



General Assembly

January Session, 2017

**Raised Bill No. 7141**

LCO No. 4239



Referred to Committee on BANKING

Introduced by:  
(BA)

***AN ACT CONCERNING SECURED AND UNSECURED LENDING.***

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

1 Section 1. Section 36a-3 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2017*):

3 Other definitions applying to this title or to specified parts thereof  
4 and the sections in which they appear are:

- T1 "Account". Sections 36a-155 and 36a-365.
- T2 "Additional proceeds". Section 36a-746e.
- T3 "Administrative expense". Section 36a-237.
- T4 "Advance fee". Sections 36a-485 and 36a-615.
- T5 "Advertise", "advertisement" or "advertising". [Section] Sections 36a-485,  
T6 36a-535, as amended by this act, 36a-596, as amended by this act,  
T7 36a-655, as amended by this act, 36a-671, as amended by this act,  
T8 and 36a-846, as amended by this act.
- T9 "Agency bank". Section 36a-285.
- T10 "Agent". Section 36a-494.
- T11 "Alternative mortgage loan". Section 36a-265.

- T12 "Amount financed". Section 36a-690.
- T13 "Annual percentage rate". Section 36a-690.
- T14 "Annual percentage yield". Section 36a-316.
- T15 "Annuities". Section 36a-455a.
- T16 "Applicant". Section 36a-736.
- T17 "APR". Section 36a-746a.
- T18 "Assessment area". Section 36a-37.
- T19 "Assets". Section 36a-70.
- T20 "Associate". Section 36a-184.
- T21 "Associated member". Section 36a-458a.
- T22 "Authorized delegate". Section 36a-596, as amended by this act.
- T23 "Bank". Section 36a-30.
- T24 "Bankers' bank". Section 36a-70.
- T25 "Banking business". Section 36a-425.
- T26 "Basic services". Section 36a-437a.
- T27 "Billing cycle". Section 36a-565.
- T28 "Bona fide nonprofit organization". Sections 36a-487
- T29 and 36a-655, as amended by this act.
- T30 "Branch". Sections 36a-145, 36a-410 and 36a-435b.
- T31 "Branch office". Sections 36a-485 and 36a-715.
- T32 "Branch or agency net payment entitlement". Section 36a-428n.
- T33 "Branch or agency net payment obligation". Section 36a-428n.
- T34 "Broker". Section 36a-746a.
- T35 "Business and industrial development corporation". Section 36a-626.
- T36 "Business and property in this state". Section 36a-428n.
- T37 "Capital". Section 36a-435b.
- T38 "Cash advance". Section 36a-564.
- T39 "Cash price". Section 36a-770.
- T40 "Certificate of incorporation". Section 36a-435b.
- T41 "CHFA loan". Section 36a-760.
- T42 "Clerical or support duties". Section 36a-485.
- T43 "Closely related activities". Sections 36a-250 and 36a-455a.
- T44 "Collective managing agency account". Section 36a-365.
- T45 "Commercial vehicle". Section 36a-770.

- T46 "Community bank". Section 36a-70.
- T47 "Community credit union". Section 36a-37.
- T48 "Community development bank". Section 36a-70.
- T49 "Community reinvestment performance". Section 36a-37.
- T50 "Connecticut holding company". Sections 36a-53 and 36a-410.
- T51 "Consolidate". Section 36a-145.
- T52 "Construction loan". Section 36a-458a.
- T53 "Consumer". Sections 36a-155 and 36a-695.
- T54 "Consumer Credit Protection Act". Section 36a-676.
- T55 "Consumer debtor" and "debtor". Sections 36a-645 and 36a-800.
- T56 "Consumer collection agency". Section 36a-800.
- T57 "Consummation". Section 36a-746a.
- T58 "Control person". [Section] Sections 36a-485, 36a-535, as amended by this
- T59 act, 36a-596, as amended by this act, 36a-655,
- T60 as amended by this act, 36a-671, as amended by this act,
- T61 and 36a-846, as amended by this act.
- T62 "Controlling interest". Section 36a-276.
- T63 "Conventional mortgage rate". Section 36a-760.
- T64 "Corporate". Section 36a-435b.
- T65 "Credit". Section 36a-645.
- T66 "Credit manager". Section 36a-435b.
- T67 "Creditor". Sections 36a-676, 36a-695 and 36a-800.
- T68 "Credit clinic". Section 36a-700.
- T69 "Credit rating agency". Section 36a-695.
- T70 "Credit report". Section 36a-695.
- T71 "Credit union service organization". Section 36a-435b.
- T72 "Credit union service organization services". Section 36a-435b.
- T73 "De novo branch". Section 36a-410.
- T74 "Debt". Section 36a-645.
- T75 "Debt adjustment". Section 36a-655, as amended by this act.
- T76 "Debt mutual fund". Sections 36a-275 and 36a-459a.
- T77 "Debt negotiation". Section 36a-671, as amended by this act.
- T78 "Debt securities". Sections 36a-275 and 36a-459a.
- T79 "Debtor". Section 36a-655, as amended by this act,

- T80      36a-671, as amended by this act.
- T81      "Deliver". Section 36a-316.
- T82      "Deposit". Section 36a-316.
- T83      "Deposit account". Section 36a-316.
- T84      "Deposit account charge". Section 36a-316.
- T85      "Deposit account disclosures". Section 36a-316.
- T86      "Deposit contract". Section 36a-316.
- T87      "Deposit services". Section 36a-425.
- T88      "Depositor". Section 36a-316.
- T89      "Depository institution". Section 36a-485.
- T90      "Derivative transaction". Section 36a-262.
- T91      "Director". Section 36a-435b.
- T92      "Dwelling". Section 36a-485.
- T93      "Earning period". Section 36a-316.
- T94      "Electronic payment instrument". Section 36a-596, as amended by this act.
- T95      "Eligible collateral". Section 36a-330.
- T96      "Eligible entity". Section 36a-34.
- T97      "Employee". Section 36a-485.
- T98      "Entity". Section 36a-380.
- T99      "Equity mutual fund". Sections 36a-276 and 36a-459a.
- T100     "Equity security". Sections 36a-276 and 36a-459a.
- T101     "Executive officer". Sections 36a-263 and 36a-469c.
- T102     "Expedited Connecticut bank". Section 36a-70.
- T103     "Experience in the mortgage business". Section 36a-488.
- T104     "Federal banking agency". Section 36a-485.
- T105     "Federal Credit Union Act". Section 36a-435b.
- T106     "Federal Home Mortgage Disclosure Act". Section 36a-736.
- T107     "FHA loan". Section 36a-760.
- T108     "Fiduciary". Section 36a-365.
- T109     "Filing fee". Section 36a-770.
- T110     "Finance charge". Sections 36a-690 and 36a-770.
- T111     "Financial institution". Sections 36a-41, 36a-44a, 36a-155,
- T112     36a-316, 36a-330, 36a-435b, 36a-736 and 36a-755.
- T113     "Financial records". Section 36a-41.

- T114 "First mortgage loan". Sections 36a-485, 36a-705 and 36a-725.
- T115 "Foreclosure rescue services". Section 36a-671, as amended by this act.
- T116 "Foreign banking corporation". Section 36a-425.
- T117 "Fully indexed rate". Section 36a-760b.
- T118 "General facility". Section 36a-580.
- T119 "Global net payment entitlement". Section 36a-428n.
- T120 "Global net payment obligation". Section 36a-428n.
- T121 "Goods". Sections 36a-535 and 36a-770.
- T122 "Graduated payment mortgage loan". Section 36a-265.
- T123 "Guardian". Section 36a-365.
- T124 "High cost home loan". Section 36a-746a.
- T125 "Holder". Section 36a-596, as amended by this act.
- T126 "Home improvement loan". Section 36a-736.
- T127 "Home purchase loan". Section 36a-736.
- T128 "Home state". Section 36a-410.
- T129 "Housing finance agency". Section 36a-487.
- T130 "Immediate family member". Sections 36a-435b and 36a-485.
- T131 "Independent contractor". Section 36a-485.
- T132 "Individual". Section 36a-485.
- T133 "Insider". Section 36a-454b.
- T134 "Installment loan contract". Sections 36a-535, as amended by this act,
- T135 and 36a-770.
- T136 "Insurance". Section 36a-455a.
- T137 "Insurance bank". Section 36a-285.
- T138 "Insurance department". Section 36a-285.
- T139 "Interest". Section 36a-316.
- T140 "Interest rate". Section 36a-316.
- T141 "Interim interest". Section 36a-746a.
- T142 "Investments". Section 36a-602.
- T143 "Lender". Sections 36a-746a, 36a-760 and 36a-770.
- T144 "Lessor". Section 36a-676.
- T145 "License". Section 36a-626.
- T146 "Licensee". Sections 36a-596, as amended by this act,
- T147 36a-607, as amended by this act, and 36a-626.

- T148 "Limited branch". Section 36a-145.
- T149 "Limited facility". Section 36a-580.
- T150 "Loan broker". Section 36a-615.
- T151 "Loan processor or underwriter". Section 36a-485.
- T152 "Loss". Section 36a-330.
- T153 "Made in this state". Section 36a-770.
- T154 "Main office". Section 36a-485.
- T155 "Managing agent". Section 36a-365.
- T156 "Manufactured home". Section 36a-457b.
- T157 "Material litigation". Section 36a-598.
- T158 "Member". Section 36a-435b.
- T159 "Member business loan". Section 36a-458a.
- T160 "Member in good standing". Section 36a-435b.
- T161 "Membership share". Section 36a-435b.
- T162 "Mobile branch". Sections 36a-145 and 36a-435b.
- T163 "Monetary value". Section 36a-596, as amended by this act.
- T164 "Money transmission". Section 36a-596, as amended by this act.
- T165 "Mortgage". Section 36a-760g.
- T166 "Mortgage broker". Sections 36a-485, 36a-705 and 36a-760.
- T167 "Mortgage correspondent lender". Section 36a-485.
- T168 "Mortgage insurance". Section 36a-725.
- T169 "Mortgage lender". Sections 36a-485, 36a-705 and 36a-725.
- T170 "Mortgage loan". Sections 36a-261, 36a-265, 36a-457b and 36a-736.
- T171 "Mortgage loan originator". Section 36a-485.
- T172 "Mortgage rate lock-in". Section 36a-705.
- T173 "Mortgage servicer". Section 36a-715.
- T174 "Mortgagee". [Section] Sections 36a-671, as amended by this act,
- T175 and 36a-715.
- T176 "Mortgagor". [Section] Sections 36a-671, as amended by this act,
- T177 and 36a-715.
- T178 "Motor vehicle". Section 36a-770.
- T179 "Multiple common bond membership". Section 36a-435b.
- T180 "Municipality". Section 36a-800.
- T181 "Net outstanding member business loan balance". Section 36a-458a.

