this act, 36a-534a and 36a-534b, as
1401 amended by this act.

1402 (4) For the purposes of sections 36a-485 to 36a-498f, inclusive, as
1403 amended by this act, 36a-534a and 36a-534b, as amended by this act,
1404 and to reduce the points of contact that the Federal Bureau of
1405 Investigation may have to maintain for purposes of subsections (b) and
1406 (c) of section 36a-488, as amended by this act, the commissioner may
1407 use the system as a channeling agent for requesting information from
1408 and distributing information to the United States Department of Justice
1409 or any governmental agency.

1410 (5) For the purposes of sections 36a-485 to 36a-498f, inclusive, as
1411 amended by this act, 36a-534a and 36a-534b, as amended by this act,
1412 and to reduce the points of contact that the commissioner may have to
1413 maintain for purposes of subsections (b) and (c) of section 36a-488, as
1414 amended by this act, the commissioner may use the system as a
1415 channeling agent for requesting and distributing information to and
1416 from any source, as directed by the commissioner.

1417 (6) Mortgage lenders, mortgage correspondent lenders, mortgage
1418 brokers, lead generators, mortgage loan originators and [, effective
1419 October 1, 2011, individuals licensed as] loan processors or
1420 underwriters may challenge information entered into the system by
1421 the commissioner. Such challenge shall (A) be made in writing to the
1422 commissioner, (B) set forth the specific information being challenged,
1423 and (C) include any evidence which supports the challenge.
1424 Challenges shall be limited to the factual accuracy of information
1425 within the system. If the commissioner determines that the information
1426 entered into the system is factually inaccurate, the commissioner shall
1427 take prompt action to correct such information. Nothing in this
1428 subdivision shall be construed to permit a challenge under this section
1429 to the merits or factual basis of any administrative action taken by the
1430 commissioner pursuant to this title.

1431 [(b) (1) Each first mortgage lender license and secondary mortgage
1432 lender license in existence on June 30, 2008, shall be deemed on and
1433 after July 1, 2008, to be a mortgage lender license, as defined in section
1434 36a-485; (2) each first mortgage correspondent lender license and
1435 secondary mortgage correspondent lender license in existence on June
1436 30, 2008, shall be deemed on and after July 1, 2008, to be a mortgage
1437 correspondent lender license, as defined in section 36a-485; (3) each
1438 first mortgage broker license and secondary mortgage broker license in
1439 existence on June 30, 2008, shall be deemed on and after July 1, 2008, to
1440 be a mortgage broker license, as defined in section 36a-485; and (4)
1441 each originator registration in existence on June 30, 2008, shall be
1442 deemed on and after July 1, 2008, to be a mortgage loan originator
1443 license, as defined in section 36a-485.

1444 (c) (1) Each person licensed on July 1, 2008, as a mortgage lender,
1445 mortgage correspondent lender, mortgage broker or mortgage loan
1446 originator shall, prior to October 1, 2008, transition on to the system by
1447 submitting all licensing and license-related information required by
1448 the system for this state.]

1449 [(2) On and after July 1, 2008, any] (b) Any licensing or license-
1450 related filings shall be submitted exclusively through the system,
1451 except as directed by the commissioner.

1452 [(3)] (c) Any person making any filing or submission of any
1453 information on the system shall do so in accordance with the
1454 procedures and requirements of the system and pay the applicable fees
1455 or charges to the system. Each mortgage lender, mortgage
1456 correspondent lender, mortgage broker, lead generator, mortgage loan
1457 originator and loan processor or underwriter licensee and each exempt
1458 registrant, to the extent required by the system, shall timely submit to
1459 the system accurate reports of condition that shall be in such form and
1460 shall contain such information as the system may require. Failure by a
1461 licensee to submit a timely and accurate report of condition shall
1462 constitute a violation of this provision. Failure of an exempt registrant

1463 to timely and accurately submit a report of condition shall form a basis
1464 to inactivate the licenses of all sponsored mortgage loan originators or
1465 loan processor or underwriters. To the extent that the system does not
1466 require submission of reports of condition by individual mortgage
1467 loan originator or loan processor or underwriter licensees, such
1468 individual licensees shall timely and accurately report all required
1469 information in their possession to their sponsor for purposes of their
1470 sponsor's reporting obligation. Failure of an individual licensee to
1471 timely and accurately report required information in such licensee's
1472 possession to such licensee's sponsor shall constitute a violation of this
1473 provision.

