



General Assembly

Substitute Bill No. 906

January Session, 2017

* SB00906BA 030817 *

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 Section 36a-485 of the general statutes is repealed and the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, inclusive] and 36a-
5 534b, as amended by this act, and section 16 of this act, unless the
6 context otherwise requires:

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

15 (2) "Advertise", "advertisement" or "advertising" means the use of
16 any announcement, statement, assertion or representation that is
17 placed before the public in a newspaper, magazine or other
18 publication, or in the form of a notice, circular, pamphlet, letter or

19 poster or over any radio or television station, by means of the Internet,
20 or by other electronic means of distributing information, by personal
21 contact, or in any other way;

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

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

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

43 (6) "Dwelling" [has the same meaning] 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, as amended from time to
182 time, where the issuance of the report is triggered by an inquiry made
183 with a consumer reporting agency in response to an application for
184 credit;

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

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

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

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

203 mortgage loan originator acting on behalf of a mortgage lender or
204 mortgage correspondent lender, shall be deemed to be engaged in the
205 business of making residential mortgage loans if such person
206 advertises, causes to be advertised, solicits or offers to make residential
207 mortgage loans, either directly or indirectly. A person, other than a
208 licensed mortgage loan originator acting on behalf of a mortgage
209 broker, shall be deemed to be acting as a mortgage broker if such
210 person advertises or causes to be advertised that such person will
211 negotiate, solicit, place or find a residential mortgage loan, either
212 directly or indirectly. A mortgage correspondent lender shall not be
213 deemed to be acting as a mortgage lender if such mortgage
214 correspondent lender makes a loan utilizing its own funds in a
215 situation where another person does not honor such person's
216 commitment to fund the loan. A licensed lead generator shall not be
217 deemed to be acting as a mortgage lender, mortgage correspondent
218 lender, mortgage broker or mortgage loan originator when engaged in
219 the activities of a lead generator, as described in section 36a-485, as
220 amended by this act, if such person does not: (1) Obtain compensation
221 or gain contingent upon the consummation of a residential mortgage
222 loan or the receipt of a residential mortgage loan application, or (2)
223 utilize financial criteria particular to the consumer or the residential
224 mortgage loan transaction to selectively place a lead or to steer a
225 consumer to a specific person for a residential mortgage loan.

226 (b) (1) No person licensed as a mortgage lender, mortgage
227 correspondent lender or mortgage broker shall engage the services of a
228 mortgage loan originator or of a loan processor or underwriter
229 required to be licensed under this section unless such mortgage loan
230 originator or loan processor or underwriter is licensed under section
231 36a-489, as amended by this act. No person licensed as a mortgage
232 lender, mortgage correspondent lender, mortgage broker or mortgage
233 loan originator shall engage the services of a lead generator unless
234 such lead generator is licensed under section 36a-489, as amended by
235 this act, or exempt from licensure pursuant to subdivision (5) of this
236 subsection. An individual, unless specifically exempted under

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

267 (2) The following are exempt from this section: (A) A registered
268 mortgage loan originator or an employee of an institution or
269 subsidiary described in subdivision [(23)] (25) of section 36a-485, as
270 amended by this act, who is not required to be registered under

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

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

305 license requirement:

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

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

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

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

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

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

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

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

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

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

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

349 (c) If the United States Department of Housing and Urban
350 Development, the Bureau of Consumer Financial Protection or a court
351 of competent jurisdiction determines that the S.A.F.E. Mortgage
352 Licensing Act of 2008, 12 USC Section 5101 et seq., requires an
353 individual described in subparagraph (B) (iv) of subdivision [(18)] (20)
354 of section 36a-485, as amended by this act, to be licensed as a mortgage
355 loan originator under state laws implementing said S.A.F.E. Mortgage
356 Licensing Act, such individual may continue to act in such individual's
357 current capacity, provided such individual files an application for a
358 mortgage loan originator license not later than the date sixty days from
359 the date of such determination by the United States Department of
360 Housing and Urban Development, the Bureau of Consumer Financial
361 Protection or a court of competent jurisdiction.

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

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

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

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

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

399 that meets the test requirement described in section 36a-489a.]

400 (b) The commissioner may issue a mortgage lender license, a
401 mortgage correspondent lender license, or a mortgage broker license.
402 Each mortgage lender licensee may also act as a mortgage
403 correspondent lender and a mortgage broker, and each mortgage
404 correspondent lender licensee may also act as a mortgage broker. [On
405 and after July 1, 2008, an] An application for a license as a mortgage
406 lender, mortgage correspondent lender or mortgage broker office or
407 renewal of such license shall be filed, in a form prescribed by the
408 commissioner, with the system. Each such form shall contain content
409 as set forth by instruction or procedure of the commissioner and may
410 be changed or updated as necessary by the commissioner in order to
411 carry out the purpose of sections 36a-21, 36a-485 to 36a-498f, inclusive,
412 as amended by this act, 36a-534a and 36a-534b, as amended by this act
413 and, section 16 of this act. The applicant shall, at a minimum, furnish
414 to the system information concerning the identity of the applicant, any
415 control person of the applicant, the qualified individual and any
416 branch manager, including personal history and experience in a form
417 prescribed by the system and information related to any
418 administrative, civil or criminal findings by any governmental
419 jurisdiction. The following supplementary information shall be filed
420 directly with the commissioner: (1) In the case of an initial application
421 for a license for the main office, (A) a financial statement as of a date
422 not more than twelve months prior to the filing of the application
423 which reflects tangible net worth, and if such financial statement is
424 unaudited, the proprietor, general partner, or duly authorized officer,
425 trustee or member shall swear to its accuracy under oath before a
426 notary public, and (B) a bond as required by section 36a-492, as
427 amended by this act; (2) evidence that the qualified individual or
428 branch manager meets the experience required by subsection (a) of this
429 section; and (3) such other information pertaining to the applicant, the
430 applicant's background, the background of its principals, employees,
431 mortgage loan originators, and loan processors or underwriters, and
432 the applicant's activities as the commissioner may require. For the

433 purpose of this subsection, evidence of experience of the qualified
434 individual or branch manager shall include: (A) A statement
435 specifying the duties and responsibilities of such person's
436 employment, the term of employment, including month and year, and
437 the name, address and telephone number of a supervisor, employer or,
438 if self-employed, a business reference; and (B) if required by the
439 commissioner, copies of W-2 forms, 1099 tax forms or, if self-
440 employed, 1120 corporate tax returns, signed letters from the employer
441 on the employer's letterhead verifying such person's duties and
442 responsibilities and term of employment including month and year,
443 and if such person is unable to provide such letters, other proof
444 satisfactory to the commissioner that such person meets the experience
445 requirement. The commissioner may conduct a criminal history
446 records check of the applicant, any control person of the applicant and
447 the qualified individual or branch manager with supervisory authority
448 at the office for which the license is sought and require the applicant to
449 submit the fingerprints of such persons and authorization of such
450 persons for the system and the commissioner to obtain an independent
451 credit report from a consumer reporting agency, as described in
452 Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a, as part
453 of the application.