- T182 "Net worth". Sections 36a-441a and 36a-458a.
- T183 "Network". Section 36a-155.
- T184 "Nonprime home loan". Section 36a-760.
- T185 "Nonrefundable". Section 36a-498.
- T186 "Nontraditional mortgage product". Section
- T187 36a-489a, as amended by this act.
- T188 "Note account". Sections 36a-301 and 36a-456b.
- T189 "Office". Sections 36a-23, 36a-316 and 36a-485.
- T190 "Officer". Section 36a-435b.
- T191 "Open-end line of credit". Section 36a-760.
- T192 "Open-end loan". Section 36a-565.
- T193 "Organization". Section 36a-800.
- T194 "Out-of-state holding company". Section 36a-410.
- T195 "Outstanding". Section 36a-596, as amended by this act.
- T196 "Passbook savings account". Section 36a-316.
- T197 "Payment instrument". Section 36a-596, as amended by this act.
- T198 "Periodic statement". Section 36a-316.
- T199 "Permissible investment". Section 36a-596, as amended by this act.
- T200 "Person". Sections 36a-184, [and] 36a-485, 36a-535, as amended by this act,
- T201 36a-596, as amended by this act, 36a-655, as amended by this act,
- T202 36a-671, as amended by this act, and 36a-846, as amended by this act.
- T203 "Post". Section 36a-316.
- T204 "Prepaid finance charge". Section 36a-746a.
- T205 "Prime quality". Section 36a-596, as amended by this act.
- T206 "Principal amount of the loan". Section 36a-485.
- T207 "Processor". Section 36a-155.
- T208 "Public deposit". Section 36a-330.
- T209 "Purchaser". Section 36a-596, as amended by this act.
- T210 "Qualified financial contract". Section 36a-428n.
- T211 "Qualified public depository" and "depository". Section 36a-330.
- T212 "Real estate". Section 36a-457b.
- T213 "Real estate brokerage activity". Section 36a-485.
- T214 "Records". Section 36a-17.
- T215 "Registered mortgage loan originator". Section 36a-485.

- T216 "Related person". Section 36a-53.
- T217 "Relocate". Sections 36a-145 and 36a-462a.
- T218 "Residential mortgage loan". Section 36a-485.
- T219 "Residential property". Section 36a-671, as amended by this act.
- T220 "Residential real estate". Section 36a-485.
- T221 "Resulting entity". Section 36a-34.
- T222 "Retail buyer". Sections 36a-535, as amended by this act, and 36a-770.
- T223 "Retail credit transaction". Section 42-100b.
- T224 "Retail installment contract". Sections 36a-535, as amended by this act,
- T225 and 36a-770.
- T226 "Retail installment sale". Sections 36a-535, as amended by this act,
- T227 and 36a-770.
- T228 "Retail seller". Sections 36a-535, as amended by this act, and 36a-770.
- T229 "Reverse annuity mortgage loan". Section 36a-265.
- T230 "Sales finance company". Sections 36a-535 and 36a-770.
- T231 "Savings department". Section 36a-285.
- T232 "Savings deposit". Section 36a-316.
- T233 "Secondary mortgage loan". Section 36a-485.
- T234 "Security convertible into a voting security". Section 36a-184.
- T235 "Senior management". Section 36a-435b.
- T236 "Servicing". Section 36a-846, as amended by this act.
- T237 "Settlement agent". Section 36a-494.
- T238 "Share". Section 36a-435b.
- T239 "Short sale". Section 36a-671, as amended by this act.
- T240 "Simulated check". Section 36a-485.
- T241 "Single common bond membership". Section 36a-435b.
- T242 "Special mortgage". Section 36a-760c.
- T243 "Social purpose investment". Section 36a-277.
- T244 "Sponsored". Section 36a-485.
- T245 "Standard mortgage loan". Section 36a-265.
- T246 "Stored value". Section 36a-596.
- T247 "Student education loan". Section 36a-846, as amended by this act.
- T248 "Student loan borrower". Section 36a-846, as amended by this act.
- T249 "Student loan servicer". Section 36a-846, as amended by this act.



- T250 "Table funding agreement". Section 36a-485.
- T251 "Tax and loan account". Sections 36a-301 and 36a-456b.
- T252 "The Savings Bank Life Insurance Company". Section 36a-285.
- T253 "Time account". Section 36a-316.
- T254 "Travelers check". Section 36a-596, as amended by this act.
- T255 "Troubled Connecticut credit union". Section 36a-448a.
- T256 "Unique identifier". Section 36a-485.
- T257 "Unsecured loan". Section 36a-615.
- T258 "Value". Section 36a-603, as amended by this act.
- T259 "Virtual banking". Section 36a-170.
- T260 "Warehouse agreement". Section 36a-485.

5       Sec. 2. Section 36a-24b of the general statutes is repealed and the  
6 following is substituted in lieu thereof (*Effective October 1, 2017*):

7       (a) In addition to any other duties imposed upon the [Banking  
8 Commissioner] commissioner by law, the commissioner is authorized  
9 to require persons engaged in a financial services industry subject to  
10 the commissioner's jurisdiction to be licensed or registered through the  
11 system, as defined in section 36a-2.

12       (b) In the event the commissioner elects to require system-based  
13 licensure for persons engaged in a financial services industry subject to  
14 the commissioner's jurisdiction, the commissioner shall require all  
15 initial or renewal applications for such licenses or registrations in this  
16 state to be made and processed through the system in such form as the  
17 commissioner may prescribe, and the system shall be authorized to  
18 receive and maintain records related to such licenses or registrations to  
19 the same extent allowed or required to be maintained by the  
20 commissioner. For this purpose, the commissioner may establish  
21 requirements by order as necessary for participation in the system,  
22 including, but not limited to: (1) Background checks, including in the  
23 case of any form of business organization, checks on the individuals  
24 comprising the ownership or management of such organization, for

25 criminal history through (A) fingerprint submission to the Federal  
26 Bureau of Investigation or other state, national or international  
27 criminal databases, (B) civil, criminal or administrative records from  
28 any governmental jurisdiction, (C) credit history, including an  
29 independent credit report obtained from a consumer reporting agency  
30 described in Section 603(p) of the Fair Credit Reporting Act, 15 USC  
31 1681a, or (D) any other information as deemed necessary by the  
32 system; (2) the payment of fees to apply for or renew licenses or  
33 registrations through the system; (3) the setting or resetting of license  
34 expiration, renewal or transition dates or reporting dates or forms;  
35 [and] (4) the requirements for amending or surrendering a license or  
36 any other such activities as the commissioner deems necessary for  
37 participation in the system; and (5) the use of electronic bonds. Such  
38 information may thereafter be used by the commissioner to determine  
39 an applicant's eligibility for licensing under applicable law and any  
40 order issued by the commissioner pursuant to this section. For the  
41 purpose of participating in the system, the commissioner may by order  
42 waive or modify, in whole or in part, any applicable requirement of  
43 this title and establish new requirements as reasonably necessary. For  
44 the purpose of implementing an orderly and efficient licensing  
45 process, the commissioner may adopt licensing regulations, in  
46 accordance with the provisions of chapter 54, and interim procedures  
47 for licensing and acceptance of applications.

48 (c) In the event the commissioner elects to require system-based  
49 licensure for persons engaged in financial services industries subject to  
50 the commissioner's jurisdiction, the commissioner may report  
51 regularly to the system violations of and enforcement actions under  
52 applicable law and other relevant information. The commissioner may  
53 establish relationships or enter into contracts with the system or other  
54 entities designated by the system to collect and maintain records and  
55 process transaction fees or other fees related to licensees or other  
56 persons required or permitted to be licensed or registered on the  
57 system.

58 (d) To reduce the points of contact that the commissioner or the  
59 Federal Bureau of Investigation may have to maintain for purposes of  
60 this title, the commissioner may use the system as a channeling agent  
61 for requesting information from and distributing information to the  
62 United States Department of Justice, any governmental agency or any  
63 other source as directed by the commissioner.

64 (e) A person required or permitted to be licensed or registered on  
65 the system may challenge information entered into the system by the  
66 commissioner. Such challenge shall (1) be made in writing to the  
67 commissioner, (2) set forth the specific information being challenged,  
68 and (3) include any evidence which supports the challenge. A  
69 challenge shall be limited to the factual accuracy of information within  
70 the system. If the commissioner determines that the information  
71 entered into the system is factually inaccurate, the commissioner shall  
72 take prompt action to correct such information. Nothing in this  
73 subsection shall be construed to permit a challenge under this section  
74 to the merits or factual basis of any administrative action taken by the  
75 commissioner pursuant to this title.

76 (f) A person making any filing or submission of any information on  
77 the system shall do so in accordance with the procedures and  
78 requirements of the system and shall pay applicable fees or charges to  
79 the system. Each person required to obtain registration or licensure  
80 through the system shall timely submit to the system accurate reports  
81 that shall be in such form and contain such information as the system  
82 may require.

83 (g) All fees paid for any initial application for a license or  
84 registration or for a renewal application for a license or registration,  
85 including, but not limited to, fees paid in connection with an  
86 application that is denied or withdrawn prior to the issuance of the  
87 license or registration, shall be nonrefundable. No fee shall be prorated  
88 if the license or registration is surrendered, revoked or suspended  
89 prior to the expiration of the period for which it was approved.

90 (h) The commissioner may automatically suspend a license or  
91 registration of a person on the system if such person receives a  
92 deficiency on the system indicating that a required payment was  
93 Returned-ACH or returned pursuant to any other term as may be  
94 utilized by the system to indicate that payment was not accepted. After  
95 a license or registration has been automatically suspended pursuant to  
96 this subsection, the commissioner shall give such licensee or registrant  
97 notice of the automatic suspension, pending proceedings for  
98 revocation or refusal to renew and an opportunity for a hearing on  
99 such action in accordance with section 36a-51 and require such licensee  
100 to take or refrain from taking such action that, in the opinion of the  
101 commissioner, will effectuate the purposes of this subsection.

102 (i) The commissioner may deem an application for a license or  
103 registration on the system abandoned if the applicant fails to respond  
104 to any request for required information. The commissioner shall notify  
105 the applicant on the system that if such information is not submitted  
106 within sixty days of the date of such request the application shall be  
107 deemed abandoned. An application filing fee paid prior to the date an  
108 application is deemed abandoned pursuant to this subsection shall not  
109 be refunded. Abandonment of an application pursuant to this  
110 subsection shall not preclude the applicant from submitting a new  
111 application for a license or registration.