1474 [(d) Notwithstanding the provisions of this section, any initial
1475 application for a license submitted on the system between October 1,
1476 2008, and December 31, 2008, shall not be approved by the
1477 commissioner prior to January 1, 2009.]

1478 Sec. 13. Subdivision (1) of subsection (d) of section 36a-719 of the
1479 general statutes is repealed and the following is substituted in lieu
1480 thereof (*Effective October 1, 2016*):

1481 (d) (1) Withdrawal of an application for a license filed under this
1482 section shall become effective upon [receipt by the commissioner of a
1483 notice of intent to withdraw such application] the commissioner's
1484 acceptance on the system of a withdrawal request. The commissioner
1485 may deny a license up to one year after the effective date of
1486 withdrawal.

1487 Sec. 14. (NEW) (*Effective October 1, 2016*) On and after January 1,
1488 2017, no person shall act as a lead generator, directly or indirectly,
1489 without first obtaining a license under section 15 of this act.

1490 Sec. 15. (NEW) (*Effective October 1, 2016*) (a) The Banking
1491 Commissioner shall issue a lead generator license to an applicant for
1492 such license if the commissioner finds, at a minimum, that: (1) The
1493 applicant demonstrates the character, integrity and general fitness of

1494 the applicant, the control persons of the applicant and the qualified
1495 individual; (2) the applicant has not made a material misstatement in
1496 the application; and (3) the applicant has met any other requirements
1497 determined by the commissioner. If the commissioner fails to make
1498 such findings, the commissioner shall not issue a license and shall
1499 notify the applicant of the denial and the reasons for such denial.
1500 Subject to the provisions of 46a-80 of the general statutes, the
1501 commissioner may deny an application based on the history of
1502 criminal convictions of the applicant, its control persons or qualified
1503 individual.

1504 (b) An application for a license as a lead generator or an application
1505 for a license renewal shall be filed, in a form prescribed by the
1506 commissioner, with the system, as defined in section 36a-2 of the
1507 general statutes, and accompanied by the fees required under section
1508 18 of this act. Each such form shall contain content as set forth by
1509 instruction or procedure of the commissioner and may be changed or
1510 updated as necessary by the commissioner in order to carry out of the
1511 purposes of sections 14 to 23, inclusive, of this act. The applicant shall,
1512 at a minimum, furnish to the system information concerning the
1513 identity of the applicant, any control person of the applicant and the
1514 qualified individual, including, but not limited to, personal history and
1515 experience, in a form prescribed by the system and information related
1516 to any administrative, civil or criminal findings by any governmental
1517 jurisdiction. The applicant shall notify the commissioner on the system
1518 of any change to the information submitted in connection with its most
1519 recent application for licensure not later than fifteen days after the
1520 applicant has reason to know of such change. The commissioner, in
1521 accordance with section 29-17a of the general statutes, may conduct a
1522 state or national criminal history records check of the applicant, any
1523 control person of the applicant and the qualified individual, and, in
1524 accordance with section 36a-24b of the general statutes, may require
1525 the submission of fingerprints of such persons to the Federal Bureau of
1526 investigation or other state, national or international criminal

1527 databases as part of the application.

1528 (c) (1) The minimum standards for license renewal for a lead
1529 generator shall include the following: (A) The applicant continues to
1530 meet the minimum standards under subsection (a) of this section; and
1531 (B) the lead generator has paid all required fees for renewal of the
1532 license.