454 (c) [(1)] The commissioner may issue a mortgage loan originator
455 license or a loan processor or underwriter license. Each mortgage loan
456 originator licensee may also act as a loan processor or underwriter. An
457 application to license an individual as a mortgage loan originator or a
458 loan processor or underwriter for a specified office or renewal of such
459 license shall be filed, in a form prescribed by the commissioner, with
460 the system. Each such form shall contain content as set forth by
461 instruction or procedure of the commissioner and may be changed or
462 updated as necessary by the commissioner in order to carry out the
463 purpose of sections 36a-485 to 36a-498f, inclusive, as amended by this
464 act, 36a-534a and 36a-534b, as amended by this act, and section 16 of
465 this act. The applicant shall, at a minimum, furnish to the system, in a
466 form prescribed by the system, information concerning the applicant's

467 identity, including personal history and experience and information
468 related to any administrative, civil or criminal findings by any
469 governmental jurisdiction. [Effective April 1, 2010, each] Each
470 applicant for a mortgage loan originator license [and, effective October
471 1, 2011, each applicant for] or a loan processor or underwriter license
472 [.] shall furnish to the system fingerprints for submission to the Federal
473 Bureau of Investigation and any governmental agency or entity
474 authorized to receive such information for a state, national and
475 international criminal history background check. [Effective the later of
476 July 31, 2010, or thirty days after the date the system commences
477 accepting such authorizations for processing, each] Each applicant
478 shall furnish authorization for the system and the commissioner to
479 obtain an independent credit report from a consumer reporting
480 agency, as described in Section 603(p) of the Fair Credit Reporting Act,
481 15 USC 1681a.

482 [(2) Not later than April 1, 2010, each mortgage loan originator
483 licensee shall furnish to the system fingerprints for submission to the
484 Federal Bureau of Investigation and any governmental agency or
485 entity authorized to receive such information for a state, national and
486 international criminal history background check. By July 31, 2010, or
487 thirty days after the system commences accepting such authorizations
488 for processing, whichever is later, each such licensee shall furnish
489 authorization for the system and the commissioner to obtain an
490 independent credit report obtained from a consumer reporting agency
491 described in Section 603(p) of the Fair Credit Reporting Act, 15 USC
492 1681a.]

493 (d) The commissioner may issue a lead generator license. An
494 application for a license as a lead generator or an application for a
495 license renewal shall be filed, in a form prescribed by the
496 commissioner, with the system, accompanied by the fees required
497 under section 36a-491, as amended by this act. Each such form shall
498 contain content as set forth by instruction or procedure of the
499 commissioner and may be changed or updated as necessary by the

500 commissioner in order to carry out the purposes of sections 36a-485 to
501 36a-498f, inclusive, as amended by this act, 36a-534a and 36a-534b, as
502 amended by this act, and section 16 of this act. The applicant shall, at a
503 minimum, furnish to the system information concerning the identity of
504 the applicant, any control person of the applicant and the qualified
505 individual, including, but not limited to, a personal history and
506 experience, in a form prescribed by the system, and information
507 related to any administrative, civil or criminal findings by any
508 governmental jurisdiction. The applicant shall notify the commissioner
509 on the system of any change to the information submitted in
510 connection with the applicant's most recent application for licensure
511 not later than fifteen days after the applicant has reason to know of
512 such change. The commissioner, in accordance with section 29-17a,
513 may conduct a state or national criminal history records check of the
514 applicant, any control person of the applicant and the qualified
515 individual, and, in accordance with section 36a-24b, may require the
516 submission of fingerprints of such persons to the Federal Bureau of
517 Investigation or other state, national or international criminal
518 databases as part of the application.

519 Sec. 4. Section 36a-489 of the general statutes is repealed and the
520 following is substituted in lieu thereof (*Effective October 1, 2017*):

521 (a) (1) The commissioner shall not issue an initial license for a
522 mortgage lender, mortgage correspondent lender or mortgage broker
523 unless the commissioner, at a minimum, finds that: (A) The applicant
524 meets the requirements of subsection (a) of section 36a-488, as
525 amended by this act; (B) notwithstanding the provisions of section 46a-
526 80, the applicant, the control persons of the applicant and the qualified
527 individual or branch manager with supervisory authority at the office
528 for which the license is sought have not been convicted of, or pled
529 guilty or nolo contendere to, a felony in a domestic, foreign or military
530 court during the seven-year period preceding the date of the
531 application for licensing or at any time preceding the date of
532 application if such felony involved an act of fraud, dishonesty, a

533 breach of trust or money laundering, provided any pardon or
534 expungement of a conviction shall not be a conviction for purposes of
535 this subdivision; (C) the applicant demonstrates that the financial
536 responsibility, character and general fitness of the applicant, the
537 control persons of the applicant and the qualified individual or branch
538 manager having supervisory authority over the office for which the
539 license is sought are such as to command the confidence of the
540 community and to warrant a determination that the applicant will
541 operate honestly, fairly and efficiently within the purposes of sections
542 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-534a and
543 36a-534b, as amended by this act, and section 16 of this act; (D) the
544 applicant has met the surety bond requirement under section 36a-492,
545 as amended by this act; and (E) the applicant has not made a material
546 misstatement in the application. If the commissioner fails to make such
547 findings, the commissioner shall not issue a license, and shall notify
548 the applicant of the denial and the reasons for such denial. For
549 purposes of this subsection, the level of offense of the crime and the
550 status of any conviction, pardon or expungement shall be determined
551 by reference to the law of the jurisdiction where the case was
552 prosecuted. In the event that such jurisdiction does not use the term
553 "felony", "pardon" or "expungement", such terms shall include legally
554 equivalent events.

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

567 education requirements described in subsection (c) of section 36a-489a;
568 and (iii)] the mortgage lender, mortgage correspondent lender or
569 mortgage broker has paid all required fees for renewal of the license.