112 (j) The commissioner may issue a temporary order to cease business  
113 under a license or registration if the commissioner determines that  
114 such license or registration was issued erroneously. The commissioner  
115 shall give the licensee an opportunity for a hearing on such action in  
116 accordance with section 36a-52. Such temporary order shall become  
117 effective upon receipt by the licensee and, unless set aside or modified  
118 by a court, shall remain in effect until the effective date of a permanent  
119 order or dismissal of the matters asserted in the notice.

120 Sec. 3. Section 36a-489a of the general statutes is repealed and the  
121 following is substituted in lieu thereof (*Effective October 1, 2017*):

122 (a) (1) In order to meet the prelicensing education and testing  
123 requirements referred to in sections 36a-488 and 36a-489, an individual  
124 shall complete at least twenty-one hours of education approved in  
125 accordance with subdivision (2) of this subsection, which shall include  
126 at least (A) three hours of instruction on relevant federal law and  
127 regulations; (B) three hours of ethics, including instruction on fraud,  
128 consumer protection and fair lending issues; (C) two hours of training  
129 related to lending standards for the nontraditional mortgage product  
130 marketplace; and (D) one hour of relevant Connecticut law.

131 (2) For purposes of subdivision (1) of this subsection, prelicensing  
132 education courses shall be reviewed and approved by the system  
133 based upon reasonable standards. Review and approval of a  
134 prelicensing education course shall include review and approval of the  
135 course provider.

136 (3) Nothing in this subsection shall preclude any prelicensing  
137 education course, as approved by the system, that is provided by the  
138 sponsor or employer of the individual or an entity which is affiliated  
139 with the individual by an agency contract, or any subsidiary or affiliate  
140 of such sponsor, employer or entity.

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

143 (5) When prelicensing education requirements described in  
144 subdivision (1) of this subsection are completed in another state, such  
145 out-of-state prelicensing education requirements shall be accepted as  
146 credit towards completion of the prelicensing education requirements  
147 of this state, provided such out-of-state prelicensing education  
148 requirements are approved by the system.

149 (6) (A) An individual previously licensed under section 36a-489,  
150 subsequent to the applicable effective date of the prelicensing and  
151 testing requirements referred to in section 36a-489, who is applying to  
152 be relicensed shall prove that such individual has completed all of the

153 continuing education requirements for the year in which the license  
154 was last held, except that an individual required to retake prelicensing  
155 education pursuant to subparagraph (B) of subdivision (7) and  
156 subparagraph (B) of subdivision (8) of this subsection shall not be  
157 required to complete any continuing education requirements.

158 (B) An individual who previously held a position as a qualified  
159 individual or branch manager subsequent to the applicable effective  
160 date of the prelicensing and testing requirements referred to in section  
161 36a-488, at a time when such individual was not required to be  
162 licensed as a mortgage loan originator, may not hold such position  
163 again until such individual has completed all of the continuing  
164 education requirements for the year in which such individual last held  
165 such position and, effective November 1, 2012, has obtained the  
166 required mortgage loan originator license.

167 (7) (A) If an individual has not obtained a mortgage loan originator  
168 license in any state or an active federal registration by the date that is  
169 three years from the date such individual completed twenty-one hours  
170 of prelicensing education pursuant to subdivision (1) of this  
171 subsection, such individual shall be required to retake prelicensing  
172 education in accordance with subdivision (1) of this subsection prior to  
173 being licensed as either a mortgage loan originator or a loan processor  
174 or underwriter.

175 (B) If an individual no longer holds an approved mortgage loan  
176 originator license in any state or an active federal registration, such  
177 individual shall obtain a mortgage loan originator license in any state  
178 or an active federal registration not later than three years from the date  
179 such individual last held such license or registration, or such  
180 individual shall retake prelicensing education in accordance with  
181 subdivision (1) of this subsection prior to being licensed as a mortgage  
182 loan originator, loan processor or underwriter.

183 (8) (A) If an individual has not obtained a mortgage loan originator

184 license or a loan processor or underwriter license in this state by the  
185 date that is three years from the date such individual completed one  
186 hour of Connecticut specific prelicensing education pursuant to  
187 subdivision (1) of this subsection, such individual shall retake one  
188 hour of Connecticut specific prelicensing education prior to being  
189 licensed as a mortgage loan originator, loan processor or underwriter.

190 (B) If an individual no longer holds an approved mortgage loan  
191 originator license or loan processor or underwriter license in this state,  
192 such individual shall obtain a mortgage loan originator license or loan  
193 processor or underwriter license in this state not later than three years  
194 from the date such individual last held a such license, or such  
195 individual shall be required to retake an hour of Connecticut specific  
196 prelicensing education in accordance with subdivision (1) of this  
197 subsection prior to being licensed as a mortgage loan originator, loan  
198 processor or underwriter.

199 (b) (1) In order to meet the written test requirements referred to in  
200 sections 36a-488 and 36a-489, an individual shall pass, in accordance  
201 with the standards established under this subsection, a qualified  
202 written test developed by the system and administered by a test  
203 provider approved by the system based upon reasonable standards.

204 (2) A written test shall not be treated as a qualified written test for  
205 purposes of subdivision (1) of this subsection unless the test  
206 adequately measures the individual's knowledge and comprehension  
207 in appropriate subject areas, including ethics, federal law and  
208 regulation pertaining to mortgage origination, state law and regulation  
209 pertaining to mortgage origination, and federal and state law and  
210 regulation, including instruction on fraud, consumer protection, the  
211 nontraditional mortgage marketplace and fair lending issues.

212 (3) Nothing in this subsection shall prohibit a test provider  
213 approved by the system from providing a test at the location of the  
214 sponsor or employer, any subsidiary or affiliate of the sponsor or

215 employer or any entity with which the individual holds an exclusive  
216 arrangement to conduct the business of a mortgage loan originator.

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

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

224 (C) (i) An individual who was licensed subsequent to the applicable  
225 effective date of the prelicensing and testing requirements referred to  
226 in section 36a-489 who has not been licensed as a mortgage loan  
227 originator within the five-year period preceding the date of the filing  
228 of such individual's application for a mortgage loan originator license,  
229 not taking into account any time during which such individual is a  
230 registered mortgage loan originator, shall retake such test; and (ii)  
231 effective October 1, 2011, an individual licensed as a loan processor or  
232 underwriter who applies to be licensed again shall retake the test if  
233 such individual has not been licensed as a loan processor or  
234 underwriter within the five-year period preceding the date of the filing  
235 of such application, not taking into account any time during which  
236 such individual is engaged in loan processing or underwriting but not  
237 required to be licensed under subdivision (3) of subsection (b) of  
238 section 36a-486.

239 (c) (1) In order to meet the annual continuing education  
240 requirements referred to in subsections (a) and (b) of section 36a-489, a  
241 licensed mortgage loan originator, a qualified individual or branch  
242 manager and, effective October 1, 2011, a licensed loan processor or  
243 underwriter, shall complete at least eight hours of education approved  
244 in accordance with subdivision (2) of this subsection. Such courses  
245 shall include at least (A) three hours of instruction on relevant federal



246 law and regulation; (B) two hours of ethics, including instruction on  
247 fraud, consumer protection and fair lending issues; (C) two hours of  
248 training related to lending standards for the nontraditional mortgage  
249 product marketplace; and (D) effective January 1, 2015, one hour of  
250 relevant Connecticut law.

251 (2) For purposes of subdivision (1) of this subsection, continuing  
252 education courses shall be reviewed and approved by the system  
253 based upon reasonable standards. Review and approval of a  
254 continuing education course shall include review and approval of the  
255 course provider.

256 (3) Nothing in this subsection shall preclude any education course  
257 approved by the system that is provided by the sponsor or employer  
258 or an entity that is affiliated with the mortgage loan originator,  
259 qualified individual or branch manager or, effective October 1, 2011,  
260 loan processor or underwriter by an agency contract, or by any  
261 subsidiary or affiliate of such sponsor, employer or entity.

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

264 (5) Except as provided in procedures adopted under subsections (a)  
265 and (b) of section 36a-489 or in regulations adopted under subdivision  
266 (9) of this subsection, a licensed mortgage loan originator, qualified  
267 individual or branch manager or, effective October 1, 2011, a licensed  
268 loan processor or underwriter, may only receive credit for a continuing  
269 education course in the year for which the course is taken, and may not  
270 take the same approved course in the same or successive years to meet  
271 the annual requirements for continuing education.

272 (6) A licensed mortgage loan originator or a qualified individual or  
273 branch manager or, effective October 1, 2011, a licensed loan processor  
274 or underwriter who is an approved instructor of an approved  
275 continuing education course may receive credit for the licensee's own  
276 annual continuing education requirement at the rate of two hours

277 credit for every one hour taught.

278 (7) When education requirements described in subdivision (1) of  
279 subsection (a) of this section are completed in another state, such out-  
280 of-state education requirements shall be accepted as credit towards  
281 completion of the education requirements of this state, provided such  
282 out-of-state education requirements are approved by the system.

283 (8) A licensed mortgage loan originator and, effective October 1,  
284 2011, a licensed loan processor or underwriter who subsequently  
285 becomes unlicensed must complete the continuing education  
286 requirements for the last year in which the license was held prior to  
287 issuance of an initial or renewed license. A qualified individual or  
288 branch manager who ceases to hold such position shall complete the  
289 continuing education requirements for the last year in which such  
290 individual or branch manager held such position prior to licensure as a  
291 mortgage loan originator.

292 (9) A person who meets the requirements of subparagraphs (A)(i)  
293 and (A)(iii) of subdivision (2) of subsection (a) or (b) of section 36a-489  
294 may compensate for any deficiency in an individual's continuing  
295 education requirements pursuant to regulations adopted by the  
296 commissioner.

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

300 Sec. 4. Section 36a-535 of the general statutes is repealed and the  
301 following is substituted in lieu thereof (*Effective October 1, 2017*):

302 As used in sections 36a-535 to 36a-546, inclusive, as amended by this  
303 act, unless the context otherwise requires:

304 (1) The terms "goods", "retail installment sale", "retail installment  
305 contract", "installment loan contract", "retail seller" and "retail buyer"

306 have the same meanings as provided in section 36a-770;

307 (2) "Sales finance company" means any person engaging in this state  
308 in the business, in whole or in part, of acquiring retail installment  
309 contracts from retail sellers, or installment loan contracts from the  
310 holders thereof, by purchase, discount or pledge, or by loan or advance  
311 to the holder of either on the security thereof, or otherwise, but does  
312 not include a bank, out-of-state bank, Connecticut credit union, federal  
313 credit union, or out-of-state credit union, if so engaged;

314 (3) "Advertise" or "advertising" means any announcement,  
315 statement, assertion or representation that is placed before the public  
316 in a newspaper, magazine or other publication, or in the form of a  
317 notice, circular, pamphlet, letter or poster or over any radio or  
318 television station, by means of the Internet, or by other electronic  
319 means of distributing information, by personal contact, or in any other  
320 way or medium;

321 (4) "Control person" means an individual that directly or indirectly  
322 exercises control over another person, and includes any person that (A)  
323 is a director, general partner or executive officer; (B) in the case of a  
324 corporation, directly or indirectly has the right to vote ten per cent or  
325 more of a class of any voting security or has the power to sell or direct  
326 the sale of ten per cent or more of any class of voting securities; (C) in  
327 the case of a limited liability company, is a managing member; or (D)  
328 in the case of a partnership, has the right to receive upon dissolution,  
329 or has contributed, ten per cent or more of the capital. For purposes of  
330 this subdivision, "control" means the power, directly or indirectly, to  
331 direct the management or policies of a company, whether through  
332 ownership of securities, by contract or otherwise;

333 (5) "Person" means a natural person, corporation, company, limited  
334 liability company, partnership or association.

