



General Assembly

January Session, 2017

**Raised Bill No. 906**

LCO No. 4204



Referred to Committee on BANKING

Introduced by:  
(BA)

***AN ACT CONCERNING LEAD GENERATORS OF RESIDENTIAL MORTGAGE LOANS.***

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

1 Section 1. Section 36a-485 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2017*):

3 As used in this section and sections 36a-486 to 36a-498f, inclusive, as  
4 amended by this act, and 36a-534a to [36a-534c] 36a-534b, inclusive, as  
5 amended by this act, and section 16 of this act, unless the context  
6 otherwise requires:

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

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

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

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

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

43 (6) "Dwelling" [has the same meaning] means a "dwelling", as  
44 [provided] defined in Section 103 of the Consumer Credit Protection  
45 Act, 15 USC 1602, that is located in this state;

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

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

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

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

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

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

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

72 (14) "Lead generator" means a person who, for or with the  
73 expectation of compensation or gain: (A) Sells, assigns or otherwise  
74 transfers one or more leads for a residential mortgage loan; (B)

75 generates or augments one or more leads for another person; or (C)  
76 directs a consumer to another person for a residential mortgage loan  
77 by performing marketing services, including, but not limited to, online  
78 marketing, direct response advertising or telemarketing;

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

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

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

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

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

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

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

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

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

137 limited liability company, partnership or association;

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

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

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

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

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

168 dwelling;

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

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

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

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

179 (32) "Trigger lead" means a consumer report obtained pursuant to  
180 subparagraph (B) of subdivision (1) of subsection (c) of section 604 of  
181 the Fair Credit Reporting Act, 15 USC 1681b, where the issuance of the  
182 report is triggered by an inquiry made with a consumer reporting  
183 agency in response to an application for credit.

184 [(30)] (33) "Unique identifier" means a number or other identifier  
185 assigned by protocols established by the system;

186 [(31)] (34) "Warehouse agreement" means an agreement to provide  
187 credit to a person to enable the person to have funds to make  
188 residential mortgage loans and hold such loans pending sale to other  
189 persons.

190 Sec. 2. Section 36a-486 of the general statutes is repealed and the  
191 following is substituted in lieu thereof (*Effective October 1, 2017*):

192 (a) No person shall engage in the business of making residential  
193 mortgage loans or act as a mortgage broker in this state unless such  
194 person has first obtained the required license for its main office and  
195 each branch office where such business is conducted in accordance

196 with the provisions of sections 36a-485 to 36a-498f, inclusive, as  
197 amended by this act, 36a-534a and 36a-534b, as amended by this act.  
198 [Effective April 1, 2010, any] Any such person who is an individual  
199 shall also obtain a mortgage loan originator license prior to conducting  
200 such business unless such individual does not engage directly in the  
201 activities of a mortgage loan originator. A person, other than a licensed  
202 mortgage loan originator acting on behalf of a mortgage lender or  
203 mortgage correspondent lender, shall be deemed to be engaged in the  
204 business of making residential mortgage loans if such person  
205 advertises, causes to be advertised, solicits or offers to make residential  
206 mortgage loans, either directly or indirectly. A person, other than a  
207 licensed mortgage loan originator acting on behalf of a mortgage  
208 broker, shall be deemed to be acting as a mortgage broker if such  
209 person advertises or causes to be advertised that such person will  
210 negotiate, solicit, place or find a residential mortgage loan, either  
211 directly or indirectly. A mortgage correspondent lender shall not be  
212 deemed to be acting as a mortgage lender if such mortgage  
213 correspondent lender makes a loan utilizing its own funds in a  
214 situation where another person does not honor such person's  
215 commitment to fund the loan. A licensed lead generator shall not be  
216 deemed to be acting as a mortgage lender, mortgage correspondent  
217 lender, mortgage broker or mortgage loan originator when engaged in  
218 the activities of a lead generator, as described in section 36a-484, if  
219 such person does not: (1) Obtain compensation or gain contingent  
220 upon the consummation of a residential mortgage loan or the receipt  
221 of a residential mortgage loan application, or (2) utilize financial  
222 criteria particular to the consumer or the transaction to selectively  
223 place a lead or to steer a consumer to a specific person for a residential  
224 mortgage loan.

225 (b) (1) No person licensed as a mortgage lender, mortgage  
226 correspondent lender or mortgage broker shall engage the services of a  
227 mortgage loan originator or of a loan processor or underwriter  
228 required to be licensed under this section unless such mortgage loan



229 originator or loan processor or underwriter is licensed under section  
230 36a-489, as amended by this act. No person licensed as a mortgage  
231 lender, mortgage correspondent lender, mortgage broker or mortgage  
232 loan originator shall engage the services of a lead generator unless  
233 such lead generator is licensed under section 36a-489, as amended by  
234 this act, or exempt from licensure pursuant to subdivision (5) of this  
235 subsection. An individual, unless specifically exempted under  
236 subdivision (2) of this subsection, shall not engage in the business of a  
237 mortgage loan originator on behalf of a licensee or a person exempt  
238 under section 36a-487 with respect to any residential mortgage loan  
239 without first obtaining and maintaining annually a license as a  
240 mortgage loan originator under section 36a-489, as amended by this  
241 act. An individual, unless specifically exempted under subdivision (2)  
242 of this subsection, shall be deemed to be engaged in the business of a  
243 mortgage loan originator if such individual: (A) Acts as a mortgage  
244 loan originator in connection with any residential mortgage loan on  
245 behalf of a licensee or person exempt under section 36a-487; or (B)  
246 makes any representation to the public through advertising or other  
247 means of communication that such individual can or will act as a  
248 mortgage loan originator on behalf of a licensee or person exempt  
249 under section 36a-487. Each licensed mortgage loan originator and  
250 each licensed loan processor or underwriter shall register with and  
251 maintain a valid unique identifier issued by the system. No individual  
252 may act as a mortgage loan originator for more than one person at the  
253 same time. No loan processor or underwriter licensee may be  
254 sponsored by more than one person at a time. The license of a  
255 mortgage loan originator or a loan processor or underwriter is not  
256 effective during any period when such mortgage loan originator or a  
257 loan processor or underwriter is not sponsored by a licensed mortgage  
258 lender, mortgage correspondent lender or mortgage broker, or by a  
259 person registered as an exempt registrant under subsection (d) of  
260 section 36a-487, or during any period in which the license of the  
261 mortgage lender, mortgage correspondent lender or mortgage broker  
262 with whom such originator or loan processor or underwriter is

263 associated has been suspended. Either the mortgage loan originator,  
264 the loan processor or underwriter or the sponsor may file a notification  
265 of the termination of sponsorship with the system.

266 (2) The following are exempt from this section: (A) A registered  
267 mortgage loan originator or an employee of an institution or  
268 subsidiary described in subdivision [(23)] (25) of section 36a-485, as  
269 amended by this act, who is not required to be registered under  
270 Section 1507 of the S.A.F.E. Mortgage Licensing Act of 2008, 12 USC  
271 Section 5101 et seq., when acting for such institution or subsidiary; (B)  
272 an individual who offers or negotiates the terms of a residential  
273 mortgage loan with or on behalf of an immediate family member of  
274 such individual; (C) an individual who offers or negotiates the terms of  
275 a residential mortgage loan secured by a dwelling that served as the  
276 individual's residence, unless the context demonstrates that such  
277 individual engaged in such activities with a degree of habitualness or  
278 repetition; (D) a Connecticut licensed attorney who negotiates the  
279 terms of a residential mortgage loan on behalf of a client as an ancillary  
280 matter to the attorney's representation of the client, unless the attorney  
281 is compensated by a mortgage lender, mortgage correspondent lender,  
282 mortgage broker or other mortgage loan originator or by any agent of  
283 such mortgage lender, mortgage correspondent lender, mortgage  
284 broker or other mortgage loan originator; (E) an individual who takes  
285 a residential mortgage loan application or offers or negotiates terms of  
286 a residential mortgage loan as an employee of a federal, state or local  
287 government agency or housing finance agency exempt from licensure  
288 pursuant to section 36a-487, and who does so only pursuant to such  
289 individual's official duties as an employee of such agency; (F) an  
290 individual who takes a residential mortgage loan application or offers  
291 or negotiates terms of a residential mortgage loan as an employee of an  
292 organization that has obtained bona fide nonprofit status from the  
293 commissioner and is exempt from licensure pursuant to section 36a-  
294 487, and who does so only pursuant to such individual's official duties  
295 as an employee of such organization; and (G) an individual who offers

296 or negotiates the terms of a residential mortgage loan secured by a  
297 dwelling that is not the individual's residence but is owned by such  
298 individual, unless the context demonstrates that such individual  
299 engaged in such activities with a degree of habitualness or repetition.

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

305 (A) An employee of a licensed mortgage lender, mortgage  
306 correspondent lender or mortgage broker who engages in loan  
307 processor or underwriter activities (i) in connection with residential  
308 mortgage loans either originated or made by such licensee, and (ii) at  
309 the direction of and subject to the supervision of a licensed mortgage  
310 loan originator of such licensee;

311 (B) An employee of a person exempt from licensure under  
312 subdivision (1), (2) or (3) of subsection (a) of section 36a-487 who  
313 engages in loan processor or underwriter activities at the direction of  
314 and subject to the supervision of either a licensed mortgage loan  
315 originator or a registered mortgage loan originator of such exempt  
316 person; or

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

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

327 (5) On and after January 1, 2018, no person shall, directly or  
328 indirectly, act as a lead generator without first obtaining a license  
329 under section 36a-489, as amended by this act, unless such person is  
330 exempt from licensure. The following persons shall be exempt from  
331 licensure as a lead generator:

332 (A) Any bank, out-of-state bank, Connecticut credit union, federal  
333 credit union or out-of-state credit union, provided such bank or credit  
334 union is federally insured;

335 (B) Any wholly-owned subsidiary of any such bank or credit union;

336 (C) Any operating subsidiary where each owner of such operating  
337 subsidiary is wholly owned by the same such bank or credit union;

338 (D) Any person licensed as a mortgage lender, mortgage  
339 correspondent lender or mortgage broker in this state, provided such  
340 exemption shall not be effective during any period in which the license  
341 of such person is suspended;

342 (E) A consumer reporting agency, as defined in Section 603 (f) of the  
343 Fair Credit Reporting Act, 15 USC 1681a, as amended from time to  
344 time; and

345 (F) An employee of a person licensed or exempt from licensure as a  
346 lead generator, while engaged in lead generator activities on behalf of  
347 such person.

348 (c) If the United States Department of Housing and Urban  
349 Development, the Bureau of Consumer Financial Protection or a court  
350 of competent jurisdiction determines that the S.A.F.E. Mortgage  
351 Licensing Act of 2008, 12 USC Section 5101 et seq., requires an  
352 individual described in subparagraph (B) (iv) of subdivision [(18)] (20)  
353 of section 36a-485, as amended by this act, to be licensed as a mortgage  
354 loan originator under state laws implementing said S.A.F.E. Mortgage  
355 Licensing Act, such individual may continue to act in such individual's

356 current capacity, provided such individual files an application for a  
357 mortgage loan originator license not later than the date sixty days from  
358 the date of such determination by the United States Department of  
359 Housing and Urban Development, the Bureau of Consumer Financial  
360 Protection or a court of competent jurisdiction.