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

588 (b) (1) The commissioner shall not issue an initial license for a
589 mortgage loan originator or a loan processor or underwriter unless the
590 commissioner, at a minimum, finds that the applicant has: (A) Never
591 had a mortgage loan originator or equivalent loan processor or
592 underwriter license revoked in any governmental jurisdiction, except
593 that a subsequent formal vacating of such revocation shall not be
594 deemed a revocation; (B) notwithstanding the provisions of section
595 46a-80, not been convicted of, or pled guilty or nolo contendere to, a
596 felony in a domestic, foreign or military court during the seven-year
597 period preceding the date of the application for licensing or at any
598 time preceding such date of application if such felony involved an act
599 of fraud, dishonesty, a breach of trust, or money laundering, provided

600 any pardon or expungement of a conviction shall not be a conviction
601 for purposes of this subdivision; (C) demonstrated financial
602 responsibility, character and general fitness so as to command the
603 confidence of the community and to warrant a determination that the
604 mortgage loan originator or loan processor or underwriter will operate
605 honestly, fairly and efficiently within the purposes of sections 36a-485
606 to 36a-498f, inclusive, as amended by this act, 36a-534a and 36a-534b,
607 as amended by this act, and section 16 of this act; (D) [for mortgage
608 loan originator applicants, effective April 1, 2010, and for loan
609 processor or underwriter applicants, effective October 1, 2011,]
610 completed the preclicensing education requirement described in section
611 36a-489a, as amended by this act, and passed a written test that meets
612 the test requirement described in section 36a-489a, as amended by this
613 act; [and, effective November 1, 2012, for qualified individuals or
614 branch managers seeking initial licensure as a mortgage loan
615 originator, completed any continuing education required of them in
616 their position as qualified individuals and branch managers pursuant
617 to section 36a-489a; (E) effective July 31, 2010,] (E) met the surety bond
618 requirement under section 36a-492, as amended by this act, and,
619 [effective October 1, 2011,] in the case of a mortgage loan originator
620 required to be licensed under section 36a-671e, met the surety bond
621 requirements under sections 36a-492, as amended by this act, and 36a-
622 671d; and (F) not made a material misstatement in the application. If
623 the commissioner denies an application for a mortgage loan originator
624 or a loan processor or underwriter license, the commissioner shall
625 notify the applicant and may notify the sponsor or any other person
626 the commissioner deems appropriate of the denial and the reasons for
627 such denial. For purposes of this subsection, the level of offense of the
628 crime and the status of any conviction, pardon or expungement shall
629 be determined by reference to the law of the jurisdiction where the
630 case was prosecuted. In the event that such jurisdiction does not use
631 the term "felony", "pardon" or "expungement", those terms shall
632 include legally equivalent events.

633 (2) (A) The minimum standards for license renewal for a mortgage

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

641 (B) The license of a mortgage loan originator or a loan processor or
642 underwriter that fails to satisfy the minimum standards for license
643 renewal shall expire. The commissioner may adopt procedures for the
644 reinstatement of expired licenses consistent with the standards
645 established by the system. The commissioner may automatically
646 suspend a mortgage loan originator or a loan processor or underwriter
647 license if the licensee receives a deficiency on the system indicating
648 that the payment required by subparagraph (A) of subdivision (2) of
649 this subsection was Returned-ACH or returned pursuant to such other
650 term as may be utilized by the system to indicate that the payment was
651 not accepted. After a license has been automatically suspended
652 pursuant to this section, the commissioner shall give such licensee
653 notice of the automatic suspension, pending proceedings for
654 revocation or refusal to renew pursuant to section 36a-494, as amended
655 by this act, and an opportunity for a hearing on such action in
656 accordance with section 36a-51 and require such licensee to take or
657 refrain from taking such action that, in the opinion of the
658 commissioner, will effectuate the purposes of this section.

659 [(3) Not later than April 1, 2010, each mortgage loan originator
660 licensee shall have completed the prelicensing education requirement
661 described in section 36a-489a and passed a written test that meets the
662 test requirement described in section 36a-489a, provided a mortgage
663 loan originator licensee who was licensed as of the enactment of public
664 act 09-209 shall have completed such prelicensing education
665 requirement and passed such written test not later than October 31,
666 2010.]

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

677 (d) (1) The commissioner shall not issue a lead generator license to
678 an applicant for such license unless the commissioner, at a minimum,
679 finds that: (A) The applicant demonstrates that the character,
680 reputation, integrity and general fitness of the applicant, any control
681 person of the applicant and the qualified individual are such as to
682 command the confidence of the community and warrant a
683 determination that the applicant will operate honestly, fairly and
684 efficiently within the purposes of sections 36a-485 to 36a-498f,
685 inclusive, as amended by this act, 36a-534a and 36a-534b, as amended
686 by this act, and section 16 of this act; (B) the applicant has not made a
687 material misstatement in the application; and (C) the applicant has met
688 any other requirements determined by the commissioner. If the
689 commissioner fails to make such findings, the commissioner shall not
690 issue a license and shall notify the applicant of the denial and the
691 reasons for such denial. Without limiting the foregoing requirements
692 of this subdivision, and subject to the provisions of section 46a-80, the
693 commissioner may deny an application based on the history of
694 criminal convictions of the applicant, any control person of the
695 applicant or the qualified individual.

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

700 license.

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

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

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

728 [(e)] (f) The commissioner may deem an application for a license
729 under this section abandoned if the applicant fails to respond to any
730 request for information required under sections 36a-485 to 36a-498f,
731 inclusive, as amended by this act, 36a-534a and 36a-534b, as amended

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

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

745 (a) (1) In order to meet the prelicensing education and testing
746 requirements referred to in [sections 36a-488 and] section 36a-489, as
747 amended by this act, an individual shall complete at least twenty-one
748 hours of education approved in accordance with subdivision (2) of this
749 subsection, which shall include at least (A) three hours of instruction
750 on relevant federal law and regulations; (B) three hours of ethics,
751 including instruction on fraud, consumer protection and fair lending
752 issues; (C) two hours of training related to lending standards for the
753 nontraditional mortgage product marketplace; and (D) one hour of
754 relevant Connecticut law.

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

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

764 of such sponsor, employer or entity.

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

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

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

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

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

794 (2) A written test shall not be treated as a qualified written test for

795 purposes of subdivision (1) of this subsection unless the test
796 adequately measures the individual's knowledge and comprehension
797 in appropriate subject areas, including ethics, federal law and
798 regulation pertaining to mortgage origination, state law and regulation
799 pertaining to mortgage origination, and federal and state law and
800 regulation, including instruction on fraud, consumer protection, the
801 nontraditional mortgage marketplace and fair lending issues.