335 Sec. 5. Section 36a-539 of the general statutes is repealed and the  
336 following is substituted in lieu thereof (*Effective October 1, 2017*):

337 (a) Each person applying to the commissioner for a sales finance  
338 company license shall pay a license fee of eight hundred dollars,  
339 provided if such application is filed not earlier than one year before the  
340 date such license will expire, such person shall pay a license fee of four  
341 hundred dollars. Each license issued pursuant to sections 36a-535 to  
342 36a-546, inclusive, as amended by this act, shall expire at the close of  
343 business on September thirtieth of the odd-numbered year following  
344 its issuance unless such license is renewed, provided any license that is  
345 renewed effective July 1, 2003, shall expire on September 30, 2005.  
346 Whenever an application for a license is filed under this section by any  
347 person who was a licensee under sections 36a-535 to 36a-546, inclusive,  
348 as amended by this act, and whose license expired less than sixty days  
349 prior to the date such application was filed, such application shall be  
350 accompanied by a one-hundred-dollar processing fee in addition to the  
351 application fee. Not more than one place of business shall be  
352 maintained under the same license, but the commissioner may issue  
353 more than one license to the same licensee upon receipt of an  
354 application and the payment of the appropriate license fee.

355 (b) If the commissioner determines that a check filed with the  
356 commissioner to pay a fee under subsection (a) of this section has been  
357 dishonored, the commissioner shall automatically suspend the license.  
358 The commissioner shall give the licensee notice of the automatic  
359 suspension pending proceedings for revocation and an opportunity for  
360 a hearing on such action in accordance with section 36a-51.

361 (c) No abatement of the license fee shall be made if the license is  
362 surrendered, revoked or suspended prior to the expiration of the  
363 period for which it was issued. All fees required by this section and  
364 section 36a-542 shall be nonrefundable.

365 (d) No person who is required to be licensed and who is subject to  
366 sections 36a-535 to 36a-546, inclusive, as amended by this act, and no  
367 control person shall directly or indirectly: (1) Employ any scheme,  
368 device or artifice to defraud or mislead any person; (2) engage in any

369 unfair or deceptive practice toward any person; (3) obtain property by  
370 fraud or misrepresentation; (4) solicit, advertise or offer rates or other  
371 financing terms for a retail installment contract or a retail installment  
372 loan unless those rates or terms are actually available at the time of  
373 soliciting, advertising or offering such rates or terms; (5) fail to comply  
374 with sections 36a-535 to 36a-546, inclusive, as amended by this act, or  
375 rules or regulations adopted under said sections or fail to comply with  
376 any other state or federal law, including the rules and regulations  
377 thereunder; (6) make, in any manner, any false or deceptive statement  
378 or representation, including with regard to the rates or other financing  
379 terms or conditions or engage in bait and switch advertising; (7)  
380 negligently make any false statement or knowingly and wilfully make  
381 any omission of material fact in connection with any information or  
382 reports filed with a governmental agency, or in connection with any  
383 investigation conducted by the commissioner or another governmental  
384 agency; (8) make any payment, threat or promise to any person for the  
385 purposes of influencing the independent judgment of the person in  
386 connection with the business of a sales finance company; (9) fail to  
387 truthfully account for moneys belonging to a party to a retail  
388 installment contract or retail installment loan; or (10) fail to supervise  
389 the operation of the business to ensure compliance with all applicable  
390 law.

391       Sec. 6. Subsection (d) of section 36a-558 of the general statutes is  
392 repealed and the following is substituted in lieu thereof (*Effective*  
393 *October 1, 2017*):

394       (d) Small loans that are the subject of the activities set forth in  
395 subsections (a) and (b) of this section shall not contain:

396       (1) For a small loan that is under five thousand dollars, an annual  
397 percentage rate that exceeds the maximum annual percentage rate for  
398 interest that is permitted with respect to the consumer credit extended  
399 under the Military Lending Act, 10 USC 987 et seq., as amended from  
400 time to time, or for a small loan that is between five thousand and

401 fifteen thousand dollars, an annual percentage rate that exceeds  
402 twenty-five per cent; [as calculated under the Military Lending Act, 10  
403 USC 987, et seq., as amended from time to time;]

404 (2) For other than an open-end small loan, a provision that increases  
405 the interest rate due to payment default;

406 (3) A payment schedule with regular periodic payments that when  
407 aggregated do not fully amortize the outstanding principal balance;

408 (4) A payment schedule with regular periodic payments that cause  
409 the principal balance to increase;

410 (5) A payment schedule that consolidates more than two periodic  
411 payments and pays them in advance from the proceeds, unless such  
412 payments are required to be escrowed by a governmental agency;

413 (6) A prepayment penalty;

414 (7) An adjustable rate provision;

415 (8) A waiver of participation in a class action or a provision  
416 requiring a borrower, whether acting individually or on behalf of  
417 others similarly situated, to assert any claim or defense in a nonjudicial  
418 forum that: (A) Utilizes principles that are inconsistent with the law as  
419 set forth in the general statutes or common law; or (B) limits any claim  
420 or defense the borrower may have;

421 (9) A call provision that permits the lender, in its sole discretion, to  
422 accelerate the indebtedness, except when repayment of the loan is  
423 accelerated by a bona fide default pursuant to a due-on-sale clause;

424 (10) A security interest, except as provided in subsection (e) of this  
425 section; or

426 (11) Fees or charges of any kind, except as expressly permitted by  
427 subsection (e) of this section.

428 Sec. 7. Section 36a-561 of the general statutes is repealed and the  
429 following is substituted in lieu thereof (*Effective October 1, 2017*):

430 No person licensed or required to be licensed and no control person  
431 shall, directly or indirectly:

432 (1) Assist or aid and abet any person in conduct prohibited by  
433 sections 36a-555 to 36a-573, inclusive;

434 (2) Employ any scheme, device or artifice to defraud or mislead any  
435 person in connection with a small loan;

436 (3) Make, in any manner, any false, misleading or deceptive  
437 statement or representation in connection with a small loan or engage  
438 in bait and switch advertising; [or]

439 (4) Engage in any unfair or deceptive practice toward any person or  
440 misrepresent or omit any material information in connection with a  
441 small loan; or

442 (5) Fail to supervise the operation of the business to ensure  
443 compliance with all applicable laws.

444 Sec. 8. Section 36a-586 of the general statutes is repealed and the  
445 following is substituted in lieu thereof (*Effective October 1, 2017*):

446 (a) Each check cashing licensee shall use and maintain at a general  
447 facility in this state, in the form satisfactory to the commissioner, such  
448 books, records and accounts as will enable the commissioner to  
449 determine whether the licensee is complying with the provisions of  
450 sections 36a-580 to 36a-589, inclusive. Each licensee shall retain such  
451 books, records and accounts for not less than the periods of time  
452 specified in regulations adopted by the commissioner in accordance  
453 with section 36a-588.

454 (b) Before a licensee deposits with any financial institution a check,  
455 draft or money order cashed by such licensee, the item shall be

456 endorsed with the actual name under which the licensee is doing  
457 business and must have the words "licensed check cashing service"  
458 legibly written or stamped immediately after or below such name.

459 (c) Each check cashing licensee shall comply with the applicable  
460 provisions of the Currency and Foreign Transactions Reporting Act, 31  
461 USC Section 5311 et seq., as from time to time amended, and any  
462 regulations adopted under such provisions, as from time to time  
463 amended.

464 (d) No person required to be licensed and who is subject to sections  
465 36a-580 to 36a-589, inclusive, as amended by this act, and no control  
466 person, as defined in section 36a-555, shall, directly or indirectly: (1)  
467 Employ any scheme, device or artifice to defraud or mislead any  
468 person; (2) engage in any unfair or deceptive practice toward any  
469 person; (3) obtain property by fraud or misrepresentation; (4) fail to  
470 comply with sections 36a-580 to 36a-589, inclusive, as amended by this  
471 act, or rules or regulations adopted under said sections or fail to  
472 comply with any other state or federal law, including the rules and  
473 regulations thereunder; (5) make, in any manner, any false or  
474 deceptive statement or representation or engage in bait and switch  
475 advertising; (6) negligently make any false statement or knowingly  
476 and wilfully make any omission of material fact in connection with any  
477 investigation conducted by the commissioner or another governmental  
478 agency; (7) collect, charge, attempt to collect or charge or use or  
479 propose any agreement purporting to collect or charge any fee  
480 prohibited by sections 36a-580 to 36a-589, inclusive, as amended by  
481 this act; (8) fail to truthfully account for moneys belonging to a party to  
482 a check cashing transaction; (9) fail to comply with any demand or  
483 requirement made by the commissioner under and within the  
484 authority of sections 36a-580 to 36a-589, inclusive, as amended by this  
485 act; and (10) fail to supervise the operation of the check cashing  
486 business to ensure compliance with all applicable laws.

487 Sec. 9. Section 36a-603 of the general statutes is repealed and the



488 following is substituted in lieu thereof (*Effective October 1, 2017*):

489 (a) Each licensee shall at all times maintain permissible investments  
490 having a value, computed in accordance with generally accepted  
491 accounting principles, at least equal to the aggregate amount of its  
492 outstanding money transmissions in this state, provided the value of  
493 receivables due from authorized delegates consisting of the proceeds  
494 of the sale of payment instruments that are not past due or doubtful of  
495 collection shall not exceed thirty per cent of the permissible  
496 investments held by the licensee and receivables due from any one  
497 person shall not exceed ten per cent of the value of permissible  
498 investments held by the licensee.

499 (b) Each licensee that engages in the business of money transmission  
500 in this state by receiving, transmitting, storing or maintaining custody  
501 or control of virtual currency on behalf of another person shall at all  
502 times hold virtual currency of the same type and amount owed or  
503 obligated to such other person. As used in subsection (a) of this  
504 section, outstanding money transmissions does not include any virtual  
505 currency held pursuant to this subsection, and "value" means the lower  
506 of book or market value, except that with regard to debt obligations  
507 which the licensee as a matter of policy retains until maturity, "value"  
508 means the greater of book or market value unless the commissioner  
509 orders that for some or all investments of a particular licensee, "value"  
510 means the lower of book or market value.