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

365 Sec. 3. Section 36a-488 of the general statutes is repealed and the  
366 following is substituted in lieu thereof (*Effective October 1, 2017*):

367 (a) (1) The commissioner shall not issue a mortgage lender license, a  
368 mortgage correspondent lender license or a mortgage broker license to  
369 any person unless such person meets the following tangible net worth  
370 and experience requirements, as applicable: (A) The minimum tangible  
371 net worth requirement for a mortgage lender shall be two hundred  
372 fifty thousand dollars and the minimum tangible net worth  
373 requirement for a mortgage correspondent lender and a mortgage  
374 broker shall be [(i) prior to March 2, 2009, twenty-five thousand  
375 dollars, and (ii) on and after March 2, 2009,] fifty thousand dollars, and  
376 (B) a mortgage lender, mortgage correspondent lender or mortgage  
377 broker shall have, at the main office for which the license is sought, a  
378 qualified individual and, at each branch office, a branch manager (i)  
379 who [have] has supervisory authority over the lending or brokerage  
380 activities, (ii) who [have] has at least three years' experience in the  
381 mortgage business within the five years immediately preceding the  
382 date of the application for the license, and (iii) who [, effective April 1,  
383 2010, have completed the prelicensing education requirement  
384 described in section 36a-489a and passed a written test that meets the  
385 test requirement described in section 36a-489a, and (iv) who, effective  
386 November 1, 2012, are] is licensed as a mortgage loan originator under  
387 section 36a-489, as amended by this act. As used in this subdivision,

388 "experience in the mortgage business" means paid experience in the  
389 origination, processing or underwriting of residential mortgage loans,  
390 the marketing of such loans in the secondary market or in the  
391 supervision of such activities, or any other relevant experience as  
392 determined by the commissioner.

393 (2) Each licensee shall maintain the net worth required by this  
394 subsection.

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

399 (b) The commissioner may issue a mortgage lender license, a  
400 mortgage correspondent lender license, or a mortgage broker license.  
401 Each mortgage lender licensee may also act as a mortgage  
402 correspondent lender and a mortgage broker, and each mortgage  
403 correspondent lender licensee may also act as a mortgage broker. [On  
404 and after July 1, 2008, an] An application for a license as a mortgage  
405 lender, mortgage correspondent lender or mortgage broker office or  
406 renewal of such license shall be filed, in a form prescribed by the  
407 commissioner, with the system. Each such form shall contain content  
408 as set forth by instruction or procedure of the commissioner and may  
409 be changed or updated as necessary by the commissioner in order to  
410 carry out the purpose of sections 36a-21, 36a-485 to 36a-498f, inclusive,  
411 as amended by this act, 36a-534a and 36a-534b, as amended by this act  
412 and, section 16 of this act. The applicant shall, at a minimum, furnish  
413 to the system information concerning the identity of the applicant, any  
414 control person of the applicant, the qualified individual and any  
415 branch manager, including personal history and experience in a form  
416 prescribed by the system and information related to any  
417 administrative, civil or criminal findings by any governmental  
418 jurisdiction. The following supplementary information shall be filed  
419 directly with the commissioner: (1) In the case of an initial application

420 for a license for the main office, (A) a financial statement as of a date  
421 not more than twelve months prior to the filing of the application  
422 which reflects tangible net worth, and if such financial statement is  
423 unaudited, the proprietor, general partner, or duly authorized officer,  
424 trustee or member shall swear to its accuracy under oath before a  
425 notary public, and (B) a bond as required by section 36a-492, as  
426 amended by this act; (2) evidence that the qualified individual or  
427 branch manager meets the experience required by subsection (a) of this  
428 section; and (3) such other information pertaining to the applicant, the  
429 applicant's background, the background of its principals, employees,  
430 mortgage loan originators, and loan processors or underwriters, and  
431 the applicant's activities as the commissioner may require. For the  
432 purpose of this subsection, evidence of experience of the qualified  
433 individual or branch manager shall include: (A) A statement  
434 specifying the duties and responsibilities of such person's  
435 employment, the term of employment, including month and year, and  
436 the name, address and telephone number of a supervisor, employer or,  
437 if self-employed, a business reference; and (B) if required by the  
438 commissioner, copies of W-2 forms, 1099 tax forms or, if self-  
439 employed, 1120 corporate tax returns, signed letters from the employer  
440 on the employer's letterhead verifying such person's duties and  
441 responsibilities and term of employment including month and year,  
442 and if such person is unable to provide such letters, other proof  
443 satisfactory to the commissioner that such person meets the experience  
444 requirement. The commissioner may conduct a criminal history  
445 records check of the applicant, any control person of the applicant and  
446 the qualified individual or branch manager with supervisory authority  
447 at the office for which the license is sought and require the applicant to  
448 submit the fingerprints of such persons and authorization of such  
449 persons for the system and the commissioner to obtain an independent  
450 credit report from a consumer reporting agency, as described in  
451 Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a, as part  
452 of the application.

453 (c) [(1)] The commissioner may issue a mortgage loan originator  
454 license or a loan processor or underwriter license. Each mortgage loan  
455 originator licensee may also act as a loan processor or underwriter. An  
456 application to license an individual as a mortgage loan originator or a  
457 loan processor or underwriter for a specified office or renewal of such  
458 license shall be filed, in a form prescribed by the commissioner, with  
459 the system. Each such form shall contain content as set forth by  
460 instruction or procedure of the commissioner and may be changed or  
461 updated as necessary by the commissioner in order to carry out the  
462 purpose of sections 36a-485 to 36a-498f, inclusive, as amended by this  
463 act, 36a-534a and 36a-534b, as amended by this act, and section 16 of  
464 this act. The applicant shall, at a minimum, furnish to the system, in a  
465 form prescribed by the system, information concerning the applicant's  
466 identity, including personal history and experience and information  
467 related to any administrative, civil or criminal findings by any  
468 governmental jurisdiction. [Effective April 1, 2010, each] Each  
469 applicant for a mortgage loan originator license [and, effective October  
470 1, 2011, each applicant for] or a loan processor or underwriter license  
471 [ ] shall furnish to the system fingerprints for submission to the Federal  
472 Bureau of Investigation and any governmental agency or entity  
473 authorized to receive such information for a state, national and  
474 international criminal history background check. [Effective the later of  
475 July 31, 2010, or thirty days after the date the system commences  
476 accepting such authorizations for processing, each] Each applicant  
477 shall furnish authorization for the system and the commissioner to  
478 obtain an independent credit report from a consumer reporting  
479 agency, as described in Section 603(p) of the Fair Credit Reporting Act,  
480 15 USC 1681a.

481 [(2)] Not later than April 1, 2010, each mortgage loan originator  
482 licensee shall furnish to the system fingerprints for submission to the  
483 Federal Bureau of Investigation and any governmental agency or  
484 entity authorized to receive such information for a state, national and  
485 international criminal history background check. By July 31, 2010, or



486 thirty days after the system commences accepting such authorizations  
487 for processing, whichever is later, each such licensee shall furnish  
488 authorization for the system and the commissioner to obtain an  
489 independent credit report obtained from a consumer reporting agency  
490 described in Section 603(p) of the Fair Credit Reporting Act, 15 USC  
491 1681a.]

492 (d) The commissioner may issue a lead generator license. An  
493 application for a license as a lead generator or an application for a  
494 license renewal shall be filed, in a form prescribed by the  
495 commissioner, with the system, accompanied by the fees required  
496 under section 36a-491, as amended by this act. Each such form shall  
497 contain content as set forth by instruction or procedure of the  
498 commissioner and may be changed or updated as necessary by the  
499 commissioner in order to carry out the purposes of sections 36a-485 to  
500 36a-498f, inclusive, as amended by this act, 36a-534a and 36a-534b, as  
501 amended by this act, and section 16 of this act. The applicant shall, at a  
502 minimum, furnish to the system information concerning the identity of  
503 the applicant, any control person of the applicant and the qualified  
504 individual, including, but not limited to, a personal history and  
505 experience, in a form prescribed by the system, and information  
506 related to any administrative, civil or criminal findings by any  
507 governmental jurisdiction. The applicant shall notify the commissioner  
508 on the system of any change to the information submitted in  
509 connection with the applicant's most recent application for licensure  
510 not later than fifteen days after the applicant has reason to know of  
511 such change. The commissioner, in accordance with section 29-17a,  
512 may conduct a state or national criminal history records check of the  
513 applicant, any control person of the applicant and the qualified  
514 individual, and, in accordance with section 36a-24b, may require the  
515 submission of fingerprints of such persons to the Federal Bureau of  
516 Investigation or other state, national or international criminal  
517 databases as part of the application.

518 Sec. 4. Section 36a-489 of the general statutes is repealed and the

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

520 (a) (1) The commissioner shall not issue an initial license for a  
521 mortgage lender, mortgage correspondent lender or mortgage broker  
522 unless the commissioner, at a minimum, finds that: (A) The applicant  
523 meets the requirements of subsection (a) of section 36a-488, as  
524 amended by this act; (B) notwithstanding the provisions of section 46a-  
525 80, the applicant, the control persons of the applicant and the qualified  
526 individual or branch manager with supervisory authority at the office  
527 for which the license is sought have not been convicted of, or pled  
528 guilty or nolo contendere to, a felony in a domestic, foreign or military  
529 court during the seven-year period preceding the date of the  
530 application for licensing or at any time preceding the date of  
531 application if such felony involved an act of fraud, dishonesty, a  
532 breach of trust or money laundering, provided any pardon or  
533 expungement of a conviction shall not be a conviction for purposes of  
534 this subdivision; (C) the applicant demonstrates that the financial  
535 responsibility, character and general fitness of the applicant, the  
536 control persons of the applicant and the qualified individual or branch  
537 manager having supervisory authority over the office for which the  
538 license is sought are such as to command the confidence of the  
539 community and to warrant a determination that the applicant will  
540 operate honestly, fairly and efficiently within the purposes of sections  
541 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-534a and  
542 36a-534b, as amended by this act, and section 16 of this act; (D) the  
543 applicant has met the surety bond requirement under section 36a-492,  
544 as amended by this act; and (E) the applicant has not made a material  
545 misstatement in the application. If the commissioner fails to make such  
546 findings, the commissioner shall not issue a license, and shall notify  
547 the applicant of the denial and the reasons for such denial. For  
548 purposes of this subsection, the level of offense of the crime and the  
549 status of any conviction, pardon or expungement shall be determined  
550 by reference to the law of the jurisdiction where the case was  
551 prosecuted. In the event that such jurisdiction does not use the term

552 "felony", "pardon" or "expungement", such terms shall include legally  
553 equivalent events.

554 (2) (A) The minimum standards for license renewal for a mortgage  
555 lender, mortgage correspondent lender or mortgage broker shall  
556 include the following: (i) The applicant continues to meet the  
557 minimum standards under subdivision (1) of this subsection; and (ii)  
558 [effective April 1, 2010, each qualified individual and branch manager  
559 has completed the prelicensing education requirement described in  
560 section 36a-489a and passed a written test that meets the test  
561 requirement described in section 36a-489a, or has satisfied the annual  
562 continuing education requirements described in subsection (c) of  
563 section 36a-489a, as applicable, and effective November 1, 2012, each  
564 qualified individual and branch manager is licensed as a mortgage  
565 loan originator and has completed any applicable continuing  
566 education requirements described in subsection (c) of section 36a-489a;  
567 and (iii)] the mortgage lender, mortgage correspondent lender or  
568 mortgage broker has paid all required fees for renewal of the license.

569 (B) The license of a mortgage lender, mortgage correspondent  
570 lender or mortgage broker failing to satisfy the minimum standards for  
571 license renewal shall expire. The commissioner may adopt procedures  
572 for the reinstatement of expired licenses consistent with the standards  
573 established by the system. The commissioner may automatically  
574 suspend a mortgage lender, mortgage correspondent lender or  
575 mortgage broker license if the licensee receives a deficiency on the  
576 system indicating that the payment required by subparagraph (A) of  
577 this subdivision was Returned-ACH or returned pursuant to such  
578 other term as may be utilized by the system to indicate that the  
579 payment was not accepted. After a license has been automatically  
580 suspended pursuant to this section, the commissioner shall give such  
581 licensee notice of the automatic suspension, pending proceedings for  
582 revocation or refusal to renew pursuant to section 36a-494, as amended  
583 by this act, and an opportunity for a hearing on such action in  
584 accordance with section 36a-51, and require such licensee to take or

585 refrain from taking such action that, in the opinion of the  
586 commissioner, will effectuate the purposes of this section.