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

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

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

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

827 of such application, not taking into account any time during which
828 such individual [is] was engaged in loan processing or underwriting
829 but not required to be licensed under subdivision (3) of subsection (b)
830 of section 36a-486, as amended by this act.

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

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

849 (3) Nothing in this subsection shall preclude any education course
850 approved by the system that is provided by the sponsor or employer
851 or an entity that is affiliated with the mortgage loan originator,
852 qualified individual, [or] branch manager or [, effective October 1,
853 2011,] loan processor or underwriter by an agency contract, or by any
854 subsidiary or affiliate of such sponsor, employer or entity.

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

857 (5) Except as provided in procedures adopted under subsections (a)

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

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

872 (7) When education requirements described in subdivision (1) of
873 subsection (a) of this section are completed in another state, such out-
874 of-state education requirements shall be accepted as credit towards
875 completion of the education requirements of this state, provided such
876 out-of-state education requirements are approved by the system.

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

886 (9) A person who meets the requirements of subparagraphs (A)(i)
887 and [(A)(iii)] (A)(ii) of subdivision (2) of subsection (a) or
888 subparagraphs (A)(i) and (A)(iii) of subdivision (2) of subsection (b) of
889 section 36a-489, as amended by this act, may compensate for any

890 deficiency in an individual's continuing education requirements
891 pursuant to regulations adopted by the commissioner.

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

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

897 (a) (1) A mortgage lender, mortgage correspondent lender, [and]
898 mortgage broker and lead generator license shall not be transferable or
899 assignable. No licensee may use any name other than its legal name or
900 a fictitious name approved by the commissioner, provided such
901 licensee may not use its legal name if the commissioner disapproves
902 use of such name. Any licensee who intends to permanently cease
903 engaging in the business of making residential mortgage loans or
904 acting as a mortgage broker or lead generator at any time during a
905 license period for any cause, including, but not limited to, bankruptcy
906 or voluntary dissolution, shall file a request to surrender the license for
907 each office at which the licensee intends to cease to do business, on the
908 system, not later than fifteen days after the date of such cessation,
909 provided this requirement shall not apply when a license has been
910 suspended pursuant to section 36a-51. No surrender shall be effective
911 until accepted by the commissioner.

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

920 (3) [Effective October 1, 2011, a] A loan processor or underwriter

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

928 (b) A mortgage lender, mortgage correspondent lender, [or]
929 mortgage broker or lead generator licensee may change the name of
930 the licensee or address of the office specified on the most recent filing
931 with the system if (1) at least thirty calendar days prior to such change,
932 the licensee files such change with the system and, in the case of a
933 main or branch office, provides, directly to the commissioner, a bond
934 rider or endorsement, or addendum, as applicable, to the surety bond
935 on file with the commissioner that reflects the new name or address of
936 the main or branch office, and (2) the commissioner does not
937 disapprove such change, in writing, or request further information
938 within such thirty-day period. The licensee shall promptly file any
939 change in the information most recently submitted in connection with
940 the license with the system or, if the information cannot be filed on the
941 system, directly notify the commissioner, in writing, of such change in
942 the information.

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

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

950 (2) Filing of a criminal indictment against the licensee in any way
951 related to the lending or brokerage activities of the licensee, or
952 receiving notification of the filing of any criminal felony indictment or

953 felony conviction of any of the licensee's officers, directors, members,
954 partners or shareholders owning ten per cent or more of the
955 outstanding stock;

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

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

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

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

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

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

976 (9) A decrease in the net worth required by subsection (a) of section
977 36a-488, as amended by this act.

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

982 information most recently submitted in connection with the license
983 and of the occurrence of any of the following developments:

984 (1) Filing for bankruptcy of the licensee;

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

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

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

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

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

1000 (a) [The expiration date of any mortgage lender, mortgage
1001 correspondent lender and mortgage broker license that expires on
1002 September 30, 2008, shall be extended to the close of business on
1003 December 31, 2008. On and after July 1, 2008, each] Each mortgage
1004 lender, mortgage correspondent lender, mortgage broker, lead
1005 generator, mortgage loan originator and [, on and after October 1,
1006 2011, each] loan processor or underwriter license shall expire at the
1007 close of business on December thirty-first of the year in which it is
1008 approved, unless such license is renewed, and provided any such
1009 license that is approved on or after November first shall expire at the
1010 close of business on December thirty-first of the year following the
1011 year in which it is approved. An application for renewal of a license

1012 shall be filed between November first and December thirty-first of the
1013 year in which the license expires. Each applicant for an initial license or
1014 renewal of a license as a mortgage lender or mortgage correspondent
1015 lender shall pay to the system any required fees or charges and a
1016 license fee of one thousand dollars, and each applicant for an initial or
1017 renewal license as a mortgage broker or lead generator shall pay to the
1018 system any required fees or charges and a license fee of five hundred
1019 dollars. [, provided each mortgage lender or mortgage correspondent
1020 lender licensee who is a licensee on September 30, 2008, who submits a
1021 renewal application shall, at the time of making such application, pay
1022 to the system any required fees or charges and a license fee of one
1023 thousand one hundred twenty-five dollars and each mortgage broker
1024 who was a licensee on June 30, 2008, who submits a renewal
1025 application shall, at the time of making such application, pay to the
1026 system any required fees or charges and a license fee of five hundred
1027 sixty-five dollars. Effective November 1, 2009, each] Each applicant for
1028 an initial license or renewal of a license as a mortgage loan originator
1029 [and, effective October 1, 2011, as a] or loan processor or underwriter
1030 [.] shall pay to the system any required fees or charges and a license fee
1031 of three hundred dollars.

1032 (b) All fees paid pursuant to this section, including fees paid in
1033 connection with an application that is denied or withdrawn prior to
1034 the issuance of the license, shall be nonrefundable. No fee paid
1035 pursuant to this section shall be prorated if the license is surrendered,
1036 revoked or suspended prior to the expiration of the period for which it
1037 was approved.