511 (c) Permissible investments and virtual currency held pursuant to  
512 subsection (b) of this section, even if commingled with other assets of  
513 the licensee, shall be deemed by operation of law to be held in trust for  
514 the benefit of any claimants against the licensee to serve the faithful  
515 performance of the obligations of the licensee and the licensee's  
516 authorized delegates with respect to the licensee's money transmission  
517 business in this state in the event of the bankruptcy of the licensee, and  
518 shall be immune from attachment by creditors or judgment creditors.

519 Sec. 10. Section 36a-596 of the general statutes is repealed and the  
520 following is substituted in lieu thereof (*Effective October 1, 2017*):

521 As used in sections 36a-595 to 36a-612, inclusive:

522 (1) "Advertise" or "advertising" means any announcement,  
523 statement, assertion or representation that is placed before the public  
524 in a newspaper, magazine or other publication, in the form of a notice,  
525 circular, pamphlet, letter or poster, over any radio or television station,  
526 by means of the Internet, by other electronic means of distributing  
527 information, by personal contact, or in any other way or medium.

528 ~~[(1)]~~ (2) "Authorized delegate" means a person designated by a  
529 person licensed pursuant to sections 36a-595 to 36a-612, inclusive, to  
530 provide money transmission services on behalf of such licensed  
531 person.

532 (3) "Control person" means an individual that directly or indirectly  
533 exercises control over another person, and includes any person that (A)  
534 is a director, general partner or executive officer; (B) in the case of a  
535 corporation, directly or indirectly has the right to vote ten per cent or  
536 more of any class of voting securities; (C) in the case of a limited  
537 liability company, is a managing member; or (D) in the case of a  
538 partnership, has the right to receive upon dissolution, or has  
539 contributed, ten per cent or more of the capital. For purposes of this  
540 subdivision, "control" means the power, directly or indirectly, to direct  
541 the management or policies of a company, whether through ownership  
542 of securities, by contract or otherwise.

543 ~~[(2)]~~ (4) "Electronic payment instrument" means a card or other  
544 tangible object for the transmission of money or monetary value or  
545 payment of money which contains a microprocessor chip, magnetic  
546 stripe, or other means for the storage of information, that is prefunded  
547 and for which the value is decremented upon each use, but does not  
548 include a card or other tangible object that is redeemable by the issuer  
549 in the issuer's goods or services.

550        [(3)] (5) "Holder" means a person, other than a purchaser, who is  
551 either in possession of a payment instrument and is the named payee  
552 thereon or in possession of a payment instrument issued or endorsed  
553 to such person or bearer or in blank. "Holder" does not include any  
554 person who is in possession of a lost, stolen or forged payment  
555 instrument.

556        [(4)] (6) "Licensee" means any person licensed or required to be  
557 licensed pursuant to sections 36a-595 to 36a-612, inclusive.

558        [(5)] (7) "Monetary value" means a medium of exchange, whether or  
559 not redeemable in money.

560        [(6)] (8) "Money transmission" means engaging in the business of  
561 issuing or selling payment instruments or stored value, receiving  
562 money or monetary value for current or future transmission or the  
563 business of transmitting money or monetary value within the United  
564 States or to locations outside the United States by any and all means  
565 including, but not limited to, payment instrument, wire, facsimile or  
566 electronic transfer.

567        [(7)] (9) "Outstanding" means (A) in the case of a payment  
568 instrument or stored value, that: (i) It is sold or issued in the United  
569 States; (ii) a report of it has been received by a licensee from its  
570 authorized delegates; and (iii) it has not yet been paid by the issuer,  
571 and (B) for all other money transmissions, the value reported to the  
572 licensee for which the licensee or any authorized delegate has received  
573 money or its equivalent value from the customer for transmission, but  
574 has not yet completed the money transmission by delivering the  
575 money or monetary value to the person designated by the customer.

576        [(8)] (10) "Payment instrument" means a check, draft, money order,  
577 travelers check or electronic payment instrument that evidences either  
578 an obligation for the transmission of money or monetary value or  
579 payment of money, or the purchase or the deposit of funds for the  
580 purchase of such check, draft, money order, travelers check or

581 electronic payment instrument.

582 [(9)] (11) "Permissible investment" means: (A) Cash in United States  
583 currency; (B) time deposits, as defined in section 36a-2, or other debt  
584 instruments of a bank; (C) bills of exchange or bankers acceptances  
585 which are eligible for purchase by member banks of the Federal  
586 Reserve System; (D) commercial paper of prime quality; (E) interest-  
587 bearing bills, notes, bonds, debentures or other obligations issued or  
588 guaranteed by: (i) The United States or any of its agencies or  
589 instrumentalities, or (ii) any state, or any agency, instrumentality,  
590 political subdivision, school district or legally constituted authority of  
591 any state if such investment is of prime quality; (F) interest-bearing  
592 bills or notes, or bonds, debentures or preferred stocks, traded on any  
593 national securities exchange or on a national over-the-counter market,  
594 if such debt or equity investments are of prime quality; (G) receivables  
595 due from authorized delegates consisting of the proceeds of the sale of  
596 payment instruments which are not past due or doubtful of collection;  
597 (H) gold; and (I) any other investments approved by the  
598 commissioner. Notwithstanding the provisions of this subdivision, if  
599 the commissioner at any time finds that an investment of a licensee is  
600 unsatisfactory for investment purposes, the investment shall not  
601 qualify as a permissible investment.

602 (12) "Person" means a natural person, corporation, company, limited  
603 liability company, partnership or association.

604 [(10)] (13) "Prime quality" of an investment means that it is within  
605 the top four rating categories in any rating service recognized by the  
606 commissioner unless the commissioner determines for any licensee  
607 that only those investments in the top three rating categories qualify as  
608 "prime quality".

609 [(11)] (14) "Purchaser" means a person who buys or has bought a  
610 payment instrument or who has given money or monetary value for  
611 current or future transmission.

612 [(12)] (15) "Stored value" means monetary value that is evidenced by  
613 an electronic record. For the purposes of this subdivision, "electronic  
614 record" means information that is stored in an electronic medium and  
615 is retrievable in perceivable form.

616 [(13)] (16) "Travelers check" means a payment instrument for the  
617 payment of money that contains a provision for a specimen signature  
618 of the purchaser to be completed at the time of a purchase of the  
619 instrument and a provision for a countersignature of the purchaser to  
620 be completed at the time of negotiation.

621 [(14)] (17) "Virtual currency" means any type of digital unit that is  
622 used as a medium of exchange or a form of digitally stored value or  
623 that is incorporated into payment system technology. Virtual currency  
624 shall be construed to include digital units of exchange that (A) have a  
625 centralized repository or administrator; (B) are decentralized and have  
626 no centralized repository or administrator; or (C) may be created or  
627 obtained by computing or manufacturing effort. Virtual currency shall  
628 not be construed to include digital units that are used (i) solely within  
629 online gaming platforms with no market or application outside such  
630 gaming platforms, or (ii) exclusively as part of a consumer affinity or  
631 rewards program, and can be applied solely as payment for purchases  
632 with the issuer or other designated merchants, but cannot be converted  
633 into or redeemed for fiat currency.

634 Sec. 11. Section 36a-607 of the general statutes is repealed and the  
635 following is substituted in lieu thereof (*Effective October 1, 2017*):

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

638 (1) The business may be conducted by the licensee or through or by  
639 means of such authorized delegates as the licensee may periodically  
640 designate or appoint. The licensee shall notify the commissioner of all  
641 authorized delegates that act on its behalf. An authorized delegate may  
642 not engage in the business of money transmission in this state on

643 behalf of a licensee through or by means of any person who is not an  
644 authorized delegate of the licensee.

645 (2) No license under sections 36a-595 to 36a-612, inclusive, shall be  
646 required of any authorized delegate.

647 (3) Each authorized delegate shall, from the moment of receipt, hold  
648 the proceeds of a sale or delivery of a licensee's money transmissions  
649 in this state in trust for the benefit of such licensee.

650 (4) A licensee shall be liable for the loss caused to any purchaser or  
651 holder of the licensee's payment instruments or stored value sold in  
652 this state by the failure of an authorized delegate to forward to the  
653 licensee the amount due from the proceeds of a sale or delivery of the  
654 licensee's payment instruments or stored value, or money or monetary  
655 value received for transmission.

656 (5) The licensee shall enter into a contract with each of its authorized  
657 delegates that requires the authorized delegate to operate in full  
658 compliance with sections 36a-595 to 36a-612, inclusive, and provides  
659 that appointment of the authorized delegate is not effective during any  
660 period when the license of the licensee has been suspended. The  
661 licensee shall provide each authorized delegate with policies and  
662 procedures sufficient to ensure compliance with sections 36a-595 to  
663 36a-612, inclusive.

664 (6) An authorized delegate shall remit all money owing to the  
665 licensee in accordance with the terms of the contract between the  
666 licensee and the authorized delegate.

667 (7) An authorized delegate shall not provide money transmission  
668 services in this state outside the scope of activity permissible under the  
669 contract between the authorized delegate and the licensee.

670 (b) For purposes of subsection (a) of this section, "licensee" means  
671 any person that has obtained a license from the commissioner as

672 provided in section 36a-600.

673 (c) No person required to be licensed and who is subject to sections  
674 36a-595 to 36a-612, inclusive, and no control person shall, directly or  
675 indirectly: (1) Employ any scheme, device or artifice to defraud or  
676 mislead any person; (2) engage in any unfair or deceptive practice  
677 toward any person; (3) obtain property by fraud or misrepresentation;  
678 (4) fail to comply with sections 36a-595 to 36a-612, inclusive, or rules or  
679 regulations adopted under said sections or fail to comply with any  
680 other state or federal law, including the rules and regulations  
681 thereunder; (5) make, in any manner, any false or deceptive statement  
682 or representation or engage in bait and switch advertising; (6)  
683 negligently make any false statement or knowingly and wilfully make  
684 any omission of material fact in connection with any information filed  
685 with a governmental agency, or in connection with any investigation  
686 conducted by the commissioner or another governmental agency; (7)  
687 fail to truthfully account for moneys belonging to a party to a money  
688 transmission transaction; (8) fail to comply with any demand or  
689 requirement made by the commissioner under and within the  
690 authority of sections 36a-595 to 36a-612, inclusive; and (9) fail to  
691 supervise the operation of the business to ensure compliance with all  
692 applicable law.