587 (b) (1) The commissioner shall not issue an initial license for a  
588 mortgage loan originator or a loan processor or underwriter unless the  
589 commissioner, at a minimum, finds that the applicant has: (A) Never  
590 had a mortgage loan originator or equivalent loan processor or  
591 underwriter license revoked in any governmental jurisdiction, except  
592 that a subsequent formal vacating of such revocation shall not be  
593 deemed a revocation; (B) notwithstanding the provisions of section  
594 46a-80, not been convicted of, or pled guilty or nolo contendere to, a  
595 felony in a domestic, foreign or military court during the seven-year  
596 period preceding the date of the application for licensing or at any  
597 time preceding such date of application if such felony involved an act  
598 of fraud, dishonesty, a breach of trust, or money laundering, provided  
599 any pardon or expungement of a conviction shall not be a conviction  
600 for purposes of this subdivision; (C) demonstrated financial  
601 responsibility, character and general fitness so as to command the  
602 confidence of the community and to warrant a determination that the  
603 mortgage loan originator or loan processor or underwriter will operate  
604 honestly, fairly and efficiently within the purposes of sections 36a-485  
605 to 36a-498f, inclusive, as amended by this act, 36a-534a and 36a-534b,  
606 as amended by this act, and section 16 of this act; (D) [for mortgage  
607 loan originator applicants, effective April 1, 2010, and for loan  
608 processor or underwriter applicants, effective October 1, 2011,]  
609 completed the prelicensing education requirement described in section  
610 36a-489a, as amended by this act, and passed a written test that meets  
611 the test requirement described in section 36a-489a, as amended by this  
612 act; [and, effective November 1, 2012, for qualified individuals or  
613 branch managers seeking initial licensure as a mortgage loan  
614 originator, completed any continuing education required of them in  
615 their position as qualified individuals and branch managers pursuant  
616 to section 36a-489a; (E) effective July 31, 2010,] (E) met the surety bond  
617 requirement under section 36a-492, as amended by this act, and,

618 [effective October 1, 2011,] in the case of a mortgage loan originator  
619 required to be licensed under section 36a-671e, met the surety bond  
620 requirements under sections 36a-492, as amended by this act, and 36a-  
621 671d; and (F) not made a material misstatement in the application. If  
622 the commissioner denies an application for a mortgage loan originator  
623 or a loan processor or underwriter license, the commissioner shall  
624 notify the applicant and may notify the sponsor or any other person  
625 the commissioner deems appropriate of the denial and the reasons for  
626 such denial. For purposes of this subsection, the level of offense of the  
627 crime and the status of any conviction, pardon or expungement shall  
628 be determined by reference to the law of the jurisdiction where the  
629 case was prosecuted. In the event that such jurisdiction does not use  
630 the term "felony", "pardon" or "expungement", those terms shall  
631 include legally equivalent events.

632 (2) (A) The minimum standards for license renewal for a mortgage  
633 loan originator or a loan processor or underwriter shall include the  
634 following: (i) The licensee continues to meet the minimum standards  
635 for license issuance under subdivision (1) of this subsection; (ii) the  
636 licensee has satisfied the annual continuing education requirements  
637 described in subsection (c) of section 36a-489a, as amended by this act;  
638 and (iii) the licensee has paid all required fees for renewal of the  
639 license.

640 (B) The license of a mortgage loan originator or a loan processor or  
641 underwriter that fails to satisfy the minimum standards for license  
642 renewal shall expire. The commissioner may adopt procedures for the  
643 reinstatement of expired licenses consistent with the standards  
644 established by the system. The commissioner may automatically  
645 suspend a mortgage loan originator or a loan processor or underwriter  
646 license if the licensee receives a deficiency on the system indicating  
647 that the payment required by subparagraph (A) of subdivision (2) of  
648 this subsection was Returned-ACH or returned pursuant to such other  
649 term as may be utilized by the system to indicate that the payment was  
650 not accepted. After a license has been automatically suspended

651 pursuant to this section, the commissioner shall give such licensee  
652 notice of the automatic suspension, pending proceedings for  
653 revocation or refusal to renew pursuant to section 36a-494, as amended  
654 by this act, and an opportunity for a hearing on such action in  
655 accordance with section 36a-51 and require such licensee to take or  
656 refrain from taking such action that, in the opinion of the  
657 commissioner, will effectuate the purposes of this section.

658 [(3) Not later than April 1, 2010, each mortgage loan originator  
659 licensee shall have completed the prelicensing education requirement  
660 described in section 36a-489a and passed a written test that meets the  
661 test requirement described in section 36a-489a, provided a mortgage  
662 loan originator licensee who was licensed as of the enactment of public  
663 act 09-209 shall have completed such prelicensing education  
664 requirement and passed such written test not later than October 31,  
665 2010.]

666 (c) For purposes of this section, a person has shown that such  
667 person is not financially responsible when such person has shown a  
668 disregard in the management of such person's own financial condition.  
669 A determination that a person has not shown financial responsibility  
670 may include, but is not limited to: (1) Current outstanding judgments,  
671 except judgments solely as a result of medical expenses; (2) current  
672 outstanding tax liens or other government liens and filings; (3)  
673 foreclosures during the three years preceding the date of application  
674 for an initial license or renewal of a license; or (4) a pattern of seriously  
675 delinquent accounts within the past three years.

676 (d) (1) The commissioner shall not issue a lead generator license to  
677 an applicant for such license unless the commissioner, at a minimum,  
678 finds that: (A) The applicant demonstrates that the character,  
679 reputation, integrity and general fitness of the applicant, any control  
680 person of the applicant and the qualified individual are such as to  
681 command the confidence of the community and warrant a  
682 determination that the applicant will operate honestly, fairly and

683 efficiently within the purposes of sections 36a-485 to 36a-498f,  
684 inclusive, as amended by this act, 36a-534a and 36a-534b, as amended  
685 by this act, and section 16 of this act; (B) the applicant has not made a  
686 material misstatement in the application; and (C) the applicant has met  
687 any other requirements determined by the commissioner. If the  
688 commissioner fails to make such findings, the commissioner shall not  
689 issue a license and shall notify the applicant of the denial and the  
690 reasons for such denial. Without limiting the foregoing requirements  
691 of this subdivision, and subject to the provisions of section 46a-80, the  
692 commissioner may deny an application based on the history of  
693 criminal convictions of the applicant, any control person of the  
694 applicant or the qualified individual.

695 (2) (A) The minimum standards for license renewal for a lead  
696 generator shall include the following: (i) The applicant continues to  
697 meet the minimum standards under subdivision (1) of this subsection;  
698 and (ii) the lead generator has paid all required fees for renewal of a  
699 license.

700 (B) The license of a lead generator who fails to satisfy the minimum  
701 standards for license renewal shall expire. The commissioner may  
702 adopt procedures for the reinstatement of expired licenses consistent  
703 with the standards established by the system. The commissioner may  
704 automatically suspend a lead generator license if the licensee receives a  
705 deficiency on the system indicating that the payment required by  
706 subdivision (2) of this subsection was Returned-ACH or returned  
707 pursuant to such other term as may be utilized by the system to  
708 indicate that the payment was not accepted. After a license has been  
709 automatically suspended pursuant to this section, the commissioner  
710 shall (i) give such licensee notice of the automatic suspension, pending  
711 proceedings for revocation or refusal to renew pursuant to section 36a-  
712 494, as amended by this act, and an opportunity for a hearing on such  
713 action in accordance with section 36a-51; and (ii) require such licensee  
714 to take or refrain from taking such action that, in the opinion of the  
715 commissioner, will effectuate the purposes of this section.

716        ~~[(d)]~~ (e) (1) Withdrawal of an application for a license filed under  
717 [subsection (a) or (b) of] this section shall become effective upon  
718 receipt by the commissioner of a notice of intent to withdraw such  
719 application. The commissioner may deny a license up to the date one  
720 year after the effective date of withdrawal.

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

726        ~~[(e)]~~ (f) The commissioner may deem an application for a license  
727 under this section abandoned if the applicant fails to respond to any  
728 request for information required under sections 36a-485 to 36a-498f,  
729 inclusive, as amended by this act, 36a-534a and 36a-534b, as amended  
730 by this act, and section 16 of the this act, or the regulations adopted  
731 pursuant to said sections. The commissioner shall notify the applicant  
732 on the system that if such information is not submitted not later than  
733 sixty days from the date of such request the application shall be  
734 deemed abandoned. An application filing fee paid prior to the date an  
735 application is deemed abandoned pursuant to this subsection shall not  
736 be refunded. Abandonment of an application pursuant to this  
737 subsection shall not preclude the applicant from submitting a new  
738 application for a license under [said] sections 36a-485 to 36a-498f,  
739 inclusive, as amended by this act, 36a-534a and 36a-534b, as amended  
740 by this act, and section 16 of this act.

741        Sec. 5. Section 36a-489a of the general statutes is repealed and the  
742 following is substituted in lieu thereof (*Effective October 1, 2017*):

743        (a) (1) In order to meet the prelicensing education and testing  
744 requirements referred to in [sections 36a-488 and] section 36a-489, as  
745 amended by this act, an individual shall complete at least twenty-one  
746 hours of education approved in accordance with subdivision (2) of this



747 subsection, which shall include at least (A) three hours of instruction  
748 on relevant federal law and regulations; (B) three hours of ethics,  
749 including instruction on fraud, consumer protection and fair lending  
750 issues; (C) two hours of training related to lending standards for the  
751 nontraditional mortgage product marketplace; and (D) one hour of  
752 relevant Connecticut law.

753 (2) For purposes of subdivision (1) of this subsection, prelicensing  
754 education courses shall be reviewed and approved by the system  
755 based upon reasonable standards. Review and approval of a  
756 prelicensing education course shall include review and approval of the  
757 course provider.

758 (3) Nothing in this subsection shall preclude any prelicensing  
759 education course, as approved by the system, that is provided by the  
760 sponsor or employer of the individual or an entity which is affiliated  
761 with the individual by an agency contract, or any subsidiary or affiliate  
762 of such sponsor, employer or entity.

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

765 (5) When prelicensing education requirements described in  
766 subdivision (1) of this subsection are completed in another state, such  
767 out-of-state prelicensing education requirements shall be accepted as  
768 credit towards completion of the prelicensing education requirements  
769 of this state, provided such out-of-state prelicensing education  
770 requirements are approved by the system.

771 (6) (A) An individual previously licensed under section 36a-489, as  
772 amended by this act, [subsequent to the applicable effective date of the  
773 prelicensing and testing requirements referred to in section 36a-489,]  
774 who is applying to be relicensed shall prove that such individual has  
775 completed [all of the] any continuing education requirements [for the  
776 year in which] in effect when the license was last held.

777 (B) An individual who previously held a position as a qualified  
778 individual or branch manager, [subsequent to the applicable effective  
779 date of the prelicensing and testing requirements referred to in section  
780 36a-488,] at a time when such individual was not required to be  
781 licensed as a mortgage loan originator, may not hold such position  
782 again until such individual has completed [all of the] any continuing  
783 education requirements [for the year in which] in effect when such  
784 individual last held such position and [, effective November 1, 2012,]  
785 has obtained the required mortgage loan originator license.

786 (b) (1) In order to meet the written test requirements referred to in  
787 [sections 36a-488 and] section 36a-489, as amended by this act, an  
788 individual shall pass, in accordance with the standards established  
789 under this subsection, a qualified written test developed by the system  
790 and administered by a test provider approved by the system based  
791 upon reasonable standards.

792 (2) A written test shall not be treated as a qualified written test for  
793 purposes of subdivision (1) of this subsection unless the test  
794 adequately measures the individual's knowledge and comprehension  
795 in appropriate subject areas, including ethics, federal law and  
796 regulation pertaining to mortgage origination, state law and regulation  
797 pertaining to mortgage origination, and federal and state law and  
798 regulation, including instruction on fraud, consumer protection, the  
799 nontraditional mortgage marketplace and fair lending issues.