1038 Sec. 8. Section 36a-492 of the general statutes is repealed and the
1039 following is substituted in lieu thereof (*Effective October 1, 2017*):

1040 (a) (1) Each licensed mortgage lender, mortgage correspondent
1041 lender and mortgage broker shall file with the commissioner a single
1042 surety bond, written by a surety authorized to write such bonds in this
1043 state, covering its main office and file an addendum to such bond to
1044 cover any branch office, in a penal sum determined in accordance with

1045 subsection (d) of this section, provided the penal sum of the bond for
1046 licensed mortgage lenders and mortgage correspondent lenders shall
1047 be not less than one hundred thousand dollars and the penal sum of
1048 the bond for mortgage brokers shall be not less than fifty thousand
1049 dollars. The bond shall cover all mortgage loan originators sponsored
1050 by such licensee.

1051 (2) Each mortgage loan originator licensee shall be covered by a
1052 surety bond with a penal sum in an amount that reflects the dollar
1053 amount of loans originated by such mortgage loan originator in
1054 accordance with subsection (d) of this section, provided such coverage
1055 shall be provided through a single surety bond filed with the
1056 commissioner by the person who sponsors such mortgage loan
1057 originator.

1058 (3) [Effective October 1, 2011, (A) in] (A) In the case of an exempt
1059 registrant under subdivision (1), (2) or (3) of subsection (a) of section
1060 36a-487: (i) The surety bond shall cover all mortgage loan originators
1061 sponsored by such exempt registrant and comply with the
1062 requirements set forth in this section, and (ii) the penal sum of such
1063 bond shall be in an amount determined in accordance with subsection
1064 (d) of this section, provided the penal sum of the bond shall be not less
1065 than one hundred thousand dollars; (B) in the case of an exempt
1066 registrant under subsection (b) of section 36a-487: (i) The surety bond
1067 shall cover all mortgage loan originators sponsored by such exempt
1068 registrant and comply with the requirements set forth in this section,
1069 and (ii) the penal sum of the bond shall be in an amount determined in
1070 accordance with subsection (d) of this section, provided the penal sum
1071 shall be not less than fifty thousand dollars; and (C) in the case of an
1072 exempt registrant under subdivision (4) of subsection (a) of section
1073 36a-487, the surety bond shall cover all mortgage loan originators
1074 sponsored by such exempt registrant and comply with the
1075 requirements set forth in section 36a-671d.

1076 (4) (A) The principal on a bond required by subdivisions (1) and (2)
1077 of this subsection shall annually confirm, in connection with any

1078 renewal request, that it maintains the required penal sum in an
1079 amount required by subsection (d) of this section after review of the
1080 preceding four-quarter period ending June thirtieth. The principal
1081 shall file such information as the commissioner may require under
1082 subsection (d) of this section and shall file, as the commissioner may
1083 require, pursuant to subdivision (d) of this section, any bond rider or
1084 endorsement to the surety bond on file with the commissioner to
1085 reflect any changes necessary to maintain the surety bond coverage
1086 required by this section.

1087 (B) [Effective October 1, 2011, the] The principal on a bond required
1088 by subdivision (3) of this subsection shall annually confirm, in
1089 connection with any renewal request, that it maintains the required
1090 penal sum in an amount required by subsection (d) of this section after
1091 review of the preceding four-quarter period ending June thirtieth. The
1092 principal shall file such information as the commissioner may require
1093 under subsection (d) of this section and shall file, as the commissioner
1094 may require pursuant to subsection (d) of this section, any bond rider
1095 or endorsement to the surety bond on file with the commissioner to
1096 reflect any changes necessary to maintain the surety bond coverage
1097 required by this section.

1098 (5) The commissioner may adopt regulations in accordance with
1099 chapter 54 with respect to the requirements for such surety bonds.

1100 (b) The bond required by subsection (a) of this section shall be (1) in
1101 a form approved by the Attorney General, and (2) conditioned upon
1102 the mortgage lender, mortgage correspondent lender or mortgage
1103 broker licensee and any mortgage loan originator licensee sponsored
1104 by such mortgage lender, mortgage correspondent lender or mortgage
1105 broker or, in the case of a mortgage loan originator licensee sponsored
1106 [after October 1, 2011,] by an exempt registrant, upon such mortgage
1107 loan originator licensee faithfully performing any and all written
1108 agreements or commitments with or for the benefit of borrowers and
1109 prospective borrowers, truly and faithfully accounting for all funds
1110 received from a borrower or prospective borrower by the licensee in

1111 the licensee's capacity as a mortgage lender, mortgage correspondent
1112 lender, mortgage broker or mortgage loan originator, and conducting
1113 such mortgage business consistent with the provisions of sections 36a-
1114 485 to 36a-498f, inclusive, as amended by this act, 36a-534a and 36a-
1115 534b, as amended by this act. Any borrower or prospective borrower
1116 who may be damaged by failure to perform any written agreements or
1117 commitments, or by the wrongful conversion of funds paid by a
1118 borrower or prospective borrower to a licensee, may proceed on such
1119 bond against the principal or surety thereon, or both, to recover
1120 damages. [Commencing August 1, 2009, any] Any borrower or
1121 prospective borrower who may be damaged by a mortgage lender,
1122 mortgage correspondent lender, mortgage broker or mortgage loan
1123 originator licensee's failure to satisfy a judgment against the licensee
1124 arising from the making or brokering of a nonprime home loan, as
1125 defined in section 36a-760, may proceed on such bond against the
1126 principal or surety thereon, or both, to recover the amount of the
1127 judgment. The commissioner may proceed on such bond against the
1128 principal or surety thereon, or both, to collect any civil penalty
1129 imposed upon a licensee pursuant to subsection (a) of section 36a-50
1130 and any unpaid costs of examination of a licensee as determined
1131 pursuant to section 36a-65. The proceeds of the bond, even if
1132 commingled with other assets of the principal, shall be deemed by
1133 operation of law to be held in trust for the benefit of such claimants
1134 against the principal in the event of bankruptcy of the principal and
1135 shall be immune from attachment by creditors and judgment creditors.
1136 The bond shall run concurrently with the period of the license for the
1137 main office and the aggregate liability under the bond shall not exceed
1138 the penal sum of the bond. The principal shall notify the commissioner
1139 of the commencement of an action on the bond. When an action is
1140 commenced on a principal's bond, the commissioner may require the
1141 filing of a new bond and immediately on recovery on any action on the
1142 bond, the principal shall file a new bond.