1533 (2) The license of a lead generator who fails to satisfy the minimum
1534 standards for license renewal shall expire. The commissioner may
1535 adopt procedures for the reinstatement of expired licenses consistent
1536 with the standards established by the system. The commissioner may
1537 automatically suspend a lead generator license if the licensee receives a
1538 deficiency on the system indicating that the payment required by
1539 subdivision (1) of this subsection was Returned-ACH or returned
1540 pursuant to such other term as may be utilized by the system to
1541 indicate that the payment was not accepted. After a license has been
1542 automatically suspended pursuant to this section, the commissioner
1543 shall (A) give such licensee notice of the automatic suspension,
1544 pending proceedings for revocation or refusal to renew pursuant to
1545 section 20 of this act, and an opportunity for a hearing on such action
1546 in accordance with section 36a-51 of the general statutes, and (B)
1547 require such licensee to take or refrain from taking such action that, in
1548 the opinion of the commissioner, will effectuate the purposes of this
1549 section.

1550 (d) (1) Withdrawal of an application for a license shall become
1551 effective upon the commissioner's acceptance on the system of a
1552 withdrawal request. The commissioner may deny a license up to the
1553 date one year after the effective date of withdrawal.

1554 (2) If the license of a lead generator expires due to the licensee's
1555 failure to renew, the commissioner may institute a revocation or
1556 suspension proceeding or issue an order suspending or revoking such
1557 license pursuant to section 20 of this act not later than one year after

1558 the date of such expiration.

1559 (e) The commissioner may deem an application for a license under
1560 this section abandoned if the applicant fails to respond to any request
1561 for information required under sections 14 to 23, inclusive, of this act
1562 or the regulations adopted pursuant to said sections. The
1563 commissioner shall notify the applicant on the system that, if such
1564 information is submitted more than sixty days after the date of such
1565 request, the application shall be deemed abandoned. An application
1566 filing fee paid prior to the date an application is deemed abandoned
1567 pursuant to this subsection shall not be refunded. Abandonment of an
1568 application pursuant to this subsection shall not preclude the applicant
1569 from submitting a new application for a license under sections 14 to 23,
1570 inclusive, of this act.

1571 Sec. 16. (NEW) (*Effective October 1, 2016*) (a) A lead generator license
1572 shall not be transferable or assignable. No licensee may use any name
1573 other than its legal name or a fictitious name approved by the Banking
1574 Commissioner, provided such licensee may not use its legal name if
1575 the commissioner disapproves of the use of such name. Any licensee
1576 who intends to permanently cease acting as a lead generator at any
1577 time during a license period for any cause, including, but not limited
1578 to, bankruptcy or voluntary dissolution, shall file a request to
1579 surrender the license on the system, as defined in section 36a-2 of the
1580 general statutes, not later than fifteen days after the date of cessation,
1581 provided this requirement shall not apply when a license has been
1582 suspended pursuant to section 36a-51 of the general statutes. No
1583 surrender shall be effective until accepted by the commissioner.

1584 (b) A lead generator licensee may change the name of the licensee or
1585 address of the office specified on the most recent filing with the system
1586 if (1) at least thirty calendar days prior to such change, the licensee files
1587 such change with the system, and (2) the commissioner does not
1588 disapprove such change, in writing, or request further information
1589 within such thirty-day period. The licensee shall file any change in the

1590 information most recently submitted in connection with the license
1591 with the system or, if the information cannot be filed on the system,
1592 directly notify the commissioner, in writing, of such change in the
1593 information not later than fifteen days after the licensee has reason to
1594 know of such change.