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

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

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

812 (C) (i) An individual who was previously licensed [subsequent to  
813 the applicable effective date of the prelicensing and testing  
814 requirements referred to in section 36a-489] as a mortgage loan  
815 originator who completed the test in connection with such license and  
816 who has not been licensed as a mortgage loan originator within the  
817 five-year period preceding the date of the filing of such individual's  
818 application for a mortgage loan originator license, not taking into  
819 account any time during which such individual [is] was a registered  
820 mortgage loan originator, shall retake such test; and (ii) [effective  
821 October 1, 2011,] an individual previously licensed as a loan processor  
822 or underwriter who applies to be licensed again shall retake the test if  
823 such individual has not been licensed as a loan processor or  
824 underwriter within the five-year period preceding the date of the filing  
825 of such application, not taking into account any time during which  
826 such individual [is] was engaged in loan processing or underwriting  
827 but not required to be licensed under subdivision (3) of subsection (b)  
828 of section 36a-486, as amended by this act.

829 (c) (1) In order to meet the annual continuing education  
830 requirements referred to in [subsections (a) and] subsection (b) of  
831 section 36a-489, as amended by this act, a licensed mortgage loan  
832 originator, a qualified individual or branch manager and [, effective  
833 October 1, 2011,] a licensed loan processor or underwriter, shall  
834 complete at least eight hours of education approved in accordance  
835 with subdivision (2) of this subsection. Such courses shall include at  
836 least (A) three hours of instruction on relevant federal law and  
837 regulation; (B) two hours of ethics, including instruction on fraud,  
838 consumer protection and fair lending issues; (C) two hours of training  
839 related to lending standards for the nontraditional mortgage product  
840 marketplace; and (D) effective January 1, 2015, one hour of relevant

841 Connecticut law.

842 (2) For purposes of subdivision (1) of this subsection, continuing  
843 education courses shall be reviewed and approved by the system  
844 based upon reasonable standards. Review and approval of a  
845 continuing education course shall include review and approval of the  
846 course provider.

847 (3) Nothing in this subsection shall preclude any education course  
848 approved by the system that is provided by the sponsor or employer  
849 or an entity that is affiliated with the mortgage loan originator,  
850 qualified individual, [or] branch manager or [, effective October 1,  
851 2011,] loan processor or underwriter by an agency contract, or by any  
852 subsidiary or affiliate of such sponsor, employer or entity.

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

855 (5) Except as provided in procedures adopted under subsections (a)  
856 and (b) of section 36a-489, as amended by this act, or in regulations  
857 adopted under subdivision (9) of this subsection, a licensed mortgage  
858 loan originator, qualified individual, [or] branch manager or [,  
859 effective October 1, 2011,] a licensed loan processor or underwriter,  
860 may only receive credit for a continuing education course in the year  
861 for which the course is taken, and may not take the same approved  
862 course in the same or successive years to meet the annual requirements  
863 for continuing education.

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

870 (7) When education requirements described in subdivision (1) of

871 subsection (a) of this section are completed in another state, such out-  
872 of-state education requirements shall be accepted as credit towards  
873 completion of the education requirements of this state, provided such  
874 out-of-state education requirements are approved by the system.

875 (8) A licensed mortgage loan originator and [, effective October 1,  
876 2011,] a licensed loan processor or underwriter who subsequently  
877 becomes unlicensed must complete the continuing education  
878 requirements for the last year in which the license was held prior to  
879 issuance of an initial or renewed license. A qualified individual or  
880 branch manager who ceases to hold such position shall complete the  
881 continuing education requirements for the last year in which such  
882 individual or branch manager held such position prior to licensure as a  
883 mortgage loan originator.

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

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

893 Sec. 6. Section 36a-490 of the general statutes is repealed and the  
894 following is substituted in lieu thereof (*Effective October 1, 2017*):

895 (a) (1) A mortgage lender, mortgage correspondent lender, [and]  
896 mortgage broker and lead generator license shall not be transferable or  
897 assignable. No licensee may use any name other than its legal name or  
898 a fictitious name approved by the commissioner, provided such  
899 licensee may not use its legal name if the commissioner disapproves  
900 use of such name. Any licensee who intends to permanently cease  
901 engaging in the business of making residential mortgage loans or

902 acting as a mortgage broker or lead generator at any time during a  
903 license period for any cause, including, but not limited to, bankruptcy  
904 or voluntary dissolution, shall file a request to surrender the license for  
905 each office at which the licensee intends to cease to do business, on the  
906 system, not later than fifteen days after the date of such cessation,  
907 provided this requirement shall not apply when a license has been  
908 suspended pursuant to section 36a-51. No surrender shall be effective  
909 until accepted by the commissioner.

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

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

926 (b) A mortgage lender, mortgage correspondent lender, [or]  
927 mortgage broker or lead generator licensee may change the name of  
928 the licensee or address of the office specified on the most recent filing  
929 with the system if (1) at least thirty calendar days prior to such change,  
930 the licensee files such change with the system and, in the case of a  
931 main or branch office, provides, directly to the commissioner, a bond  
932 rider or endorsement, or addendum, as applicable, to the surety bond  
933 on file with the commissioner that reflects the new name or address of

934 the main or branch office, and (2) the commissioner does not  
935 disapprove such change, in writing, or request further information  
936 within such thirty-day period. The licensee shall promptly file any  
937 change in the information most recently submitted in connection with  
938 the license with the system or, if the information cannot be filed on the  
939 system, directly notify the commissioner, in writing, of such change in  
940 the information.

941 (c) The mortgage lender, mortgage correspondent lender, [or]  
942 mortgage broker or lead generator licensee shall promptly file with the  
943 system or, if the information cannot be filed on the system, directly  
944 notify the commissioner, in writing, of the occurrence of any of the  
945 following developments:

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

948 (2) Filing of a criminal indictment against the licensee in any way  
949 related to the lending or brokerage activities of the licensee, or  
950 receiving notification of the filing of any criminal felony indictment or  
951 felony conviction of any of the licensee's officers, directors, members,  
952 partners or shareholders owning ten per cent or more of the  
953 outstanding stock;

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

958 (4) Receiving notification of the initiation of any action by the  
959 Attorney General or the attorney general of any other state and the  
960 reasons therefor;

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

963 (6) Suspension or termination of the licensee's status as an approved  
964 seller or servicer by the Federal National Mortgage Association,  
965 Federal Home Loan Mortgage Corporation or Government National  
966 Mortgage Association;

967 (7) Exercise of recourse rights by investors or subsequent assignees  
968 of residential mortgage loans if such loans for which the recourse  
969 rights are being exercised, in the aggregate, exceed the licensee's net  
970 worth exclusive of real property and fixed assets;

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

974 (9) A decrease in the net worth required by subsection (a) of section  
975 36a-488, as amended by this act.

976 (d) Each mortgage loan originator licensee and [, effective October 1,  
977 2011,] each loan processor or underwriter licensee shall promptly file  
978 with the system or, if the information cannot be filed on the system,  
979 directly notify the commissioner, in writing, of any change in the  
980 information most recently submitted in connection with the license  
981 and of the occurrence of any of the following developments:

982 (1) Filing for bankruptcy of the licensee;

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

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

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



991 (e) Each mortgage lender, mortgage correspondent lender,  
992 mortgage broker, lead generator, mortgage loan originator and loan  
993 processor or underwriter license shall remain in force and effect until it  
994 has been surrendered, revoked or suspended, or until it expires or is  
995 no longer effective, in accordance with the provisions of this title.

996 Sec. 7. Section 36a-491 of the general statutes is repealed and the  
997 following is substituted in lieu thereof (*Effective October 1, 2017*):

998 (a) [The expiration date of any mortgage lender, mortgage  
999 correspondent lender and mortgage broker license that expires on  
1000 September 30, 2008, shall be extended to the close of business on  
1001 December 31, 2008. On and after July 1, 2008, each] Each mortgage  
1002 lender, mortgage correspondent lender, mortgage broker, lead  
1003 generator, mortgage loan originator and [, on and after October 1,  
1004 2011, each] loan processor or underwriter license shall expire at the  
1005 close of business on December thirty-first of the year in which it is  
1006 approved, unless such license is renewed, and provided any such  
1007 license that is approved on or after November first shall expire at the  
1008 close of business on December thirty-first of the year following the  
1009 year in which it is approved. An application for renewal of a license  
1010 shall be filed between November first and December thirty-first of the  
1011 year in which the license expires. Each applicant for an initial license or  
1012 renewal of a license as a mortgage lender or mortgage correspondent  
1013 lender shall pay to the system any required fees or charges and a  
1014 license fee of one thousand dollars, and each applicant for an initial or  
1015 renewal license as a mortgage broker or lead generator shall pay to the  
1016 system any required fees or charges and a license fee of five hundred  
1017 dollars. [, provided each mortgage lender or mortgage correspondent  
1018 lender licensee who is a licensee on September 30, 2008, who submits a  
1019 renewal application shall, at the time of making such application, pay  
1020 to the system any required fees or charges and a license fee of one  
1021 thousand one hundred twenty-five dollars and each mortgage broker  
1022 who was a licensee on June 30, 2008, who submits a renewal  
1023 application shall, at the time of making such application, pay to the

1024 system any required fees or charges and a license fee of five hundred  
1025 sixty-five dollars. Effective November 1, 2009, each] Each applicant for  
1026 an initial license or renewal of a license as a mortgage loan originator  
1027 [and, effective October 1, 2011, as a] or loan processor or underwriter  
1028 [.] shall pay to the system any required fees or charges and a license fee  
1029 of three hundred dollars.

1030 (b) All fees paid pursuant to this section, including fees paid in  
1031 connection with an application that is denied or withdrawn prior to  
1032 the issuance of the license, shall be nonrefundable. No fee paid  
1033 pursuant to this section shall be prorated if the license is surrendered,  
1034 revoked or suspended prior to the expiration of the period for which it  
1035 was approved.

1036 Sec. 8. Section 36a-492 of the general statutes is repealed and the  
1037 following is substituted in lieu thereof (*Effective October 1, 2017*):

1038 (a) (1) Each licensed mortgage lender, mortgage correspondent  
1039 lender and mortgage broker shall file with the commissioner a single  
1040 surety bond, written by a surety authorized to write such bonds in this  
1041 state, covering its main office and file an addendum to such bond to  
1042 cover any branch office, in a penal sum determined in accordance with  
1043 subsection (d) of this section, provided the penal sum of the bond for  
1044 licensed mortgage lenders and mortgage correspondent lenders shall  
1045 be not less than one hundred thousand dollars and the penal sum of  
1046 the bond for mortgage brokers shall be not less than fifty thousand  
1047 dollars. The bond shall cover all mortgage loan originators sponsored  
1048 by such licensee.

1049 (2) Each mortgage loan originator licensee shall be covered by a  
1050 surety bond with a penal sum in an amount that reflects the dollar  
1051 amount of loans originated by such mortgage loan originator in  
1052 accordance with subsection (d) of this section, provided such coverage  
1053 shall be provided through a single surety bond filed with the  
1054 commissioner by the person who sponsors such mortgage loan

1055 originator.

1056 (3) [Effective October 1, 2011, (A) in] (A) In the case of an exempt  
1057 registrant under subdivision (1), (2) or (3) of subsection (a) of section  
1058 36a-487: (i) The surety bond shall cover all mortgage loan originators  
1059 sponsored by such exempt registrant and comply with the  
1060 requirements set forth in this section, and (ii) the penal sum of such  
1061 bond shall be in an amount determined in accordance with subsection  
1062 (d) of this section, provided the penal sum of the bond shall be not less  
1063 than one hundred thousand dollars; (B) in the case of an exempt  
1064 registrant under subsection (b) of section 36a-487: (i) The surety bond  
1065 shall cover all mortgage loan originators sponsored by such exempt  
1066 registrant and comply with the requirements set forth in this section,  
1067 and (ii) the penal sum of the bond shall be in an amount determined in  
1068 accordance with subsection (d) of this section, provided the penal sum  
1069 shall be not less than fifty thousand dollars; and (C) in the case of an  
1070 exempt registrant under subdivision (4) of subsection (a) of section  
1071 36a-487, the surety bond shall cover all mortgage loan originators  
1072 sponsored by such exempt registrant and comply with the  
1073 requirements set forth in section 36a-671d.