1143 (c) The surety company shall have the right to cancel the bond at
1144 any time by a written notice to the principal stating the date

1145 cancellation shall take effect. Such notice shall be sent by certified mail
1146 to the principal at least thirty days prior to the date of cancellation. A
1147 surety bond shall not be cancelled unless the surety company notifies
1148 the commissioner in writing not less than thirty days prior to the
1149 effective date of cancellation. After receipt of such notification from the
1150 surety company, the commissioner shall give written notice to the
1151 principal of the date such bond cancellation shall take effect and such
1152 notice shall be deemed notice to each mortgage loan originator licensee
1153 sponsored by such principal. The commissioner shall automatically
1154 suspend the licenses of a mortgage lender, mortgage correspondent
1155 lender or mortgage broker on such date and inactivate the licenses of
1156 the mortgage loan originators sponsored by such lender,
1157 correspondent lender or broker. [On and after October 1, 2011, in] In
1158 the case of a cancellation of an exempt registrant's bond, the
1159 commissioner shall inactivate the licenses of the mortgage loan
1160 originators sponsored by such exempt registrant. No automatic
1161 suspension or inactivation shall occur if, prior to the date that the bond
1162 cancellation shall take effect, (1) the principal submits a letter of
1163 reinstatement of the bond from the surety company or a new bond, (2)
1164 the mortgage lender, mortgage correspondent lender or mortgage
1165 broker licensee has ceased business and has surrendered all licenses in
1166 accordance with subsection (a) of section 36a-490, as amended by this
1167 act, or (3) in the case of a mortgage loan originator licensee, the
1168 sponsorship with the mortgage lender, mortgage correspondent lender
1169 or mortgage broker who was automatically suspended pursuant to this
1170 section or, [after October 1, 2011,] with the exempt registrant who
1171 failed to provide the bond required by this section, has been
1172 terminated and a new sponsor has been requested and approved. After
1173 a mortgage lender, mortgage correspondent lender or mortgage broker
1174 license has been automatically suspended pursuant to this section, the
1175 commissioner shall give such licensee notice of the automatic
1176 suspension, pending proceedings for revocation or refusal to renew
1177 pursuant to section 36a-494, as amended by this act, and an
1178 opportunity for a hearing on such action in accordance with section
1179 36a-51 and require such licensee to take or refrain from taking such

1180 action as in the opinion of the commissioner will effectuate the
1181 purposes of this section. [Effective October 1, 2011, the] The
1182 commissioner may provide information to an exempt registrant
1183 concerning actions taken by the commissioner pursuant to this
1184 subsection against any mortgage loan originator licensee that was
1185 sponsored and bonded by such exempt registrant.

1186 (d) The penal sum of the bond required by subdivisions (1) to (3),
1187 inclusive, of subsection (a) of this section shall be determined as
1188 follows:

1189 (1) An applicant for an initial mortgage lender license or mortgage
1190 correspondent lender license shall file a bond in a penal sum of one
1191 hundred thousand dollars in connection with its application for the
1192 main office.

1193 (2) An applicant for an initial mortgage broker license shall file a
1194 bond in a penal sum of fifty thousand dollars in connection with its
1195 application for the main office.

1196 (3) [Effective October 1, 2011, an] An exempt registrant under
1197 subsection (d) of section 36a-487 who is exempt from licensure under
1198 subdivision (1), (2) or (3) of subsection (a) of section 36a-487 shall file a
1199 bond in a penal sum of one hundred thousand dollars the first time
1200 such exempt registrant sponsors a mortgage loan originator.

1201 (4) [Effective October 1, 2011, an] An exempt registrant under
1202 subsection (d) of section 36a-487 who is exempt from licensure under
1203 subsection (b) of section 36a-487 shall file a bond in a penal sum of fifty
1204 thousand dollars the first time such exempt registrant sponsors a
1205 mortgage loan originator.

1206 (5) [Effective October 1, 2011, an] An exempt registrant under
1207 subsection (d) of section 36a-487, who is exempt from licensure under
1208 subdivision (4) of subsection (a) of section 36a-487, shall file a bond in
1209 a penal sum as set forth in section 36a-671d.

1210 (6) (A) For mortgage lender and mortgage correspondent lender
1211 licensees [] and [, after October 1, 2011,] persons sponsoring and
1212 bonding at least one mortgage loan originator as an exempt registrant
1213 under subsection (d) of section 36a-487 and who are exempt from
1214 licensing under subdivision (1), (2) or (3) of subsection (a) of section
1215 36a-487 if: (i) The aggregate dollar amount of all residential mortgage
1216 loans originated by such licensee at all licensed locations or by the
1217 exempt registrant during the preceding four quarters ending June
1218 thirtieth is less than thirty million dollars, the penal sum of the bond
1219 shall be one hundred thousand dollars; (ii) the aggregate dollar
1220 amount of all residential mortgage loans originated by such licensee at
1221 all licensed locations or by the exempt registrant during the preceding
1222 four quarters ending June thirtieth is thirty million dollars or more but
1223 less than one hundred million dollars, the penal sum of the bond shall
1224 be two hundred thousand dollars; (iii) the aggregate dollar amount of
1225 all residential mortgage loans originated by such licensee at all
1226 licensed locations or by the exempt registrant during the preceding
1227 four quarters ending June thirtieth is one hundred million dollars or
1228 more but less than two hundred fifty million dollars, the penal sum of
1229 the bond shall be three hundred thousand dollars; and (iv) the
1230 aggregate dollar amount of all residential mortgage loans originated
1231 by such licensee at all licensed locations or by the exempt registrant
1232 during the preceding four quarters ending June thirtieth is two
1233 hundred fifty million dollars or more, the penal sum of the bond shall
1234 be five hundred thousand dollars.

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

1244 all residential mortgage loans originated by such licensee at all
1245 licensed locations or by the exempt registrant during the preceding
1246 four quarters ending June thirtieth is thirty million dollars or more but
1247 less than fifty million dollars, the penal sum of the bond shall be one
1248 hundred thousand dollars; and (iii) the aggregate dollar amount of all
1249 residential mortgage loans originated by such licensee at all licensed
1250 locations or by the exempt registrant during the preceding four
1251 quarters ending June thirtieth is fifty million dollars or more, the penal
1252 sum of the bond shall be one hundred fifty thousand dollars.

1253 (7) For purposes of this subsection, the aggregate dollar amount of
1254 all residential mortgage loans originated by such licensee or [, after
1255 October 1, 2011, such] exempt registrant [.] includes the aggregate
1256 dollar amount of all closed residential mortgage loans that the licensee
1257 or exempt registrant originated, brokered or made, as applicable.

1258 (8) Financial information necessary to verify the aggregate dollar
1259 amount of residential mortgage loans originated shall be filed with the
1260 commissioner, as the commissioner may require, and shall be reported
1261 on the system at such time and in such form as the system may
1262 require.