693 (d) The advertising of a licensee: (1) Shall not include any statement  
694 that such licensee is endorsed in any way by this state, except that the  
695 advertising may include a statement that the licensee is licensed in this  
696 state; (2) shall not include any statement or claim that is deceptive,  
697 false or misleading; (3) shall be retained for two years from the date of  
698 such advertising's use; and (4) shall otherwise conform to the  
699 requirements of sections 36a-595 to 36a-612, inclusive, and any  
700 regulations issued thereunder.

701 (e) Each licensee shall remit any money or monetary value received  
702 for transmission by the licensee or its authorized delegates to the  
703 person designated by the purchaser of such transmission not later than

704 seven calendar days from the date of receipt of such money or  
705 monetary value from the purchaser unless otherwise directed by the  
706 purchaser.

707 Sec. 12. Section 36a-655 of the general statutes is repealed and the  
708 following is substituted in lieu thereof (*Effective October 1, 2017*):

709 As used in sections 36a-655 to 36a-665, inclusive, as amended by this  
710 act:

711 (1) "Advertise or advertising" means any announcement, statement,  
712 assertion or representation that is placed before the public in a  
713 newspaper, magazine or other publication, in the form of a notice,  
714 circular, pamphlet, letter or poster, over any radio or television station,  
715 by means of the Internet, by other electronic means of distributing  
716 information, by personal contact, or in any other way or medium.

717 (2) ["bona fide nonprofit organization"] "Bona fide nonprofit  
718 organization" means any organization that is exempt from taxation  
719 under Section 501(c)(3) of the Internal Revenue Code of 1986, or any  
720 subsequent corresponding internal revenue code of the United States,  
721 as amended from time to time. [amended;]

722 (3) "Control person" means an individual that directly or indirectly  
723 exercises control over another person, and includes any person that (A)  
724 is a director, general partner or executive officer; (B) in the case of a  
725 corporation, directly or indirectly has the right to vote ten per cent or  
726 more of any class of voting securities; (C) in the case of a limited  
727 liability company, is a managing member; or (D) in the case of a  
728 partnership, has the right to receive upon dissolution, or has  
729 contributed, ten per cent or more of the capital. For purposes of this  
730 subdivision, "control" means the power, directly or indirectly, to direct  
731 the management or policies of a company, whether through ownership  
732 of securities, but contract or otherwise.

733 (4) ["debt adjustment"] "Debt adjustment" means, for or with the



734 expectation of a fee, commission or other valuable consideration,  
735 receiving, as agent of a debtor, money or evidences thereof for the  
736 purpose of distributing such money or evidences thereof among  
737 creditors in full or partial payment of obligations of the debtor. [; and]

738 (5) ["debtor"] "Debtor" means any individual who has incurred  
739 indebtedness or owes a debt for personal, family or household  
740 purposes.

741 (6) "Person" means a natural person, corporation, company, limited  
742 liability company, partnership or association.

743 Sec. 13. Section 36a-661 of the general statutes is repealed and the  
744 following is substituted in lieu thereof (*Effective October 1, 2017*):

745 [No licensee shall:] No person who is required to be licensed and  
746 who is subject to sections 36a-655 to 36a-665, inclusive, as amended by  
747 this act, and no control person shall, directly or indirectly: (1) Purchase  
748 from a creditor any obligation of a debtor; (2) operate as a collection  
749 agent and as a licensee as to the same debtor's account; (3) execute any  
750 contract or agreement to be signed by the debtor unless the contract or  
751 agreement is fully and completely filled in and finished; (4) [directly or  
752 indirectly] require the debtor to purchase other services or materials as  
753 a condition to enter into a written agreement for services; (5) pay any  
754 bonus or other consideration to any person for the referral of a debtor  
755 to the licensee's business or accept or receive any bonus, commission  
756 or other consideration for referring any debtor to any person for any  
757 reason; [ or (6) advertise, display, distribute, broadcast or televise or  
758 permit to be displayed, advertised, distributed, broadcast or televised  
759 the licensee's services, rates or terms in any manner whatsoever  
760 wherein any false, misleading or deceptive statement or representation  
761 is made with regard to the services to be performed by the licensee or  
762 the charges to be made therefor] (6) employ any scheme, device or  
763 artifice to defraud or mislead any person; (7) engage in any unfair or  
764 deceptive practice toward any person; (8) obtain property by fraud or

765 misrepresentation; (9) fail to comply with sections 36a-655 to 36a-665,  
766 inclusive, as amended by this act, or regulations adopted under said  
767 sections, or any other state or federal law, including the rules and  
768 regulations thereunder; (10) negligently make any false statement or  
769 knowingly and wilfully make any omission of material fact in  
770 connection with any information or reports filed with a governmental  
771 agency or the system, or in connection with any investigation  
772 conducted by the commissioner or another governmental agency; (11)  
773 fail to truthfully account for moneys belonging to a debtor; (12) fail to  
774 comply with any demand or requirement made by the commissioner  
775 under and within the authority of sections 36a-655 to 36a-665,  
776 inclusive, as amended by this act; (13) collect any fee or charge or  
777 receive money or payment projected by section 36a-661a; or (14) fail to  
778 supervise the operation of the business to ensure compliance with all  
779 applicable law.

780 Sec. 14. Section 36a-671 of the general statutes is repealed and the  
781 following is substituted in lieu thereof (*Effective October 1, 2017*):

782 (a) As used in this section and sections 36a-671a to 36a-671e,  
783 inclusive, as amended by this act, and section 15 of this act:

784 (1) "Advertise or advertising" means any announcement, statement,  
785 assertion or representation that is placed before the public in a  
786 newspaper, magazine or other publication, in the form of a notice,  
787 circular, pamphlet, letter or poster, over any radio or television station,  
788 by means of the Internet, by other electronic means of distributing  
789 information, by personal contact, or in any other way or medium.

790 (2) "Control person" means an individual that directly or indirectly  
791 exercises control over another person, and includes any person that (A)  
792 is a director, general partner or executive officer; (B) in the case of a  
793 corporation, directly or indirectly has the right to vote ten per cent or  
794 more of any class of voting securities; (C) in the case of a limited  
795 liability company, is a managing member; or (D) in the case of a

796 partnership, has the right to receive upon dissolution, or has  
797 contributed, ten per cent or more of the capital. For purposes of this  
798 subdivision, "control" means the power, directly or indirectly, to direct  
799 the management or policies of a company, whether through ownership  
800 of securities, but contract or otherwise.

801 [(1) "debt negotiation"] (3) "Debt negotiation" means, for or with the  
802 expectation of a fee, commission or other valuable consideration,  
803 assisting a debtor in negotiating or attempting to negotiate on behalf of  
804 a debtor the terms of a debtor's obligations with one or more  
805 mortgagees or creditors of the debtor, including the negotiation of  
806 short sales of residential property or foreclosure rescue services. [;]

807 [(2) "debtor"] (4) "Debtor" means any individual who has incurred  
808 indebtedness or owes a debt for personal, family or household  
809 purposes. [;]

810 (5) "Foreclosure rescue services" means services related to or  
811 promising assistance in connection with (A) avoiding or delaying  
812 actual or anticipated foreclosure proceedings concerning residential  
813 property, or (B) curing or otherwise addressing a default or failure to  
814 timely pay with respect to a mortgage loan secured by residential  
815 property, and includes, but is not limited to, the offer, arrangement or  
816 placement of a mortgage loan secured by residential property or other  
817 extension of credit when those services are advertised, offered or  
818 promoted in the context of foreclosure related services.

819 [(3) "mortgagee"] (6) "Mortgagee" means the original lender under a  
820 mortgage loan secured by residential property or its agents, successors  
821 or assigns. [;]

822 [(4) "mortgagor"] (7) "Mortgagor" means a debtor who is an owner  
823 of residential property, including, but not limited to, a single-family  
824 unit in a common interest community, who is also the borrower under  
825 a mortgage encumbering such residential property. [;]

826 (8) "Person" means a natural person, corporation, company, limited  
827 liability company, partnership or association.

828 (9) "Residential property" means a one-to-four family owner-  
829 occupied real property.

830 [(5) "short sale"] (10) "Short sale" means the sale of residential  
831 property by a mortgagor for an amount less than the outstanding  
832 balance owed on the loan secured by such property where, prior to the  
833 sale, the mortgagee or an assignee of the mortgagee agrees to accept  
834 less than the outstanding loan balance in full or partial satisfaction of  
835 the mortgage debt and the proceeds of the sale are paid to the  
836 mortgagee or an assignee of the mortgagee. ]; (6) "foreclosure rescue  
837 services" means services related to or promising assistance in  
838 connection with (A) avoiding or delaying actual or anticipated  
839 foreclosure proceedings concerning residential property, or (B) curing  
840 or otherwise addressing a default or failure to timely pay with respect  
841 to a mortgage loan secured by residential property, and includes, but  
842 is not limited to, the offer, arrangement or placement of a mortgage  
843 loan secured by residential property or other extension of credit when  
844 those services are advertised, offered or promoted in the context of  
845 foreclosure related services; and (7) "residential property" means one-  
846 to-four family owner-occupied real property.]

847 (b) No person shall engage or offer to engage in debt negotiation in  
848 this state without a license issued under this section for each location  
849 where debt negotiation will be conducted. Any person desiring to  
850 obtain such a license shall file with the commissioner an application  
851 under oath, setting forth such information as the commissioner may  
852 require. Each applicant for a license and each licensee shall notify the  
853 commissioner of any change in the applicant's business from that  
854 stated in the application for the license. A person is engaging in debt  
855 negotiation in this state if such person: (1) Has a place of business  
856 located within this state; (2) has a place of business located outside of  
857 this state and the debtor is a resident of this state who negotiates or

858 agrees to the terms of the services in person, by mail, by telephone or  
859 via the Internet; or (3) has its place of business located outside of this  
860 state and the services concern a debt that is secured by property  
861 located within this state.

862 (c) An application for an original or renewal debt negotiation license  
863 shall be in writing on a form provided by the commissioner and shall  
864 include (1) the history of criminal convictions of the (A) applicant, (B)  
865 partners, if the applicant is a partnership, (C) members, if the applicant  
866 is a limited liability company or association, or (D) officers, directors  
867 and principal employees, if the applicant is a corporation; and (2)  
868 sufficient information pertaining to the history of criminal convictions,  
869 in a form acceptable to the commissioner, on such applicant, partners,  
870 members, officers, directors and principal employees as the  
871 commissioner deems necessary to make the findings under subsection  
872 (d) of this section. The commissioner, in accordance with section 29-  
873 17a, may conduct a state and national criminal history records check of  
874 the applicant and of each partner, member, officer, director and  
875 principal employee of the applicant. The commissioner may deem an  
876 application for a debt negotiation license abandoned if the applicant  
877 fails to respond to any request for information required under sections  
878 36a-671 to 36a-671e, inclusive, as amended by this act, or any  
879 regulations adopted pursuant to said sections 36a-671 to 36a-671e,  
880 inclusive, as amended by this act. The commissioner shall notify the  
881 applicant, in writing, that if the applicant fails to submit such  
882 information not later than sixty days after the date on which such  
883 request for information was made, the application shall be deemed  
884 abandoned. An application filing fee paid prior to the date an  
885 application is deemed abandoned pursuant to this subsection shall not  
886 be refunded. Abandonment of an application pursuant to this  
887 subsection shall not preclude the applicant from submitting a new  
888 application for a license under sections 36a-671 to 36a-671e, inclusive,  
889 as amended by this act.