1074 (4) (A) The principal on a bond required by subdivisions (1) and (2)  
1075 of this subsection shall annually confirm, in connection with any  
1076 renewal request, that it maintains the required penal sum in an  
1077 amount required by subsection (d) of this section after review of the  
1078 preceding four-quarter period ending June thirtieth. The principal  
1079 shall file such information as the commissioner may require under  
1080 subsection (d) of this section and shall file, as the commissioner may  
1081 require, pursuant to subdivision (d) of this section, any bond rider or  
1082 endorsement to the surety bond on file with the commissioner to  
1083 reflect any changes necessary to maintain the surety bond coverage  
1084 required by this section.

1085 (B) [Effective October 1, 2011, the] The principal on a bond required  
1086 by subdivision (3) of this subsection shall annually confirm, in

1087 connection with any renewal request, that it maintains the required  
1088 penal sum in an amount required by subsection (d) of this section after  
1089 review of the preceding four-quarter period ending June thirtieth. The  
1090 principal shall file such information as the commissioner may require  
1091 under subsection (d) of this section and shall file, as the commissioner  
1092 may require pursuant to subsection (d) of this section, any bond rider  
1093 or endorsement to the surety bond on file with the commissioner to  
1094 reflect any changes necessary to maintain the surety bond coverage  
1095 required by this section.

1096 (5) The commissioner may adopt regulations in accordance with  
1097 chapter 54 with respect to the requirements for such surety bonds.

1098 (b) The bond required by subsection (a) of this section shall be (1) in  
1099 a form approved by the Attorney General, and (2) conditioned upon  
1100 the mortgage lender, mortgage correspondent lender or mortgage  
1101 broker licensee and any mortgage loan originator licensee sponsored  
1102 by such mortgage lender, mortgage correspondent lender or mortgage  
1103 broker or, in the case of a mortgage loan originator licensee sponsored  
1104 [after October 1, 2011,] by an exempt registrant, upon such mortgage  
1105 loan originator licensee faithfully performing any and all written  
1106 agreements or commitments with or for the benefit of borrowers and  
1107 prospective borrowers, truly and faithfully accounting for all funds  
1108 received from a borrower or prospective borrower by the licensee in  
1109 the licensee's capacity as a mortgage lender, mortgage correspondent  
1110 lender, mortgage broker or mortgage loan originator, and conducting  
1111 such mortgage business consistent with the provisions of sections 36a-  
1112 485 to 36a-498f, inclusive, as amended by this act, 36a-534a and 36a-  
1113 534b, as amended by this act. Any borrower or prospective borrower  
1114 who may be damaged by failure to perform any written agreements or  
1115 commitments, or by the wrongful conversion of funds paid by a  
1116 borrower or prospective borrower to a licensee, may proceed on such  
1117 bond against the principal or surety thereon, or both, to recover  
1118 damages. [Commencing August 1, 2009, any] Any borrower or  
1119 prospective borrower who may be damaged by a mortgage lender,

1120 mortgage correspondent lender, mortgage broker or mortgage loan  
1121 originator licensee's failure to satisfy a judgment against the licensee  
1122 arising from the making or brokering of a nonprime home loan, as  
1123 defined in section 36a-760, may proceed on such bond against the  
1124 principal or surety thereon, or both, to recover the amount of the  
1125 judgment. The commissioner may proceed on such bond against the  
1126 principal or surety thereon, or both, to collect any civil penalty  
1127 imposed upon a licensee pursuant to subsection (a) of section 36a-50  
1128 and any unpaid costs of examination of a licensee as determined  
1129 pursuant to section 36a-65. The proceeds of the bond, even if  
1130 commingled with other assets of the principal, shall be deemed by  
1131 operation of law to be held in trust for the benefit of such claimants  
1132 against the principal in the event of bankruptcy of the principal and  
1133 shall be immune from attachment by creditors and judgment creditors.  
1134 The bond shall run concurrently with the period of the license for the  
1135 main office and the aggregate liability under the bond shall not exceed  
1136 the penal sum of the bond. The principal shall notify the commissioner  
1137 of the commencement of an action on the bond. When an action is  
1138 commenced on a principal's bond, the commissioner may require the  
1139 filing of a new bond and immediately on recovery on any action on the  
1140 bond, the principal shall file a new bond.

1141 (c) The surety company shall have the right to cancel the bond at  
1142 any time by a written notice to the principal stating the date  
1143 cancellation shall take effect. Such notice shall be sent by certified mail  
1144 to the principal at least thirty days prior to the date of cancellation. A  
1145 surety bond shall not be cancelled unless the surety company notifies  
1146 the commissioner in writing not less than thirty days prior to the  
1147 effective date of cancellation. After receipt of such notification from the  
1148 surety company, the commissioner shall give written notice to the  
1149 principal of the date such bond cancellation shall take effect and such  
1150 notice shall be deemed notice to each mortgage loan originator licensee  
1151 sponsored by such principal. The commissioner shall automatically  
1152 suspend the licenses of a mortgage lender, mortgage correspondent

1153 lender or mortgage broker on such date and inactivate the licenses of  
1154 the mortgage loan originators sponsored by such lender,  
1155 correspondent lender or broker. [On and after October 1, 2011, in] In  
1156 the case of a cancellation of an exempt registrant's bond, the  
1157 commissioner shall inactivate the licenses of the mortgage loan  
1158 originators sponsored by such exempt registrant. No automatic  
1159 suspension or inactivation shall occur if, prior to the date that the bond  
1160 cancellation shall take effect, (1) the principal submits a letter of  
1161 reinstatement of the bond from the surety company or a new bond, (2)  
1162 the mortgage lender, mortgage correspondent lender or mortgage  
1163 broker licensee has ceased business and has surrendered all licenses in  
1164 accordance with subsection (a) of section 36a-490, as amended by this  
1165 act, or (3) in the case of a mortgage loan originator licensee, the  
1166 sponsorship with the mortgage lender, mortgage correspondent lender  
1167 or mortgage broker who was automatically suspended pursuant to this  
1168 section or, [after October 1, 2011,] with the exempt registrant who  
1169 failed to provide the bond required by this section, has been  
1170 terminated and a new sponsor has been requested and approved. After  
1171 a mortgage lender, mortgage correspondent lender or mortgage broker  
1172 license has been automatically suspended pursuant to this section, the  
1173 commissioner shall give such licensee notice of the automatic  
1174 suspension, pending proceedings for revocation or refusal to renew  
1175 pursuant to section 36a-494, as amended by this act, and an  
1176 opportunity for a hearing on such action in accordance with section  
1177 36a-51 and require such licensee to take or refrain from taking such  
1178 action as in the opinion of the commissioner will effectuate the  
1179 purposes of this section. [Effective October 1, 2011, the] The  
1180 commissioner may provide information to an exempt registrant  
1181 concerning actions taken by the commissioner pursuant to this  
1182 subsection against any mortgage loan originator licensee that was  
1183 sponsored and bonded by such exempt registrant.

1184 (d) The penal sum of the bond required by subdivisions (1) to (3),  
1185 inclusive, of subsection (a) of this section shall be determined as

1186 follows:

1187 (1) An applicant for an initial mortgage lender license or mortgage  
1188 correspondent lender license shall file a bond in a penal sum of one  
1189 hundred thousand dollars in connection with its application for the  
1190 main office.

1191 (2) An applicant for an initial mortgage broker license shall file a  
1192 bond in a penal sum of fifty thousand dollars in connection with its  
1193 application for the main office.

1194 (3) [Effective October 1, 2011, an] An exempt registrant under  
1195 subsection (d) of section 36a-487 who is exempt from licensure under  
1196 subdivision (1), (2) or (3) of subsection (a) of section 36a-487 shall file a  
1197 bond in a penal sum of one hundred thousand dollars the first time  
1198 such exempt registrant sponsors a mortgage loan originator.

1199 (4) [Effective October 1, 2011, an] An exempt registrant under  
1200 subsection (d) of section 36a-487 who is exempt from licensure under  
1201 subsection (b) of section 36a-487 shall file a bond in a penal sum of fifty  
1202 thousand dollars the first time such exempt registrant sponsors a  
1203 mortgage loan originator.

1204 (5) [Effective October 1, 2011, an] An exempt registrant under  
1205 subsection (d) of section 36a-487, who is exempt from licensure under  
1206 subdivision (4) of subsection (a) of section 36a-487, shall file a bond in  
1207 a penal sum as set forth in section 36a-671d.

1208 (6) (A) For mortgage lender and mortgage correspondent lender  
1209 licensees [ ] and [ , after October 1, 2011, ] persons sponsoring and  
1210 bonding at least one mortgage loan originator as an exempt registrant  
1211 under subsection (d) of section 36a-487 and who are exempt from  
1212 licensing under subdivision (1), (2) or (3) of subsection (a) of section  
1213 36a-487 if: (i) The aggregate dollar amount of all residential mortgage  
1214 loans originated by such licensee at all licensed locations or by the  
1215 exempt registrant during the preceding four quarters ending June

1216 thirtieth is less than thirty million dollars, the penal sum of the bond  
1217 shall be one hundred thousand dollars; (ii) the aggregate dollar  
1218 amount of all residential mortgage loans originated by such licensee at  
1219 all licensed locations or by the exempt registrant during the preceding  
1220 four quarters ending June thirtieth is thirty million dollars or more but  
1221 less than one hundred million dollars, the penal sum of the bond shall  
1222 be two hundred thousand dollars; (iii) the aggregate dollar amount of  
1223 all residential mortgage loans originated by such licensee at all  
1224 licensed locations or by the exempt registrant during the preceding  
1225 four quarters ending June thirtieth is one hundred million dollars or  
1226 more but less than two hundred fifty million dollars, the penal sum of  
1227 the bond shall be three hundred thousand dollars; and (iv) the  
1228 aggregate dollar amount of all residential mortgage loans originated  
1229 by such licensee at all licensed locations or by the exempt registrant  
1230 during the preceding four quarters ending June thirtieth is two  
1231 hundred fifty million dollars or more, the penal sum of the bond shall  
1232 be five hundred thousand dollars.

1233 (B) For mortgage broker licensees and [, after October 1, 2011,]  
1234 persons who are sponsoring and bonding at least one mortgage loan  
1235 originator as an exempt registrant under subsection (d) of section 36a-  
1236 487 and who are exempt from licensing under subsection (b) or (c) of  
1237 section 36a-487, [:] if: (i) The aggregate dollar amount of all residential  
1238 mortgage loans originated by such licensee at all licensed locations or  
1239 by the exempt registrant during the preceding four quarters ending  
1240 June thirtieth is less than thirty million dollars, the penal sum of the  
1241 bond shall be fifty thousand dollars; (ii) the aggregate dollar amount of  
1242 all residential mortgage loans originated by such licensee at all  
1243 licensed locations or by the exempt registrant during the preceding  
1244 four quarters ending June thirtieth is thirty million dollars or more but  
1245 less than fifty million dollars, the penal sum of the bond shall be one  
1246 hundred thousand dollars; and (iii) the aggregate dollar amount of all  
1247 residential mortgage loans originated by such licensee at all licensed  
1248 locations or by the exempt registrant during the preceding four



1249 quarters ending June thirtieth is fifty million dollars or more, the penal  
1250 sum of the bond shall be one hundred fifty thousand dollars.

1251 (7) For purposes of this subsection, the aggregate dollar amount of  
1252 all residential mortgage loans originated by such licensee or [, after  
1253 October 1, 2011, such] exempt registrant [,] includes the aggregate  
1254 dollar amount of all closed residential mortgage loans that the licensee  
1255 or exempt registrant originated, brokered or made, as applicable.

1256 (8) Financial information necessary to verify the aggregate dollar  
1257 amount of residential mortgage loans originated shall be filed with the  
1258 commissioner, as the commissioner may require, and shall be reported  
1259 on the system at such time and in such form as the system may  
1260 require.

1261 (9) The commissioner may require a change in the penal sum of the  
1262 bond if the commissioner determines at any time that the aggregate  
1263 dollar amount of all residential mortgage loans originated warrants a  
1264 change in the penal sum of the bond.