1595 (c) The lead generator licensee shall file on the system or, if the
1596 information cannot be filed on the system, directly notify the
1597 commissioner, in writing, not later than fifteen days after the
1598 occurrence of any of the following developments:

1599 (1) Filing for bankruptcy, or the consummation of a corporate
1600 restructuring, of the licensee;

1601 (2) Filing of a criminal indictment against the licensee or receiving
1602 notification of the filing of any criminal felony indictment or felony
1603 conviction of any of the licensee's officers, directors, members, partners
1604 or shareholders owning ten per cent or more of the outstanding stock;

1605 (3) Receiving notification of the institution of license denial, cease
1606 and desist, suspension or revocation procedures, or other formal or
1607 informal action by any governmental agency and the reasons therefor;

1608 (4) Receiving notification of the initiation of any action by the
1609 Attorney General of the attorney general of any other state and the
1610 reasons therefor;

1611 (5) Receiving notification of filing for bankruptcy of any of the
1612 licensee's officers, directors, members, partners or shareholders
1613 owning ten per cent or more of the outstanding stock of the licensee; or

1614 (6) Receiving notification of the initiation of a class action lawsuit on
1615 behalf of consumers against the licensee that is related to the operation
1616 of the licensed business.

1617 Sec. 17. (NEW) (*Effective October 1, 2016*) (a) Each lead generator
1618 shall expire at the close of business on December thirty-first of the year

1619 in which it is approved, unless such license is renewed, provided any
1620 such license that is approved on or after November first shall expire at
1621 the close of business on December thirty-first of the year following the
1622 year in which it is approved. An application for renewal of a license
1623 shall be filed between November first and December thirty-first of the
1624 year in which the license expires. Each applicant for an initial license or
1625 renewal of a license as a lead generator shall pay to the system, as
1626 defined in section 36a-2 of the general statutes, any required fees or
1627 charges and a license fee of one thousand dollars.

1628 (b) All fees paid pursuant to this section, including fees paid in
1629 connection with an application that is denied or withdrawn prior to
1630 the issuance of the license, shall be nonrefundable. No fee paid
1631 pursuant to this section shall be prorated if the license is surrendered,
1632 revoked or suspended prior to the expiration of the period for which it
1633 was approved.

1634 Sec. 18. (NEW) (*Effective January 1, 2017*) (a) Each lead generator
1635 shall include the following statement in all advertisements of
1636 residential mortgage loans and solicitations of leads, clearly and
1637 conspicuously expressed: LEAD GENERATORS ONLY, NOT
1638 ACTING IN THE CAPACITY OF A MORTGAGE LOAN
1639 ORIGINATOR, MORTGAGE BROKER, MORTGAGE
1640 CORRESPONDENT LENDER OR MORTGAGE LENDER.
1641 INFORMATION RECEIVED WILL BE SHARED WITH ONE OR
1642 MORE THIRD PARTIES IN CONNECTION WITH YOUR
1643 RESIDENTIAL MORTGAGE LOAN INQUIRY.

1644 (b) No lead generator shall: (1) Accept payment for any advance fee,
1645 as such term is defined in section 36a-485 of the general statutes, as
1646 amended by this act, in connection with a residential mortgage loan, or
1647 (2) use, sell, lease, exchange or otherwise transfer or release
1648 information received from a consumer in connection with a residential
1649 mortgage loan inquiry for purposes other than as necessary to facilitate
1650 a residential mortgage loan transaction.

1651 Sec. 19. (NEW) (*Effective October 1, 2016*) A lead generator licensee
1652 shall maintain adequate records of its lead generation activities at the
1653 office named in the license, or, if requested by the Banking
1654 Commissioner, shall make such records available at such office or send
1655 such records to the commissioner by registered or certified mail, return
1656 receipt requested, or by an express delivery carrier that provides a
1657 dated delivery receipt, not later than five business days after requested
1658 by the commissioner to do so. Upon request, the commissioner may
1659 grant a licensee additional time to make such records available or send
1660 them to the commissioner. Such records shall include, for the
1661 preceding two-year period: (1) Copies of all solicitation materials used
1662 in its business regardless of medium, including, but not limited to,
1663 business cards, telephone scripts, mailers, electronic mail, and radio,
1664 television and Internet advertisements, (2) records of any contact or
1665 attempted contact with a consumer, including the name, date, method
1666 and nature of contact, and any information provided to or received
1667 from the consumer, and (3) the name, address and, if applicable,
1668 unique identifier or any person who received, requested or contracted
1669 for leads or referrals and any fees or consideration charged or received
1670 for such services.