1263 (9) The commissioner may require a change in the penal sum of the
1264 bond if the commissioner determines at any time that the aggregate
1265 dollar amount of all residential mortgage loans originated warrants a
1266 change in the penal sum of the bond.

1267 Sec. 9. Section 36a-493 of the general statutes is repealed and the
1268 following is substituted in lieu thereof (*Effective October 1, 2017*):

1269 (a) Each mortgage lender, mortgage correspondent lender and
1270 mortgage broker licensee shall maintain adequate records of each
1271 residential mortgage loan transaction at the office named in the license,
1272 or, if requested by the commissioner, shall make such records available
1273 at such office or send such records to the commissioner by registered
1274 or certified mail, return receipt requested, or by any express delivery

1275 carrier that provides a dated delivery receipt, not later than five
1276 business days after requested by the commissioner to do so. Upon
1277 request, the commissioner may grant a licensee additional time to
1278 make such records available or send them to the commissioner. Such
1279 records shall provide the following information: (1) A copy of any
1280 disclosures required under part III of chapter 669; (2) whether the
1281 licensee acted as a mortgage lender, a mortgage correspondent lender,
1282 a mortgage broker, a mortgage lender and a mortgage broker, or a
1283 mortgage correspondent lender and a mortgage broker; (3) if the
1284 licensee is acting as a mortgage lender or mortgage correspondent
1285 lender, and retains the residential mortgage loan or receives payments
1286 thereon, an adequate loan history for those loans retained or upon
1287 which payments are received, itemizing the amount and date of each
1288 payment and the unpaid balance at all times; (4) the purpose for which
1289 the loan was made; (5) the original or an exact copy of the note, loan
1290 agreement or other evidence of indebtedness and mortgage deed; (6) a
1291 statement signed by the borrower acknowledging the receipt of such
1292 statement which discloses the full amount of any fee, commission or
1293 consideration paid to the mortgage lender, mortgage correspondent
1294 lender and mortgage broker for all services in connection with the
1295 origination and settlement of the residential mortgage loan; (7) the
1296 name and address of the mortgage lender, mortgage correspondent
1297 lender and the mortgage broker, if any, involved in the loan
1298 transaction; (8) a copy of the initial and a copy of the final residential
1299 mortgage loan application taken from the borrower; and (9) a copy of
1300 all information used in evaluating the application.

1301 (b) For each loan that is made and serviced by a licensee, the
1302 licensee shall retain: (1) The records of such loan transaction for not
1303 less than two years following the final payment thereon, or the
1304 assignment of such loan, whichever occurs first, or such longer period
1305 as may be required by any other provision of law, and (2) copies of the
1306 note, Closing Disclosure or other settlement statement, or such other
1307 records as are sufficient to verify the mortgage lender's or mortgage
1308 correspondent lender's compliance with section 36a-498a for not less

1309 than five years from the date of the transaction.

1310 (c) For each loan transaction in which a licensee acts as a mortgage
1311 lender, mortgage correspondent lender or mortgage broker but does
1312 not service the loan, the licensee shall retain: (1) The records of such
1313 loan transaction for not less than two years from the date of the
1314 transaction or such longer period as may be required by any other
1315 provision of law, and (2) copies of the note, Closing Disclosure or other
1316 settlement statement, or such other records as are sufficient to verify
1317 the mortgage lender's or mortgage correspondent lender's compliance
1318 with section 36a-498a for not less than five years from the date of the
1319 transaction.

1320 (d) Each lead generator licensee shall maintain adequate records of
1321 its lead generation activities at the office named in the license, or, if
1322 requested by the commissioner, shall make such records available at
1323 such office or send such records to the commissioner by registered or
1324 certified mail, return receipt requested, or by any express delivery
1325 carrier that provides a dated delivery receipt, not later than five
1326 business days after such records are requested by the commissioner.
1327 Upon request, the commissioner may grant a lead generator licensee
1328 additional time to make such records available or send such records to
1329 the commissioner. Such records shall include, for the preceding two-
1330 year period: (1) Copies of all solicitation materials used in the lead
1331 generator's business regardless of medium, including, but not limited
1332 to, business cards, telephone scripts, mailers, electronic mail and radio,
1333 television and Internet advertisements; (2) records of any contact or
1334 attempted contact with a consumer, including the name, date, method
1335 and nature of contact, and any information provided to or received
1336 from the consumer; and (3) the name, address and, if applicable,
1337 unique identifier of any person who received, requested or contracted
1338 for leads or referrals and any fees or consideration charged or received
1339 for such services.

1340 [(d)] (e) Any person who furnishes to a licensee any records
1341 required to be maintained under this section or any information

1342 necessary to complete such records may charge a fee to the licensee in
1343 an amount not to exceed fifty dollars.

1344 Sec. 10. Section 36a-494 of the general statutes is repealed and the
1345 following is substituted in lieu thereof (*Effective October 1, 2017*):

1346 (a) (1) The commissioner may suspend, revoke or refuse to renew
1347 any mortgage lender, mortgage correspondent lender or mortgage
1348 broker license or take any other action, in accordance with the
1349 provisions of section 36a-51, for any reason which would be sufficient
1350 grounds for the commissioner to deny an application for such license
1351 under sections 36a-485 to 36a-498f, inclusive, as amended by this act,
1352 36a-534a and 36a-534b, as amended by this act, and section 16 of this
1353 act or if the commissioner finds that the licensee, any control person of
1354 the licensee, the qualified individual or branch manager with
1355 supervisory authority, trustee, employee or agent of such licensee has
1356 done any of the following: (A) Made any material misstatement in the
1357 application; (B) committed any fraud, misappropriated funds or
1358 misrepresented, concealed, suppressed, intentionally omitted or
1359 otherwise intentionally failed to disclose any of the material particulars
1360 of any residential mortgage loan transaction, including disclosures
1361 required by subdivision (6) of subsection (a) of section 36a-493, as
1362 amended by this act, or part III of chapter 669 or regulations adopted
1363 pursuant thereto, to anyone entitled to such information; (C) violated
1364 any of the provisions of this title or of any regulations adopted
1365 pursuant thereto, or any other law or regulation applicable to the
1366 conduct of its business; or (D) failed to perform any agreement with a
1367 licensee or a borrower. For purposes of this subdivision, "agent"
1368 includes any settlement agent used by the licensee and "settlement
1369 agent" means the person specified in any Closing Disclosure or other
1370 settlement statement, provided such settlement agent has been selected
1371 by the licensee. Any settlement agent whose name appears on the
1372 licensee's list of approved settlement agents shall be deemed selected
1373 by the licensee even if the settlement agent is selected from such list by
1374 the borrower.