1265 Sec. 9. Section 36a-493 of the general statutes is repealed and the  
1266 following is substituted in lieu thereof (*Effective October 1, 2017*):

1267 (a) Each mortgage lender, mortgage correspondent lender and  
1268 mortgage broker licensee shall maintain adequate records of each  
1269 residential mortgage loan transaction at the office named in the license,  
1270 or, if requested by the commissioner, shall make such records available  
1271 at such office or send such records to the commissioner by registered  
1272 or certified mail, return receipt requested, or by any express delivery  
1273 carrier that provides a dated delivery receipt, not later than five  
1274 business days after requested by the commissioner to do so. Upon  
1275 request, the commissioner may grant a licensee additional time to  
1276 make such records available or send them to the commissioner. Such  
1277 records shall provide the following information: (1) A copy of any  
1278 disclosures required under part III of chapter 669; (2) whether the  
1279 licensee acted as a mortgage lender, a mortgage correspondent lender,

1280 a mortgage broker, a mortgage lender and a mortgage broker, or a  
1281 mortgage correspondent lender and a mortgage broker; (3) if the  
1282 licensee is acting as a mortgage lender or mortgage correspondent  
1283 lender, and retains the residential mortgage loan or receives payments  
1284 thereon, an adequate loan history for those loans retained or upon  
1285 which payments are received, itemizing the amount and date of each  
1286 payment and the unpaid balance at all times; (4) the purpose for which  
1287 the loan was made; (5) the original or an exact copy of the note, loan  
1288 agreement or other evidence of indebtedness and mortgage deed; (6) a  
1289 statement signed by the borrower acknowledging the receipt of such  
1290 statement which discloses the full amount of any fee, commission or  
1291 consideration paid to the mortgage lender, mortgage correspondent  
1292 lender and mortgage broker for all services in connection with the  
1293 origination and settlement of the residential mortgage loan; (7) the  
1294 name and address of the mortgage lender, mortgage correspondent  
1295 lender and the mortgage broker, if any, involved in the loan  
1296 transaction; (8) a copy of the initial and a copy of the final residential  
1297 mortgage loan application taken from the borrower; and (9) a copy of  
1298 all information used in evaluating the application.

1299 (b) For each loan that is made and serviced by a licensee, the  
1300 licensee shall retain: (1) The records of such loan transaction for not  
1301 less than two years following the final payment thereon, or the  
1302 assignment of such loan, whichever occurs first, or such longer period  
1303 as may be required by any other provision of law, and (2) copies of the  
1304 note, Closing Disclosure or other settlement statement, or such other  
1305 records as are sufficient to verify the mortgage lender's or mortgage  
1306 correspondent lender's compliance with section 36a-498a for not less  
1307 than five years from the date of the transaction.

1308 (c) For each loan transaction in which a licensee acts as a mortgage  
1309 lender, mortgage correspondent lender or mortgage broker but does  
1310 not service the loan, the licensee shall retain: (1) The records of such  
1311 loan transaction for not less than two years from the date of the  
1312 transaction or such longer period as may be required by any other

1313 provision of law, and (2) copies of the note, Closing Disclosure or other  
1314 settlement statement, or such other records as are sufficient to verify  
1315 the mortgage lender's or mortgage correspondent lender's compliance  
1316 with section 36a-498a for not less than five years from the date of the  
1317 transaction.

1318 (d) Each lead generator licensee shall maintain adequate records of  
1319 its lead generation activities at the office named in the license, or, if  
1320 requested by the commissioner, shall make such records available at  
1321 such office or send such records to the commissioner by registered or  
1322 certified mail, return receipt requested, or by any express delivery  
1323 carrier that provides a dated delivery receipt, not later than five business days after such records are  
1324 requested by the commissioner. Upon request, the commissioner may  
1325 grant a lead generator licensee additional time to make such records  
1326 available or send such records to the commissioner. Such records shall  
1327 include, for the preceding two-year period: (1) Copies of all solicitation  
1328 materials used in the lead generator's business regardless of medium,  
1329 including, but not limited to, business cards, telephone scripts, mailers,  
1330 electronic mail and radio, television and Internet advertisements; (2)  
1331 records of any contact or attempted contact with a customer, including  
1332 the name, date, method and nature of contact, and any information  
1333 provided to or received from the consumer; and (3) the name, address  
1334 and, if applicable, unique identifier of any person who received,  
1335 requested or contracted for leads or referrals and any fees or  
1336 consideration charged or received for such services.  
1337

1338 ~~[(d)]~~ (e) Any person who furnishes to a licensee any records  
1339 required to be maintained under this section or any information  
1340 necessary to complete such records may charge a fee to the licensee in  
1341 an amount not to exceed fifty dollars.

1342 Sec. 10. Section 36a-494 of the general statutes is repealed and the  
1343 following is substituted in lieu thereof (*Effective October 1, 2017*):

1344 (a) (1) The commissioner may suspend, revoke or refuse to renew  
1345 any mortgage lender, mortgage correspondent lender or mortgage  
1346 broker license or take any other action, in accordance with the  
1347 provisions of section 36a-51, for any reason which would be sufficient  
1348 grounds for the commissioner to deny an application for such license  
1349 under sections 36a-485 to 36a-498f, inclusive, as amended by this act,  
1350 36a-534a and 36a-534b, as amended by this act, and section 16 of this  
1351 act or if the commissioner finds that the licensee, any control person of  
1352 the licensee, the qualified individual or branch manager with  
1353 supervisory authority, trustee, employee or agent of such licensee has  
1354 done any of the following: (A) Made any material misstatement in the  
1355 application; (B) committed any fraud, misappropriated funds or  
1356 misrepresented, concealed, suppressed, intentionally omitted or  
1357 otherwise intentionally failed to disclose any of the material particulars  
1358 of any residential mortgage loan transaction, including disclosures  
1359 required by subdivision (6) of subsection (a) of section 36a-493, as  
1360 amended by this act, or part III of chapter 669 or regulations adopted  
1361 pursuant thereto, to anyone entitled to such information; (C) violated  
1362 any of the provisions of this title or of any regulations adopted  
1363 pursuant thereto, or any other law or regulation applicable to the  
1364 conduct of its business; or (D) failed to perform any agreement with a  
1365 licensee or a borrower. For purposes of this subdivision, "agent"  
1366 includes any settlement agent used by the licensee and "settlement  
1367 agent" means the person specified in any Closing Disclosure or other  
1368 settlement statement, provided such settlement agent has been selected  
1369 by the licensee. Any settlement agent whose name appears on the  
1370 licensee's list of approved settlement agents shall be deemed selected  
1371 by the licensee even if the settlement agent is selected from such list by  
1372 the borrower.

1373 (2) The commissioner may suspend, revoke or refuse to renew any  
1374 mortgage loan originator license or any loan processor or underwriter  
1375 license or take any other action, in accordance with the provisions of  
1376 section 36a-51, for any reason which would be sufficient grounds for

1377 the commissioner to deny an application for such license under  
1378 sections 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-  
1379 534a and 36a-534b, as amended by this act, and section 16 of this act or  
1380 if the commissioner finds that the licensee has committed any fraud,  
1381 misappropriated funds, misrepresented, concealed, suppressed,  
1382 intentionally omitted or otherwise intentionally failed to disclose any  
1383 of the material particulars of any residential mortgage loan transaction  
1384 or has violated any of the provisions of this title or of any regulations  
1385 adopted pursuant to such title or any other law or regulation  
1386 applicable to the conduct of such licensee's business.

1387 (3) The commissioner may suspend, revoke or refuse to renew any  
1388 lead generator license or take any other action, in accordance with the  
1389 provisions of section 36a-51, for any reason that would be sufficient  
1390 grounds for the commissioner to deny an application for such license  
1391 under 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-534a  
1392 and 36a-534b, as amended by this act, and section 16 of this act, or if  
1393 the commissioner finds that the licensee, any control person of the  
1394 licensee or qualified individual, trustee, employee or agent of such  
1395 licensee has done any of the following: (A) Made any material  
1396 misstatement in the application for licensure; (B) committed any fraud  
1397 or misrepresentation; or (C) violated any of the provisions of title 36a  
1398 of the general statutes or of any regulations adopted pursuant thereto,  
1399 or any other law or regulation applicable to the conduct of such  
1400 licensee's lead generator business.

1401 (b) Whenever it appears to the commissioner that (1) any person has  
1402 violated, is violating or is about to violate any of the provisions of  
1403 sections 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-  
1404 534a and 36a-534b, as amended by this act, and section 16 of this act or  
1405 any regulation adopted pursuant thereto, (2) any person is, was, or  
1406 would be a cause of the violation of any such provisions or regulation  
1407 due to an act or omission such person knew or should have known  
1408 would contribute to such violation, or (3) any licensee has failed to  
1409 perform any agreement with a borrower, committed any fraud,

1410 misappropriated funds or misrepresented, concealed, suppressed,  
1411 intentionally omitted or otherwise intentionally failed to disclose any  
1412 of the material particulars of any residential mortgage loan transaction,  
1413 including disclosures required by subdivision (6) of subsection (a) of  
1414 section 36a-493, as amended by this act, or part III of chapter 669 or  
1415 regulations adopted pursuant thereto, to anyone entitled to such  
1416 information, the commissioner may take action against such person or  
1417 licensee in accordance with sections 36a-50 and 36a-52.

1418 (c) (1) The commissioner may order a licensee to remove any  
1419 individual conducting business under sections 36a-485 to 36a-498f,  
1420 inclusive, as amended by this act, 36a-534a and 36a-534b, as amended  
1421 by this act, and section 16 of this act from office and from employment  
1422 or retention as an independent contractor in the mortgage business in  
1423 this state whenever the commissioner finds as the result of an  
1424 investigation that such [person] individual: (A) Has violated any of  
1425 said sections or any regulation or order issued thereunder; or (B) for  
1426 any reason that would be sufficient grounds for the commissioner to  
1427 deny a license under section 36a-489, as amended by this act, by  
1428 sending a notice to such [person] individual by registered or certified  
1429 mail, return receipt requested, or by any express delivery carrier that  
1430 provides a dated delivery receipt. The notice shall be deemed received  
1431 by such [person] individual on the earlier of the date of actual receipt  
1432 or seven days after mailing or sending. Any such notice shall include:  
1433 (i) A statement of the time, place and nature of the hearing; (ii) a  
1434 statement of the legal authority and jurisdiction under which the  
1435 hearing is to be held; (iii) a reference to the particular sections of the  
1436 general statutes, regulations or orders alleged to have been violated;  
1437 (iv) a short and plain statement of the matters asserted; and (v) a  
1438 statement indicating that such [person] individual may file a written  
1439 request for a hearing on the matters asserted not later than fourteen  
1440 days after receipt of the notice. If the commissioner finds that the  
1441 protection of borrowers requires immediate action, the commissioner  
1442 may suspend any such [person] individual from office and require

1443 such [person] individual to take or refrain from taking such action as  
1444 in the opinion of the commissioner will effectuate the purposes of this  
1445 subsection, by incorporating a finding to that effect in such notice. The  
1446 suspension or prohibition shall become effective upon receipt of such  
1447 notice and, unless stayed by a court, shall remain in effect until the  
1448 entry of a permanent order or the dismissal of the matters asserted.

1449 (2) If a hearing is requested within the time specified in the notice,  
1450 the commissioner shall hold a hearing upon the matters asserted in the  
1451 notice unless such [person] individual fails to appear at the hearing.  
1452 After the hearing, if the commissioner finds that any of the grounds set  
1453 forth in subparagraph (A) or (B), of subdivision (1) of this subsection  
1454 exist with respect to such [person] individual, the commissioner may  
1455 order the removal of such [person] individual from office and from  
1456 any employment in the mortgage business in this state. If such  
1457 [person] individual fails to appear at the hearing, the commissioner  
1458 may order the removal of such [person] individual from office and  
1459 from employment in the mortgage business in this state.

1460 (d) The commissioner may issue a temporary order to cease  
1461 business under a license if the commissioner determines that such  
1462 license was issued erroneously. The commissioner shall give the  
1463 licensee an opportunity for a hearing on such action in accordance  
1464 with section 36a-52. Such temporary order shall become effective upon  
1465 receipt by the licensee and, unless set aside or modified by a court,  
1466 shall remain in effect until the effective date of a permanent order or  
1467 dismissal of the matters asserted in the notice.