1671 Sec. 20. (NEW) (*Effective October 1, 2016*) (a) The Banking
1672 Commissioner may suspend, revoke or refuse to renew any lead
1673 generator license or take any other action, in accordance with the
1674 provisions of section 36a-51 of the general statutes, for any reasons
1675 which would be sufficient grounds for the commissioner to deny an
1676 application for such license under sections 14 to 23, inclusive, of this
1677 act, or if the commissioner finds that the licensee, any control person of
1678 the licensee or qualified individual, trustee, employee or agent of such
1679 licensee has done any of the following: (1) Made any material
1680 misstatement in the application; (2) committed any fraud or
1681 misrepresentation; or (3) violated any of the provisions of title 36a of
1682 the general statutes or of any regulations adopted pursuant thereto, or
1683 any other law or regulation applicable to the conduct of its business.

1684 (b) Whenever it appears to the commissioner that any person has
1685 violated, is violating or is about to violate any of the provisions of title
1686 36a of the general statutes or of any regulations adopted pursuant
1687 thereto, or any licensee has committed any fraud or made any
1688 misrepresentation, the commissioner may take action against such
1689 person or licensee in accordance with sections 36a-50 and 36a-52 of the
1690 general statutes.

1691 (c) (1) The commissioner may order a lead generator licensee to
1692 remove any individual conducting business under sections 14 to 23,
1693 inclusive, of this act from office or employment whenever the
1694 commissioner finds as the result of an investigation that such
1695 individual: (A) Has violated any of the provisions of said sections, of
1696 any regulation adopted thereunder or of any order issued thereunder;
1697 or (B) for any reason that would cause such licensee to fail to meet
1698 minimum requirements for maintaining the license, by sending a
1699 notice to such individual by registered or certified mail, return receipt
1700 requested, or by any express delivery carrier that provides a dated
1701 delivery receipt. The notice shall be deemed received by such
1702 individual on the earlier of the date of actual receipt or seven days
1703 after mailing or sending. Any such notice shall include: (i) A statement
1704 of the time, place and nature of the hearing; (ii) a statement of the legal
1705 authority and jurisdiction under which the hearing is to be held; (iii) a
1706 reference to the particular sections of the general statutes, regulations
1707 or orders alleged to have been violated; (iv) a short and plain
1708 statement of the matters asserted; and (v) a statement indicating that
1709 such individual may file a written request for a hearing on the matters
1710 asserted not later than fourteen days after receipt of notice. If the
1711 commissioner finds that the protection of consumers requires
1712 immediate action, the commissioner may suspend any such individual
1713 from office and require such individual to take or refrain from taking
1714 such action as, in the opinion of the commissioner, will effectuate the
1715 purposes of this subsection, by incorporating a finding to that effect in
1716 such notice. The suspension of prohibition shall become effective upon

1717 receipt of such notice and, unless stayed by a court, shall remain in
1718 effect until the entry of a permanent order or the dismissal of the
1719 matters asserted.

1720 (2) If a hearing is requested within the time specific in the notice, the
1721 commissioner shall hold a hearing upon the matters asserted in the
1722 notice unless such individual fails to appear at the hearing. After the
1723 hearing, if the commissioner finds that any of the grounds set forth in
1724 subparagraph (A) or (B) of subdivision (1) of this subsection exist with
1725 respect to such individual, the commissioner may order a licensee to
1726 remove such individual from office and from any employment in the
1727 lead generation business in this state. If such individual fails to appear
1728 at the hearing, the commissioner may order the removal of such
1729 individual from office and from employment in the lead generation
1730 business in this state.