890 (d) If the commissioner finds, upon the filing of an application for a

891 debt negotiation license, that: (1) The financial responsibility, character,  
892 reputation, integrity and general fitness of the (A) applicant, (B)  
893 partners thereof, if the applicant is a partnership, (C) members, if the  
894 applicant is a limited liability company or association, and (D) officers,  
895 directors and principal employees, if the applicant is a corporation, are  
896 such as to warrant belief that the business will be operated soundly  
897 and efficiently, in the public interest and consistent with the purposes  
898 of sections 36a-671 to 36a-671e, inclusive, as amended by this act, and  
899 section 15 of this act; and (2) the applicant is solvent and no proceeding  
900 in bankruptcy, receivership or assignment for the benefit of creditors  
901 has been commenced against the applicant, the commissioner may  
902 thereupon issue the applicant a debt negotiation license. Such debt  
903 negotiation license shall not be transferable. Any change of location of  
904 a licensee shall require prior written notice to the commissioner. No  
905 licensee shall use any name unless such name has been approved by  
906 the commissioner. If the commissioner fails to make such findings, the  
907 commissioner shall not issue a license and shall notify the applicant of  
908 the reasons for such denial. The commissioner may deny an  
909 application if the commissioner finds that the applicant or any partner,  
910 member, officer, director or principal employee of the applicant has  
911 been convicted of any misdemeanor involving any aspect of the debt  
912 negotiation business or any felony. Any denial of an application by the  
913 commissioner shall, when applicable, be subject to the provisions of  
914 section 46a-80. Withdrawal of an application for a license shall become  
915 effective upon receipt by the commissioner of a notice of intent to  
916 withdraw such application. The commissioner may deny a license up  
917 to the date one year after the effective date of withdrawal.

918 (e) Each applicant for an original or renewal debt negotiation license  
919 shall, at the time of making such application, pay to the commissioner  
920 an application fee of one thousand six hundred dollars, provided, if  
921 such application is filed not earlier than one year before the date such  
922 license will expire, such person shall pay a license fee of eight hundred  
923 dollars. Each such license shall expire at the close of business on

924 September thirtieth of the odd-numbered year following its issuance  
925 unless such license is renewed. Each licensee shall, on or before  
926 September first of the year in which the license expires, file such  
927 renewal application as the commissioner may require. Whenever an  
928 application for a license is filed under this section by any person who  
929 was a licensee under this section and whose license expired less than  
930 sixty days prior to the date such application was filed, such application  
931 shall be accompanied by a one-hundred-dollar processing fee in  
932 addition to the application fee.

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

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

944 Sec. 15. (NEW) (*Effective October 1, 2017*) No person who is required  
945 to be licensed and who is subject to sections 36a-671 to 36a-671e,  
946 inclusive, of the general statutes, as amended by this act, and this  
947 section and no control person, shall, directly or indirectly: (1) Employ  
948 any scheme, device or artifice to defraud or mislead any person; (2)  
949 engage in any unfair or deceptive practice toward any person; (3)  
950 obtain property by fraud or misrepresentation; (4) fail to comply with  
951 sections 36a-671 to 36a-671e, inclusive, of the general statutes, as  
952 amended by this act, or regulations adopted under said sections, or  
953 any other state or federal law, including the rules and regulations  
954 thereunder; (5) negligently make any false statement or knowingly and  
955 wilfully make any omission of material fact in connection with any

956 information or reports filed with a governmental agency, or in  
957 connection with any investigation conducted by the commissioner or  
958 another governmental agency; (6) fail to truthfully account for moneys  
959 belonging to a debtor; (7) fail to comply with any demand or  
960 requirement made by the commissioner under and within the  
961 authority of sections 36a-671 to 36a-671e, inclusive, of the general  
962 statutes, as amended by this act; or (8) fail to supervise the operation of  
963 the business to ensure compliance with all applicable law.

964 Sec. 16. Section 36a-719h of the general statutes is repealed and the  
965 following is substituted in lieu thereof (*Effective October 1, 2017*):

966 No mortgage servicer shall:

967 (1) Directly or indirectly employ any scheme, device or artifice to  
968 defraud or mislead mortgagors or mortgagees or to defraud any  
969 person;

970 (2) Engage in any unfair or deceptive practice toward any person or  
971 misrepresent or omit any material information in connection with the  
972 servicing of the residential mortgage loan, including, but not limited  
973 to, misrepresenting the amount, nature or terms of any fee or payment  
974 due or claimed to be due on a residential mortgage loan, the terms and  
975 conditions of the servicing agreement or the mortgagor's obligations  
976 under the residential mortgage loan;

977 (3) Obtain property by fraud or misrepresentation;

978 (4) Recklessly apply residential mortgage loan payments or  
979 knowingly misapply residential mortgage loan payments to the  
980 outstanding balance of a residential mortgage loan;

981 (5) Recklessly apply payments or knowingly misapply payments to  
982 escrow accounts;

983 (6) Place hazard, homeowners or flood insurance on the mortgaged  
984 property when the mortgage servicer knew or should have known that



985 the mortgagor has an effective policy for such insurance;

986 (7) Fail to comply with section 49-10a;

987 (8) Knowingly or recklessly provide inaccurate information to a  
988 credit bureau that results in harm to a mortgagor's creditworthiness;

989 (9) Fail to report both the favorable and unfavorable payment  
990 history of the mortgagor to a nationally recognized consumer credit  
991 bureau at least annually if the mortgage servicer regularly reports  
992 information to a credit bureau;

993 (10) Collect private mortgage insurance beyond the date for which  
994 private mortgage insurance is required;

995 (11) Fail to issue a release of mortgage in accordance with section  
996 49-8;

997 (12) Fail to provide written notice to a mortgagor upon taking action  
998 to place hazard, homeowners or flood insurance on the mortgaged  
999 property, including a clear and conspicuous statement of the  
1000 procedures by which the mortgagor may demonstrate that he or she  
1001 has the required insurance coverage and by which the mortgage  
1002 servicer shall terminate the insurance coverage placed by it and refund  
1003 or cancel any insurance premiums and related fees paid by or charged  
1004 to the mortgagor;

1005 (13) Place hazard, homeowners or flood insurance on a mortgaged  
1006 property, or require a mortgagor to obtain or maintain such insurance,  
1007 in excess of the replacement cost of the improvements on the  
1008 mortgaged property as established by the property insurer;

1009 (14) Fail to provide to the mortgagor a refund of unearned  
1010 premiums paid by a mortgagor or charged to the mortgagor for  
1011 hazard, homeowners or flood insurance placed by a mortgagee or the  
1012 mortgage servicer if the mortgagor provides reasonable proof that the  
1013 mortgagor has obtained coverage such that the forced placement

1014 insurance is no longer necessary and the property is insured. If the  
1015 mortgagor provides reasonable proof that no lapse in coverage  
1016 occurred such that the forced placement was not necessary, the  
1017 mortgage servicer shall promptly refund the entire premium;

1018 (15) Require any amount of funds to be remitted by means more  
1019 costly to the mortgagor than a bank or certified check or attorney's  
1020 check from an attorney's account to be paid by the mortgagor;

1021 (16) Refuse to communicate with an authorized representative of the  
1022 mortgagor who provides a written authorization signed by the  
1023 mortgagor, provided the mortgage servicer may adopt procedures  
1024 reasonably related to verifying that the representative is in fact  
1025 authorized to act on behalf of the mortgagor;

1026 (17) Conduct any business covered by sections 36a-715 to 36a-719l,  
1027 inclusive, without holding a valid license as required under said  
1028 sections, or assist or aid and abet any person in the conduct of business  
1029 without a valid license as required under this title;

1030 (18) Negligently make any false statement or knowingly and  
1031 wilfully make any omission of a material fact in connection with any  
1032 information or reports filed with a governmental agency or the system  
1033 or in connection with any investigation conducted by the Banking  
1034 Commissioner or another governmental agency; [or]

1035 (19) Collect, charge, attempt to collect or charge or use or propose  
1036 any agreement purporting to collect or charge any fee prohibited by  
1037 sections 36a-485 to 36a-498f, inclusive, 36a-534a and 36a-534b; or

1038 (20) Fail to supervise the operation of the business to ensure  
1039 compliance with all applicable law.

1040 Sec. 17. Section 36a-805 of the general statutes is repealed and the  
1041 following is substituted in lieu thereof (*Effective October 1, 2017*):

1042 (a) No consumer collection agency shall: (1) Furnish legal advice or

1043 perform legal services or represent that it is competent to do so, or  
1044 institute judicial proceedings on behalf of others; (2) communicate with  
1045 consumer debtors, property tax debtors or federal income tax debtors  
1046 in the name of an attorney or upon the stationery of an attorney, or  
1047 prepare any forms or instruments which only attorneys are authorized  
1048 to prepare; (3) receive assignments as a third party of claims for the  
1049 purpose of collection or institute suit thereon in any court; (4) assume  
1050 authority on behalf of a creditor to employ or terminate the services of  
1051 an attorney unless such creditor has authorized such agency in writing  
1052 to act as such creditor's agent in the selection of an attorney to collect  
1053 the creditor's accounts; (5) demand or obtain in any manner a share of  
1054 the proper compensation for services performed by an attorney in  
1055 collecting a claim, whether or not such agency has previously  
1056 attempted collection thereof; (6) solicit claims for collection under an  
1057 ambiguous or deceptive contract; (7) refuse to return any claim or  
1058 claims upon written request of the creditor, claimant or forwarder,  
1059 which claims are not in the process of collection after the tender of  
1060 such amounts, if any, as may be due and owing to the agency; (8)  
1061 advertise or threaten to advertise for sale any claim as a means of  
1062 forcing payment thereof, unless such agency is acting as the assignee  
1063 for the benefit of creditors; (9) refuse or fail to account for and remit to  
1064 its clients all money collected which is not in dispute within sixty days  
1065 from the last day of the month in which said money is collected; (10)  
1066 refuse or intentionally fail to return to the creditor all valuable papers  
1067 deposited with a claim when such claim is returned; (11) refuse or fail  
1068 to furnish at intervals of not less than ninety days, upon the written  
1069 request of the creditor, claimant or forwarder, a written report upon  
1070 claims received from such creditor, claimant or forwarder; (12) add  
1071 any post charge-off charge or fee for cost of collection, unless such cost  
1072 is a court cost, to the amount of any claim which it receives for  
1073 collection or knowingly accept for collection any claim to which any  
1074 such charge or fee has already been added to the amount of the claim  
1075 unless (A) the consumer debtor is legally liable for such charge or fee  
1076 as determined by the contract or other evidence of an agreement