1468 Sec. 11. Section 36a-497 of the general statutes is repealed and the  
1469 following is substituted in lieu thereof (*Effective October 1, 2017*):

1470 (a) No mortgage lender licensee, mortgage correspondent lender  
1471 licensee or mortgage broker licensee shall:

1472 (1) Advertise or cause to be advertised in this state, any residential  
1473 mortgage loan in which such person intends to act only as a mortgage

1474 broker unless the advertisement includes the following statement,  
1475 clearly and conspicuously expressed: MORTGAGE BROKER ONLY,  
1476 NOT A MORTGAGE LENDER OR MORTGAGE CORRESPONDENT  
1477 LENDER; or

1478 (2) In connection with an advertisement in this state, use (A) a  
1479 simulated check; (B) a comparison between the loan payments under  
1480 the residential mortgage loan offered and the loan payments under a  
1481 hypothetical loan or extension of credit, unless the advertisement  
1482 includes, with respect to both the hypothetical loan or extension of  
1483 credit and the residential mortgage loan being offered, the interest rate,  
1484 the loan balance, the total amount of finance charges, the total number  
1485 of payments and the monthly payment amount that would be required  
1486 to pay off the outstanding loan balance shown; (C) representations  
1487 such as "verified as eligible", "eligible", "preapproved", "prequalified"  
1488 or similar words or phrases, without also disclosing, in immediate  
1489 proximity to and in similar size print, language which sets forth  
1490 prerequisites to qualify for the residential mortgage loan, including,  
1491 but not limited to, income verification, credit check, and property  
1492 appraisal or evaluation; or (D) any words or symbols in the  
1493 advertisement or on the envelope containing the advertisement that  
1494 give the appearance that the mailing was sent by a government  
1495 agency.

1496 (b) (1) Each lead generator licensee shall include the following  
1497 statement in all advertisements of residential mortgage loans and  
1498 solicitations of leads by mail, electronic mail or through such licensee's  
1499 web site, clearly and conspicuously expressed: "LEAD GENERATOR  
1500 ONLY, NOT ACTING IN THE CAPACITY OF A MORTGAGE LOAN  
1501 ORIGINATOR, MORTGAGE BROKER, MORTGAGE  
1502 CORRESPONDENT LENDER OR MORTGAGE LENDER.  
1503 INFORMATION RECEIVED WILL BE SHARED WITH ONE OR  
1504 MORE THIRD PARTIES IN CONNECTION WITH YOUR  
1505 RESIDENTIAL MORTGAGE LOAN INQUIRY."



1506       (2) No person required to be licensed as a lead generator shall: (A)  
1507       Accept payment of any advance fee, as defined in section 36a-485, as  
1508       amended by this act, in connection with a residential mortgage loan, or  
1509       (B) use, sell, lease, exchange or otherwise transferor release  
1510       information received from a consumer in connection with a residential  
1511       mortgage loan inquiry for purposes other than as necessary to facilitate  
1512       a residential mortgage loan transaction.

1513       Sec. 12. Section 36a-498e of the general statutes is repealed and the  
1514       following is substituted in lieu thereof (*Effective October 1, 2017*):

1515       No person [or individual] who is required to be licensed and who is  
1516       subject to sections 36a-485 to 36a-498f, inclusive, as amended by this  
1517       act, 36a-534a and 36a-534b, as amended by this act, and section 16 of  
1518       this act may:

1519       (1) Directly or indirectly employ any scheme, device or artifice to  
1520       defraud or mislead borrowers or lenders or to defraud any person;

1521       (2) Engage in any unfair or deceptive practice toward any person;

1522       (3) Obtain property by fraud or misrepresentation;

1523       (4) Solicit or enter into a contract with a borrower that provides in  
1524       substance that such person or individual may earn a fee or commission  
1525       through "best efforts" to obtain a loan even though no loan is actually  
1526       obtained for the borrower;

1527       (5) Solicit, advertise or enter into a contract for specific interest rates,  
1528       points or other financing terms unless the terms are actually available  
1529       at the time of soliciting, advertising or contracting;

1530       (6) Conduct any business as a mortgage lender, mortgage  
1531       correspondent lender, mortgage broker, lead generator, mortgage loan  
1532       originator or loan processor or underwriter without holding a valid  
1533       license as required under sections 36a-485 to 36a-498f, inclusive, as  
1534       amended by this act, 36a-534a and 36a-534b, as amended by this act,

1535 and section 16 of this act or assist or [aide] aid and abet any person in  
1536 the conduct of business as a mortgage lender, mortgage correspondent  
1537 lender, mortgage broker, lead generator, mortgage loan originator or  
1538 loan processor or underwriter without a valid license as required  
1539 under said sections;

1540 (7) Fail to make disclosures as required by sections 36a-485 to 36a-  
1541 498f, inclusive, as amended by this act, 36a-534a and 36a-534b, as  
1542 amended by this act, and section 16 of this act, and any other  
1543 applicable state or federal law including regulations thereunder;

1544 (8) Fail to comply with sections 36a-485 to 36a-498f, inclusive, as  
1545 amended by this act, 36a-534a and 36a-534b, as amended by this act,  
1546 and section 16 of this act, or rules or regulations adopted under said  
1547 sections or fail to comply with any other state or federal law, including  
1548 the rules and regulations thereunder, applicable to any business  
1549 authorized or conducted under said sections;

1550 (9) Make, in any manner, any false or deceptive statement or  
1551 representation including, with regard to the rates, points or other  
1552 financing terms or conditions for a residential mortgage loan, or  
1553 engage in bait and switch advertising;

1554 (10) Negligently make any false statement or knowingly and  
1555 wilfully make any omission of material fact in connection with any  
1556 information or reports filed with a governmental agency or the system,  
1557 as defined in section 36a-2, or in connection with any investigation  
1558 conducted by the commissioner or another governmental agency;

1559 (11) Make any payment, threat or promise, directly or indirectly, to  
1560 any person for the purposes of influencing the independent judgment  
1561 of the person in connection with a residential mortgage loan as defined  
1562 in section 36a-485, as amended by this act, or make any payment,  
1563 threat or promise, directly or indirectly, to any appraiser of a property,  
1564 for the purposes of influencing the independent judgment of the  
1565 appraiser with respect to the value of the property;

1566 (12) Collect, charge, attempt to collect or charge or use or propose  
1567 any agreement purporting to collect or charge any fee prohibited by  
1568 sections 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-  
1569 534a and 36a-534b, as amended by this act, and section 16 of this act;

1570 (13) Cause or require a borrower to obtain property insurance  
1571 coverage in an amount that exceeds the replacement cost of the  
1572 improvements as established by the property insurer; or

1573 (14) Fail to truthfully account for moneys belonging to a party to a  
1574 residential mortgage loan transaction.

1575 Sec. 13. Section 36a-498f of the general statutes is repealed and the  
1576 following is substituted in lieu thereof (*Effective October 1, 2017*):

1577 (a) In addition to any authority provided under this title, the  
1578 [Banking Commissioner] commissioner shall have the authority to  
1579 conduct investigations and examinations as follows:

1580 (1) For purposes of initial licensing, license renewal, license  
1581 suspension, license conditioning, license revocation or termination, or  
1582 general or specific inquiry or investigation to determine compliance  
1583 with sections 36a-485 to 36a-498f, inclusive, as amended by this act,  
1584 36a-534a and 36a-534b, as amended by this act, and section 16 of this  
1585 act, the commissioner may access, receive and use any books, accounts,  
1586 records, files, documents, information or evidence including, but not  
1587 limited to: (A) Criminal, civil and administrative history information;  
1588 (B) personal history and experience information including  
1589 independent credit reports obtained from a consumer reporting  
1590 agency described in Section 603(p) of the federal Fair Credit Reporting  
1591 Act, 15 USC 1681a; and (C) any other documents, information or  
1592 evidence the commissioner deems relevant to the inquiry or  
1593 investigation regardless of the location, possession, control or custody  
1594 of such documents, information or evidence.

1595 (2) For the purposes of investigating violations or complaints arising

1596 under sections 36a-485 to 36a-498f, inclusive, as amended by this act,  
1597 36a-534a or 36a-534b, as amended by this act, and section 16 of this act,  
1598 or for the purposes of examination, the commissioner may review,  
1599 investigate or examine any licensee, individual or person subject to  
1600 said sections as often as necessary in order to carry out the purposes of  
1601 said sections. The commissioner may direct, subpoena or order the  
1602 attendance of and examine under oath all persons whose testimony  
1603 may be required about the loans or the business or subject matter of  
1604 any such examination or investigation, and may direct, subpoena or  
1605 order such person to produce books, accounts, records, files and any  
1606 other documents the commissioner deems relevant to the inquiry.

1607 (b) Each licensee [, individual] or person subject to sections 36a-485  
1608 to 36a-498f, inclusive, as amended by this act, 36a-534a and 36a-534b,  
1609 as amended by this act, and section 16 of this act, shall make or  
1610 compile reports or prepare other information as directed by the  
1611 commissioner in order to carry out the purposes of this section  
1612 including accounting compilations, information lists and data  
1613 concerning loan transactions in a format prescribed by the  
1614 commissioner or such other information the commissioner deems  
1615 necessary to carry out the purposes of this section.

1616 (c) In making any examination or investigation authorized by this  
1617 section, the commissioner may control access to any documents and  
1618 records of the licensee or person under examination or investigation.  
1619 The commissioner may take possession of the documents and records  
1620 or place a person in exclusive charge of the documents and records in  
1621 the place where they are usually kept. During the period of control, no  
1622 individual or person shall remove or attempt to remove any of the  
1623 documents and records except pursuant to a court order or with the  
1624 consent of the commissioner. Unless the commissioner has reasonable  
1625 grounds to believe the documents or records of the licensee have been,  
1626 or are at risk of being, altered or destroyed for purposes of concealing  
1627 a violation of sections 36a-485 to 36a-498f, inclusive, as amended by  
1628 this act, 36a-534a or 36a-534b, as amended by this act, and section 16 of

1629 this act, the licensee or owner of the documents and records shall have  
1630 access to the documents or records as necessary to conduct its ordinary  
1631 business affairs.

1632 (d) In order to carry out the purposes of this section, the  
1633 commissioner may:

1634 (1) Retain attorneys, accountants or other professionals and  
1635 specialists as examiners, auditors or investigators to conduct or assist  
1636 in the conduct of examinations or investigations;

1637 (2) Enter into agreements or relationships with other government  
1638 officials or regulatory associations in order to improve efficiencies and  
1639 reduce regulatory burden by sharing resources, standardized or  
1640 uniform methods or procedures, and documents, records, information  
1641 or evidence obtained under this section;

1642 (3) Use, hire, contract or employ public or privately available  
1643 analytical systems, methods or software to examine or investigate the  
1644 licensee [, individual] or person subject to sections 36a-485 to 36a-498f,  
1645 inclusive, as amended by this act, 36a-534a and 36a-534b, as amended  
1646 by this act, and section 16 of this act;

1647 (4) Accept and rely on examination or investigation reports made by  
1648 other government officials, within or without this state; and

1649 (5) Accept audit reports made by an independent certified public  
1650 accountant for the licensee, individual or person subject to sections  
1651 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-534a and  
1652 36a-534b, as amended by this act, and section 16 of this act, in the  
1653 course of that part of the examination covering the same general  
1654 subject matter as the audit and may incorporate the audit report in the  
1655 report of the examination, report of investigation or other writing of  
1656 the commissioner.

1657 (e) The authority of this section shall remain in effect, whether such

1658 licensee [, individual] or person subject to sections 36a-485 to 36a-498f,  
1659 inclusive, as amended by this act, 36a-534a and 36a-534b, as amended  
1660 by this act, and section 16 of this act, acts or claims to act under any  
1661 licensing or registration law of this state, or claims to act without such  
1662 authority.

1663 (f) No licensee [, individual] or person subject to investigation or  
1664 examination under this section may knowingly withhold, abstract,  
1665 remove, mutilate, destroy or secrete any books, records, computer  
1666 records or other information.