1731 Sec. 21. (NEW) (*Effective October 1, 2016*) The Banking Commissioner
1732 may adopt such regulations, in accordance with chapter 54 of the
1733 general statutes, as the commissioner deems necessary to administer
1734 and enforce the provisions of sections 14 to 23, inclusive, of this act.

1735 Sec. 22. (NEW) (*Effective January 1, 2017*) (a) No lead generator shall:

1736 (1) Initiate any outbound telephone call using an automatic
1737 telephone dialing system or an artificial or prerecorded voice without
1738 the prior express written consent of the recipient;

1739 (2) Fail to transmit the lead generator's name and telephone number
1740 to any caller identification service in use by a consumer;

1741 (3) Initiate an outbound telephone call to a consumer's residence
1742 between nine o'clock p.m. and eight o'clock a.m. local time in the
1743 consumer's location;

1744 (4) Fail to clearly and conspicuously identify the lead generator and
1745 the purpose of the contact in its written and oral communications with

1746 a consumer;

1747 (5) Fail to provide the ability to opt out of any unsolicited
1748 advertisement communicated to a consumer via an electronic mail
1749 address;

1750 (6) Initiate an unsolicited advertisement via electronic mail to a
1751 consumer more than ten business days after the receipt of a request
1752 from such consumer to opt out of such unsolicited advertisements;

1753 (7) Use a subject heading or electronic mail address in a commercial
1754 electronic mail message that would likely mislead a recipient, acting
1755 reasonably under the circumstances, about a material fact regarding
1756 the sender, contents or subject matter of the message;

1757 (8) Sell, lease, exchange or otherwise transfer or receive an
1758 individual's Social Security number or bank account number;

1759 (9) Collect, buy, lease, exchange or otherwise transfer or receive an
1760 individual's Social Security number or bank account number;

1761 (10) Use information from a lead generated when a lender pulls a
1762 copy of a customer's credit report to solicit consumers who have opted
1763 out of firm offers of credit under the federal Fair Credit Reporting Act;

1764 (11) Initiate a telephone call to a consumer who has placed his or her
1765 contact information on a federal or state do not call list, unless the
1766 consumer has provided express written consent;

1767 (12) Represent to the public, through advertising or other means of
1768 communicating or providing information, including the use of
1769 business cards or stationery, brochures, signs or other promotional
1770 items, that such lead generator can or will perform any other activity
1771 requiring licensure under title 36a of the general statutes, unless such
1772 lead generator is duly licensed to perform such other activity or
1773 exempt from such licensure requirements;

1774 (13) Refer applicants to, or receive a fee from, any person who is
1775 required to be licensed under title 36a of the general statutes but was
1776 not so licensed as of the time of performance of such lead generator's
1777 services;

1778 (14) Assist or aid and abet any person in the conduct of business
1779 requiring licensure under title 36a of the general statutes when such
1780 person does not hold the license required;

1781 (15) Directly or indirectly employ any scheme, device or artifice to
1782 defraud or mislead any person;

1783 (16) Make, in any manner, any false, misleading or deceptive
1784 statement or representation in connection with a residential mortgage
1785 loan or engage in bait and switch advertising; or

1786 (17) Negligently make any false statement or knowingly or wilfully
1787 make any omission of material fact in connection with any information
1788 or reports filed with the governmental agency or the system, as
1789 defined in section 36a-2 of the general statutes, or in connection with
1790 any investigation conducted by the Banking Commissioner or other
1791 governmental agency.

1792 (b) A violation of any provision of this section or sections 14 to 18,
1793 inclusive, of this act shall be deemed an unfair or deceptive act or
1794 practice pursuant to subsection (a) of section 42-110b of the general
1795 statutes.