1077 between the consumer debtor and creditor, a copy of which shall be  
1078 obtained by or available to the consumer collection agency from the  
1079 creditor and maintained as part of the records of the consumer  
1080 collection agency or the creditor, or both, and (B) the total charge or fee  
1081 for cost of collection does not exceed fifteen per cent of the total  
1082 amount actually collected and accepted as payment in full satisfaction  
1083 of the debt; (13) use or attempt to use or make reference to the term  
1084 "bonded by the state of Connecticut", "bonded" or "bonded collection  
1085 agency" or any combination of such terms or words, except the word  
1086 "bonded" may be used on the stationery of any such agency in type not  
1087 larger than twelve-point; (14) when the debt is beyond the statute of  
1088 limitations, fail to provide the following disclosure in type not less  
1089 than ten-point informing the consumer debtor in its initial  
1090 communication with such consumer debtor that (A) when collecting  
1091 on debt that is not past the date for obsolescence provided for in  
1092 Section 605(a) of the Fair Credit Reporting Act, 15 USC 1681c: "The law  
1093 limits how long you can be sued on a debt. Because of the age of your  
1094 debt, (INSERT OWNER NAME) will not sue you for it. If you do not  
1095 pay the debt, (INSERT OWNER NAME) may report or continue to  
1096 report it to the credit reporting agencies as unpaid"; and (B) when  
1097 collecting on debt that is past the date for obsolescence provided for in  
1098 Section 605(a) of the Fair Credit Reporting Act, 15 USC 1681c: "The law  
1099 limits how long you can be sued on a debt. Because of the age of your  
1100 debt, (INSERT OWNER NAME) will not sue you for it and (INSERT  
1101 OWNER NAME) will not report it to any credit reporting agencies.";   
1102 [or] (15) engage in any activities prohibited by sections 36a-800 to 36a-  
1103 812, inclusive, as amended by this act; or (16) fail to supervise any  
1104 aspect of its consumer collection agency business in accordance with  
1105 applicable law.

1106 (b) No consumer collection agency shall impose a charge or fee for  
1107 any child support payments collected through the efforts of a  
1108 governmental agency. If the imposition of a charge or fee is permitted  
1109 under section 36a-801b, no consumer collection agency shall impose a

1110 charge or fee for the collection of any child support overdue at the time  
1111 of the contract in excess of twenty-five per cent of overdue support  
1112 actually collected.

1113 (c) (1) No consumer collection agency shall receive any property tax  
1114 on behalf of a creditor that is a municipality, unless the consumer  
1115 collection agency has procured from an insurer authorized to transact  
1116 business in this state an insurance policy providing coverage against  
1117 loss of money, securities or other property, including loss arising from  
1118 any fraudulent or dishonest act of any employee, officer or director of  
1119 the consumer collection agency, with limits of at least two million  
1120 dollars. It shall be the obligation of the municipality to ensure  
1121 compliance with the requirements of this subdivision.

1122 (2) A municipality that enters into an agreement with a consumer  
1123 collection agency to collect and receive for payment property tax on  
1124 behalf of the municipality may also require such consumer collection  
1125 agency to file a bond with the municipality in an amount not  
1126 exceeding the total amount of the property tax to be collected on behalf  
1127 of the municipality. Such bond, the form of which shall be approved  
1128 by the municipality, shall be written by a surety authorized to write  
1129 bonds in this state and shall contain a provision requiring the surety to  
1130 provide the municipality with written notice of cancellation of such  
1131 bond. Such notice shall be sent by certified mail to the municipality at  
1132 least thirty days prior to the date of cancellation. The bond shall be  
1133 conditioned that such consumer collection agency shall well, truly and  
1134 faithfully account for all funds collected and received by the consumer  
1135 collection agency for the municipality pursuant to such agreement. If  
1136 the municipality is damaged by the wrongful conversion of any  
1137 property tax debtor funds received by the consumer collection agency,  
1138 the municipality may proceed on such bond against the principal or  
1139 surety on the bond, or both, to recover damages. The proceeds of the  
1140 bond, even if commingled with the other assets of the consumer  
1141 collection agency, shall be deemed by operation of law to be held in  
1142 trust for the benefit of the municipality in the event of bankruptcy of

1143 the consumer collection agency and shall be immune from attachment  
1144 by creditors and judgment creditors.

1145 Sec. 18. Section 36a-846 of the general statutes is repealed and the  
1146 following is substituted in lieu thereof (*Effective October 1, 2017*):

1147 As used in this section and sections 36a-847 to 36a-854:

1148 (1) "Advertise" or "advertising" means any announcement,  
1149 statement, assertion or representation that is placed before the public  
1150 in a newspaper, magazine or other publication, in the form of a notice,  
1151 circular, pamphlet, letter or poster, over any radio or television station,  
1152 by means of the Internet, by other electronic means of distributing  
1153 information, by personal contact, or in any other way or medium;

1154 (2) "Control person" means an individual that directly or indirectly  
1155 exercises control over another person, and includes any person that (A)  
1156 is a director, general partner or executive officer; (B) in the case of a  
1157 corporation, directly or indirectly has the right to vote ten per cent or  
1158 more of any class of voting securities; (C) in the case of a limited  
1159 liability company, is a managing member; or (D) in the case of a  
1160 partnership, has the right to receive upon dissolution, or has  
1161 contributed, ten per cent or more of the capital. For purposes of this  
1162 subdivision, "control" means the power, directly or indirectly, to direct  
1163 the management or policies of a company, whether through ownership  
1164 of securities, by contract or otherwise;

1165 (3) "Person" means a natural person, corporation, company, limited  
1166 liability company, partnership or association;

1167 ~~[(1)]~~ (4) "Student loan borrower" means (A) any resident of this state  
1168 who has received or agreed to pay a student education loan; or (B) any  
1169 person who shares responsibility with such resident for repaying the  
1170 student education loan; [.]

1171 ~~[(2)]~~ (5) "Student loan servicer" means any person, wherever located,

1172 responsible for the servicing of any student education loan to any  
1173 student loan borrower; [.]

1174 [(3)] (6) "Servicing" means (A) receiving any scheduled periodic  
1175 payments from a student loan borrower pursuant to the terms of a  
1176 student education loan; (B) applying the payments of principal and  
1177 interest and such other payments with respect to the amounts received  
1178 from a student loan borrower, as may be required pursuant to the  
1179 terms of a student education loan; [and] or (C) performing other  
1180 administrative services with respect to a student education loan; [.]

1181 [(4)] (7) "Student education loan" means any loan primarily for  
1182 personal use to finance education or other school-related expenses.

1183 Sec. 19. Section 36a-850 of the general statutes is repealed and the  
1184 following is substituted in lieu thereof (*Effective October 1, 2017*):

1185 [No student loan servicer licensee shall:] No person who is required  
1186 to be licensed and who is subject to sections 36a-846 to 36a-854,  
1187 inclusive, as amended by this act, and no control person, qualified  
1188 individual, branch manager, trustee, employee or agent of such person  
1189 shall, directly or indirectly:

1190 (1) [Directly or indirectly employ] Employ any scheme, device or  
1191 artifice to defraud or mislead student loan borrowers;

1192 (2) Engage in any unfair or deceptive practice toward any person or  
1193 misrepresent or omit any material information in connection with the  
1194 servicing of a student education loan, including, but not limited to,  
1195 misrepresenting the amount, nature or terms of any fee or payment  
1196 due or claimed to be due on a student education loan, the terms and  
1197 conditions of the loan agreement or the borrower's obligations under  
1198 the loan;

1199 (3) Obtain property by fraud or misrepresentation;

1200 (4) Knowingly misapply or recklessly apply student education loan

1201 payments to the outstanding balance of a student education loan;

1202 (5) Knowingly or recklessly provide inaccurate information to a  
1203 credit bureau, thereby harming a student loan borrower's  
1204 creditworthiness;

1205 (6) Fail to report both the favorable and unfavorable payment  
1206 history of the student loan borrower to a nationally recognized  
1207 consumer credit bureau at least annually if the student loan servicer  
1208 licensee regularly reports information to a credit bureau;

1209 (7) Refuse to communicate with an authorized representative of the  
1210 student loan borrower who provides a written authorization signed by  
1211 the student loan borrower, provided the student loan servicer licensee  
1212 may adopt procedures reasonably related to verifying that the  
1213 representative is in fact authorized to act on behalf of the student loan  
1214 borrower; [or]

1215 (8) Negligently make any false statement or knowingly and wilfully  
1216 make any omission of a material fact in connection with any  
1217 information or reports filed with a governmental agency or in  
1218 connection with any investigation conducted by the Banking  
1219 Commissioner or another governmental agency; or

1220 (9) Fail to supervise the operation of the business to ensure  
1221 compliance with all applicable law.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2017</i>	36a-3
Sec. 2	<i>October 1, 2017</i>	36a-24b
Sec. 3	<i>October 1, 2017</i>	36a-489a
Sec. 4	<i>October 1, 2017</i>	36a-535
Sec. 5	<i>October 1, 2017</i>	36a-539
Sec. 6	<i>October 1, 2017</i>	36a-558(d)
Sec. 7	<i>October 1, 2017</i>	36a-561



Sec. 8	<i>October 1, 2017</i>	36a-586
Sec. 9	<i>October 1, 2017</i>	36a-603
Sec. 10	<i>October 1, 2017</i>	36a-596
Sec. 11	<i>October 1, 2017</i>	36a-607
Sec. 12	<i>October 1, 2017</i>	36a-655
Sec. 13	<i>October 1, 2017</i>	36a-661
Sec. 14	<i>October 1, 2017</i>	36a-671
Sec. 15	<i>October 1, 2017</i>	New section
Sec. 16	<i>October 1, 2017</i>	36a-719h
Sec. 17	<i>October 1, 2017</i>	36a-805
Sec. 18	<i>October 1, 2017</i>	36a-846
Sec. 19	<i>October 1, 2017</i>	36a-850

**Statement of Purpose:**

To require licensees under the banking statutes to supervise the operation of their business to ensure compliance with applicable law and to prohibit such licensees from engaging in fraudulent and deceptive acts.

*[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.]*