1667 Sec. 14. Section 36a-534b of the general statutes is repealed and the  
1668 following is substituted in lieu thereof (*Effective October 1, 2017*):

1669 (a) (1) In addition to any other duties imposed upon the  
1670 commissioner by law, the commissioner shall require mortgage  
1671 lenders, mortgage correspondent lenders, mortgage brokers, lead  
1672 generators, mortgage loan originators and loan processors or  
1673 underwriters to be licensed and registered through the system. In  
1674 order to carry out this requirement, the commissioner shall participate  
1675 in the system and permit the system to process applications for  
1676 mortgage lender, mortgage correspondent lender, mortgage broker,  
1677 lead generator, mortgage loan originator and loan processor or  
1678 underwriter licenses in this state and receive and maintain records  
1679 related to such licenses that are allowed or required to be maintained  
1680 by the commissioner. For this purpose, the commissioner may  
1681 establish requirements as necessary for participation in the system,  
1682 including: (A) Background checks for criminal history through (i)  
1683 fingerprint or other databases, (ii) civil or administrative records, or  
1684 (iii) credit history or any other information as deemed necessary by the  
1685 system; (B) the payment of fees to apply for or renew licenses through  
1686 the system; (C) the setting or resetting of renewal or reporting dates;  
1687 and (D) the requirements for amending or surrendering a license or  
1688 any other such activities as the commissioner deems necessary for  
1689 participation in the system. For the purpose of participating in the

1690 system, the commissioner may waive or modify, in whole or in part,  
1691 by regulation or order, any requirement of this section and sections  
1692 36a-485 to 36a-498f, inclusive, as amended by this act, and 36a-534a  
1693 and section 16 of this act, and establish new requirements as  
1694 reasonably necessary to participate in the system. For the purposes of  
1695 implementing an orderly and efficient licensing process, the  
1696 commissioner may adopt licensing regulations, in accordance with the  
1697 provisions of chapter 54, and interim procedures for licensing and  
1698 acceptance of applications. For previously licensed individuals, the  
1699 commissioner may establish expedited review and licensing  
1700 procedures.

1701 (2) The commissioner shall report regularly to the system violations  
1702 of and enforcement actions under sections 36a-485 to 36a-498f,  
1703 inclusive, as amended by this act, 36a-534a and 36a-534b, as amended  
1704 by this act, and section 16 of this act, and other relevant information.

1705 (3) The commissioner may establish relationships or enter into  
1706 contracts with the system or other entities designated by the system to  
1707 collect and maintain records and process transaction fees or other fees  
1708 related to licensees or other persons subject to sections 36a-485 to 36a-  
1709 498f, inclusive, as amended by this act, 36a-534a and 36a-534b, as  
1710 amended by this act, and section 16 of this act.

1711 (4) For the purposes of sections 36a-485 to 36a-498f, inclusive, as  
1712 amended by this act, 36a-534a and 36a-534b, as amended by this act,  
1713 and section 16 of this act, and to reduce the points of contact that the  
1714 Federal Bureau of Investigation may have to maintain for purposes of  
1715 subsections (b), [and] (c) and (d) of section 36a-488, as amended by this  
1716 act, the commissioner may use the system as a channeling agent for  
1717 requesting information from and distributing information to the  
1718 United States Department of Justice or any governmental agency.

1719 (5) For the purposes of sections 36a-485 to 36a-498f, inclusive, as  
1720 amended by this act, 36a-534a and 36a-534b, as amended by this act,

1721 and section 16 of this act, and to reduce the points of contact that the  
1722 commissioner may have to maintain for purposes of subsections (b),  
1723 [and] (c) and (d) of section 36a-488, as amended by this act, and section  
1724 16 of this act, the commissioner may use the system as a channeling  
1725 agent for requesting and distributing information to and from any  
1726 source, as directed by the commissioner.

1727 (6) Mortgage lenders, mortgage correspondent lenders, mortgage  
1728 brokers, lead generators, mortgage loan originators and [, effective  
1729 October 1, 2011, individuals licensed as] loan processors or  
1730 underwriters may challenge information entered into the system by  
1731 the commissioner. Such challenge shall (A) be made in writing to the  
1732 commissioner, (B) set forth the specific information being challenged,  
1733 and (C) include any evidence which supports the challenge.  
1734 Challenges shall be limited to the factual accuracy of information  
1735 within the system. If the commissioner determines that the information  
1736 entered into the system is factually inaccurate, the commissioner shall  
1737 take prompt action to correct such information. Nothing in this  
1738 subdivision shall be construed to permit a challenge under this section  
1739 to the merits or factual basis of any administrative action taken by the  
1740 commissioner pursuant to this title.

1741 [(b) (1) Each first mortgage lender license and secondary mortgage  
1742 lender license in existence on June 30, 2008, shall be deemed on and  
1743 after July 1, 2008, to be a mortgage lender license, as defined in section  
1744 36a-485; (2) each first mortgage correspondent lender license and  
1745 secondary mortgage correspondent lender license in existence on June  
1746 30, 2008, shall be deemed on and after July 1, 2008, to be a mortgage  
1747 correspondent lender license, as defined in section 36a-485; (3) each  
1748 first mortgage broker license and secondary mortgage broker license in  
1749 existence on June 30, 2008, shall be deemed on and after July 1, 2008, to  
1750 be a mortgage broker license, as defined in section 36a-485; and (4)  
1751 each originator registration in existence on June 30, 2008, shall be  
1752 deemed on and after July 1, 2008, to be a mortgage loan originator  
1753 license, as defined in section 36a-485.



1754 (c) (1) Each person licensed on July 1, 2008, as a mortgage lender,  
1755 mortgage correspondent lender, mortgage broker or mortgage loan  
1756 originator shall, prior to October 1, 2008, transition on to the system by  
1757 submitting all licensing and license-related information required by  
1758 the system for this state.]

1759 [(2) On and after July 1, 2008, any] (b) Any licensing or license-  
1760 related filings shall be submitted exclusively through the system,  
1761 except as directed by the commissioner.

1762 [(3)] (c) Any person making any filing or submission of any  
1763 information on the system shall do so in accordance with the  
1764 procedures and requirements of the system and pay the applicable fees  
1765 or charges to the system. Each mortgage lender, mortgage  
1766 correspondent lender, mortgage broker, lead generator, mortgage loan  
1767 originator and loan processor or underwriter licensee and each exempt  
1768 registrant, to the extent required by the system, shall timely submit to  
1769 the system accurate reports of condition that shall be in such form and  
1770 shall contain such information as the system may require. Failure by a  
1771 licensee to submit a timely and accurate report of condition shall  
1772 constitute a violation of this provision. Failure of an exempt registrant  
1773 to timely and accurately submit a report of condition shall form a basis  
1774 to inactivate the licenses of all sponsored mortgage loan originators or  
1775 loan processor or underwriters. To the extent that the system does not  
1776 require submission of reports of condition by individual mortgage  
1777 loan originator or loan processor or underwriter licensees, such  
1778 individual licensees shall timely and accurately report all required  
1779 information in their possession to their sponsor for purposes of their  
1780 sponsor's reporting obligation. Failure of an individual licensee to  
1781 timely and accurately report required information in such licensee's  
1782 possession to such licensee's sponsor shall constitute a violation of this  
1783 provision.

1784 [(d) Notwithstanding the provisions of this section, any initial  
1785 application for a license submitted on the system between October 1,

1786 2008, and December 31, 2008, shall not be approved by the  
1787 commissioner prior to January 1, 2009.]

1788 Sec. 15. Subdivision (1) of subsection (d) of section 36a-719 of the  
1789 general statutes is repealed and the following is substituted in lieu  
1790 thereof (*Effective October 1, 2017*):

1791 (d) (1) Withdrawal of an application for a license filed under this  
1792 section shall become effective upon [receipt by the commissioner of a  
1793 notice of intent to withdraw such application] the commissioner's  
1794 acceptance on the system of a withdrawal request. The commissioner  
1795 may deny a license up to one year after the effective date of  
1796 withdrawal.

1797 Sec. 16. (NEW) (*Effective January 1, 2018*) (a) No person required to  
1798 be licensed as a lead generator shall, while engaged in lead generation  
1799 activities:

1800 (1) Initiate any outbound telephone call using an automatic  
1801 telephone dialing system or an artificial or prerecorded voice without  
1802 the prior express written consent of the recipient;

1803 (2) Fail to transmit the lead generator's name and telephone number  
1804 to any caller identification service in use by a consumer;

1805 (3) Initiate an outbound telephone call to a consumer's residence  
1806 between nine o'clock p.m. and eight o'clock a.m. local time in the  
1807 consumer's location;

1808 (4) Fail to clearly and conspicuously identify the lead generator and  
1809 the purpose of the contact in its written and oral communications with  
1810 a consumer;

1811 (5) Fail to provide the ability to opt out of any unsolicited  
1812 advertisement communicated to a consumer via an electronic mail  
1813 address;

1814 (6) Initiate an unsolicited advertisement via electronic mail to a  
1815 consumer more than ten business days after the receipt of a request  
1816 from such consumer to opt out of such unsolicited advertisements;

1817 (7) Use a subject heading or electronic mail address in a commercial  
1818 electronic mail message that would likely mislead a recipient, acting  
1819 reasonably under the circumstances, about a material fact regarding  
1820 the sender, contents or subject matter of the message;

1821 (8) Sell, lease, exchange or otherwise transfer or release the  
1822 electronic mail address or telephone number of a consumer who has  
1823 requested to opt out of future solicitations;

1824 (9) Collect, buy, lease, exchange or otherwise transfer or receive an  
1825 individual's Social Security number or bank account number;

1826 (10) Use information from a trigger lead to solicit consumers who  
1827 have opted out of firm offers of credit under the federal Fair Credit  
1828 Reporting Act;

1829 (11) Initiate a telephone call to a consumer who has placed his or her  
1830 contact information on a federal or state Do Not Call list, unless the  
1831 consumer has provided express written consent;

1832 (12) Represent to the public, through advertising or other means of  
1833 communicating or providing information, including, but not limited  
1834 to, the use of business cards or stationery, brochures, signs or other  
1835 promotional items, that such lead generator can or will perform any  
1836 other activity requiring licensure under title 36a of the general statutes,  
1837 unless such lead generator is duly licensed to perform such other  
1838 activity or exempt from such licensure requirements; or

1839 (13) Refer applicants to, or receive a fee from, any person who is  
1840 required to be licensed under title 36a of the general statutes but was  
1841 not so licensed as of the time of performance of such lead generator's  
1842 services.

1843 (b) A violation of any provision of this section shall be deemed an  
 1844 unfair or deceptive act or practice pursuant to subsection (a) of section  
 1845 42-110b of the general statutes.

1846 Sec. 17. Section 36a-534c of the general statutes is repealed. (*Effective*  
 1847 *from passage*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2017</i>	36a-485
Sec. 2	<i>October 1, 2017</i>	36a-486
Sec. 3	<i>October 1, 2017</i>	36a-488
Sec. 4	<i>October 1, 2017</i>	36a-489
Sec. 5	<i>October 1, 2017</i>	36a-489a
Sec. 6	<i>October 1, 2017</i>	36a-490
Sec. 7	<i>October 1, 2017</i>	36a-491
Sec. 8	<i>October 1, 2017</i>	36a-492
Sec. 9	<i>October 1, 2017</i>	36a-493
Sec. 10	<i>October 1, 2017</i>	36a-494
Sec. 11	<i>October 1, 2017</i>	36a-497
Sec. 12	<i>October 1, 2017</i>	36a-498e
Sec. 13	<i>October 1, 2017</i>	36a-498f
Sec. 14	<i>October 1, 2017</i>	36a-534b
Sec. 15	<i>October 1, 2017</i>	36a-719(d)(1)
Sec. 16	<i>January 1, 2018</i>	New section
Sec. 17	<i>from passage</i>	Repealer section

**Statement of Purpose:**

To provide the Commissioner of Banking with regulatory authority over lead generators of residential mortgage loans.

*[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.]*