1796 Sec. 23. (NEW) (*Effective October 1, 2016*) (a) In addition to any
1797 authority provided under this title, the Banking Commissioner shall
1798 have the authority to conduct investigations and examinations as
1799 follows:

1800 (1) For purposes of initial licensing, license renewal, license
1801 suspension, license conditioning, license revocation or termination, or
1802 general or specific inquiry or investigation to determine compliance

1803 with sections 14 to 23, inclusive, of this act, the commissioner may
1804 access, receive and use any books, accounts, records, files, documents,
1805 information or evidence including, but not limited to, (A) criminal,
1806 civil and administrative history information, (B) personal history and
1807 experience information, and (C) any other documents, information or
1808 evidence the commissioner deems relevant to the inquiry or
1809 investigation regardless of the location, possession, control or custody
1810 of such documents, information or evidence.

1811 (2) For the purposes of investigating violations or complaints arising
1812 under sections 14 to 23, inclusive, of this act or for the purposes of
1813 examination, the commissioner may review, investigate or examine
1814 any lead generator licensee or person subject to said sections as often
1815 as necessary in order to carry out the purposes of said sections. The
1816 commissioner may direct, subpoena or order the attendance of and
1817 examine under oath all persons whose testimony may be required
1818 about the lead generation business or subject matter of any such
1819 examination or investigation, and may direct, subpoena or order such
1820 person to produce books, accounts, records, files and any other
1821 documents the commissioner deems relevant to the inquiry.

1822 (b) Each lead generator licensee or person subject to sections 14 to
1823 23, inclusive, of this act shall make or compile reports or prepare other
1824 information as directed by the commissioner in order to carry out the
1825 purposes of this section including accounting compilations,
1826 information lists and data concerning residential mortgage loan
1827 transactions in a format prescribed by the commissioner or such other
1828 information the commissioner deems necessary to carry out the
1829 purposes of sections 14 to 23, inclusive, of this act.

1830 (c) In making any examination or investigation authorized by this
1831 section, the commissioner may control access to any documents and
1832 records of the lead generator licensee or person under examination or
1833 investigation. The commissioner may take possession of the
1834 documents and records or place a person in exclusive charge of the

1835 documents and records in the place where they are usually kept.
1836 During the period of control, no person shall remove or attempt to
1837 remove any of the documents and records except pursuant to a court
1838 order or with the consent of the commissioner. Unless the
1839 commissioner has reasonable grounds to believe the documents or
1840 records of the lead generator licensee or person have been, or are at
1841 risk of being, altered or destroyed for purposes of concealing a
1842 violation of sections 14 to 23, inclusive, of this act, the lead generator
1843 licensee or owner of the documents and records shall have access to
1844 the documents or records as necessary to conduct its ordinary business
1845 affairs.

1846 (d) In order to carry out the purposes of this section, the
1847 commissioner may:

1848 (1) Retain attorneys, accountants or other professionals and
1849 specialists as examiners, auditors or investigators to conduct or assist
1850 in the conduct of examinations or investigations;

1851 (2) Enter into agreements or relationships with other government
1852 officials or regulatory associations in order to improve efficiencies and
1853 reduce regulatory burden by sharing resources, standardized or
1854 uniform methods or procedures, and documents, records, information
1855 or evidence obtained under this section;

1856 (3) Use, hire, contract for or utilize public or privately available
1857 analytical systems, methods or software to examine or investigate the
1858 lead generator licensee or person subject to sections 14 to 23, inclusive,
1859 of this act;

1860 (4) Accept and rely on examination or investigation reports made by
1861 other government officials, within or without this state; and

1862 (5) (A) Accept audit reports made by an independent certified
1863 public accountant for the lead generator licensee or person subject to
1864 sections 14 to 23, inclusive, of this act, in the course of that part of the

1865 examination covering the same general subject matter as the audit, and
1866 (B) incorporate the audit report into the report of investigation or
1867 examination or other writing of the commissioner.

1868 (e) The authority of this section shall remain in effect, regardless of
1869 whether such lead generator licensee or person subject to sections 14 to
1870 23, inclusive, of this act, acts or claims to act under any licensing or
1871 registration law of this state, or claims to act without such authority.

1872 (f) No lead generator licensee or person subject to investigation or
1873 examination under this section may knowingly withhold, abstract,
1874 remove, mutilate, destroy or secrete any books, records, computer
1875 records or other information.

1876 Sec. 24. Subdivision (6) of subsection (c) of section 36a-65 of the
1877 general statutes is repealed and the following is substituted in lieu
1878 thereof (*Effective October 1, 2016*):

1879 (6) A licensee under section 36a-489, as amended by this act, 36a-
1880 541, 36a-556, 36a-581, 36a-600, 36a-628, 36a-656, 36a-671, 36a-719, as
1881 amended by this act, or 36a-801 or section 15 of this act shall pay to the
1882 commissioner the actual cost of any examination of the licensee, as
1883 such cost is determined by the commissioner. If the licensee fails to pay
1884 such cost not later than sixty days after receipt of demand from the
1885 commissioner, the commissioner may suspend the license until such
1886 costs are paid.

1887 Sec. 25. Subsection (c) of section 4-182 of the general statutes is
1888 repealed and the following is substituted in lieu thereof (*Effective*
1889 *October 1, 2016*):

1890 (c) No revocation, suspension, annulment or withdrawal of any
1891 license is lawful unless, prior to the institution of agency proceedings,
1892 the agency gave notice by mail or personal delivery to the licensee of
1893 facts or conduct which warrant the intended action and the specific
1894 provisions of the general statutes or of regulations adopted by the

1895 agency that authorize such intended action, and the licensee was given
 1896 an opportunity to show compliance with all lawful requirements for
 1897 the retention of the license. If the agency finds that public health, safety
 1898 or welfare imperatively requires emergency action, and incorporates a
 1899 finding to that effect in its order, summary suspension of a license may
 1900 be ordered pending proceedings for revocation or other action. These
 1901 proceedings shall be promptly instituted and determined.

1902 Sec. 26. Section 36a-534c of the general statutes is repealed. (*Effective*
 1903 *from passage*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2016</i>	36a-485
Sec. 2	<i>October 1, 2016</i>	36a-486
Sec. 3	<i>October 1, 2016</i>	36a-488
Sec. 4	<i>October 1, 2016</i>	36a-489
Sec. 5	<i>October 1, 2016</i>	36a-489a
Sec. 6	<i>October 1, 2016</i>	36a-490
Sec. 7	<i>October 1, 2016</i>	36a-491
Sec. 8	<i>October 1, 2016</i>	36a-492
Sec. 9	<i>October 1, 2016</i>	36a-494(c)
Sec. 10	<i>October 1, 2016</i>	36a-498e
Sec. 11	<i>October 1, 2016</i>	36a-498f
Sec. 12	<i>October 1, 2016</i>	36a-534b
Sec. 13	<i>October 1, 2016</i>	36a-719(d)(1)
Sec. 14	<i>October 1, 2016</i>	New section
Sec. 15	<i>October 1, 2016</i>	New section
Sec. 16	<i>October 1, 2016</i>	New section
Sec. 17	<i>October 1, 2016</i>	New section
Sec. 18	<i>January 1, 2017</i>	New section
Sec. 19	<i>October 1, 2016</i>	New section
Sec. 20	<i>October 1, 2016</i>	New section
Sec. 21	<i>October 1, 2016</i>	New section
Sec. 22	<i>January 1, 2017</i>	New section
Sec. 23	<i>October 1, 2016</i>	New section
Sec. 24	<i>October 1, 2016</i>	36a-65(c)(6)

Sec. 25	<i>October 1, 2016</i>	4-182(c)
Sec. 26	<i>from passage</i>	Repealer section

Statement of Purpose:

To provide the Banking Commissioner with regulatory authority over lead generators of residential mortgage loans and to make various technical and conforming changes to the banking statutes.

[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.]