1375 (2) The commissioner may suspend, revoke or refuse to renew any
1376 mortgage loan originator license or any loan processor or underwriter
1377 license or take any other action, in accordance with the provisions of
1378 section 36a-51, for any reason which would be sufficient grounds for
1379 the commissioner to deny an application for such license under
1380 sections 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-
1381 534a and 36a-534b, as amended by this act, and section 16 of this act or
1382 if the commissioner finds that the licensee has committed any fraud,
1383 misappropriated funds, misrepresented, concealed, suppressed,
1384 intentionally omitted or otherwise intentionally failed to disclose any
1385 of the material particulars of any residential mortgage loan transaction
1386 or has violated any of the provisions of this title or of any regulations
1387 adopted pursuant to such title or any other law or regulation
1388 applicable to the conduct of such licensee's business.

1389 (3) The commissioner may suspend, revoke or refuse to renew any
1390 lead generator license or take any other action, in accordance with the
1391 provisions of section 36a-51, for any reason that would be sufficient
1392 grounds for the commissioner to deny an application for such license
1393 under sections 36a-485 to 36a-498f, inclusive, as amended by this act,
1394 36a-534a and 36a-534b, as amended by this act, and section 16 of this
1395 act, or if the commissioner finds that the licensee, any control person of
1396 the licensee or qualified individual, trustee, employee or agent of such
1397 licensee has done any of the following: (A) Made any material
1398 misstatement in the application for licensure; (B) committed any fraud
1399 or misrepresentation; or (C) violated any of the provisions of title 36a
1400 or of any regulations adopted pursuant thereto, or any other law or
1401 regulation applicable to the conduct of such licensee's lead generator
1402 business.

1403 (b) Whenever it appears to the commissioner that (1) any person has
1404 violated, is violating or is about to violate any of the provisions of
1405 sections 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-
1406 534a and 36a-534b, as amended by this act, and section 16 of this act or
1407 any regulation adopted pursuant thereto, (2) any person is, was, or

1408 would be a cause of the violation of any such provisions or regulation
1409 due to an act or omission such person knew or should have known
1410 would contribute to such violation, or (3) any licensee has failed to
1411 perform any agreement with a borrower, committed any fraud,
1412 misappropriated funds or misrepresented, concealed, suppressed,
1413 intentionally omitted or otherwise intentionally failed to disclose any
1414 of the material particulars of any residential mortgage loan transaction,
1415 including disclosures required by subdivision (6) of subsection (a) of
1416 section 36a-493, as amended by this act, or part III of chapter 669 or
1417 regulations adopted pursuant thereto, to anyone entitled to such
1418 information, the commissioner may take action against such person or
1419 licensee in accordance with sections 36a-50 and 36a-52.

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

1442 days after receipt of the notice. If the commissioner finds that the
1443 protection of borrowers requires immediate action, the commissioner
1444 may suspend any such [person] individual from office and require
1445 such [person] individual to take or refrain from taking such action as
1446 in the opinion of the commissioner will effectuate the purposes of this
1447 subsection, by incorporating a finding to that effect in such notice. The
1448 suspension or prohibition shall become effective upon receipt of such
1449 notice and, unless stayed by a court, shall remain in effect until the
1450 entry of a permanent order or the dismissal of the matters asserted.

1451 (2) If a hearing is requested within the time specified in the notice,
1452 the commissioner shall hold a hearing upon the matters asserted in the
1453 notice unless such [person] individual fails to appear at the hearing.
1454 After the hearing, if the commissioner finds that any of the grounds set
1455 forth in subparagraph (A) or (B), of subdivision (1) of this subsection
1456 exist with respect to such [person] individual, the commissioner may
1457 order the removal of such [person] individual from office and from
1458 any employment in the mortgage business in this state. If such
1459 [person] individual fails to appear at the hearing, the commissioner
1460 may order the removal of such [person] individual from office and
1461 from employment in the mortgage business in this state.

1462 (d) The commissioner may issue a temporary order to cease
1463 business under a license if the commissioner determines that such
1464 license was issued erroneously. The commissioner shall give the
1465 licensee an opportunity for a hearing on such action in accordance
1466 with section 36a-52. Such temporary order shall become effective upon
1467 receipt by the licensee and, unless set aside or modified by a court,
1468 shall remain in effect until the effective date of a permanent order or
1469 dismissal of the matters asserted in the notice.

1470 Sec. 11. Section 36a-497 of the general statutes is repealed and the
1471 following is substituted in lieu thereof (*Effective October 1, 2017*):

1472 (a) No mortgage lender licensee, mortgage correspondent lender
1473 licensee or mortgage broker licensee shall:

1474 (1) Advertise or cause to be advertised in this state, any residential
1475 mortgage loan in which such person intends to act only as a mortgage
1476 broker unless the advertisement includes the following statement,
1477 clearly and conspicuously expressed: MORTGAGE BROKER ONLY,
1478 NOT A MORTGAGE LENDER OR MORTGAGE CORRESPONDENT
1479 LENDER; or

1480 (2) In connection with an advertisement in this state, use (A) a
1481 simulated check; (B) a comparison between the loan payments under
1482 the residential mortgage loan offered and the loan payments under a
1483 hypothetical loan or extension of credit, unless the advertisement
1484 includes, with respect to both the hypothetical loan or extension of
1485 credit and the residential mortgage loan being offered, the interest rate,
1486 the loan balance, the total amount of finance charges, the total number
1487 of payments and the monthly payment amount that would be required
1488 to pay off the outstanding loan balance shown; (C) representations
1489 such as "verified as eligible", "eligible", "preapproved", "prequalified"
1490 or similar words or phrases, without also disclosing, in immediate
1491 proximity to and in similar size print, language which sets forth
1492 prerequisites to qualify for the residential mortgage loan, including,
1493 but not limited to, income verification, credit check, and property
1494 appraisal or evaluation; or (D) any words or symbols in the
1495 advertisement or on the envelope containing the advertisement that
1496 give the appearance that the mailing was sent by a government
1497 agency.

1498 (b) (1) Each lead generator licensee shall include the following
1499 statement in all advertisements of residential mortgage loans and
1500 solicitations of leads by mail, electronic mail or through such licensee's
1501 web site, clearly and conspicuously expressed: "LEAD GENERATOR
1502 ONLY, NOT ACTING IN THE CAPACITY OF A MORTGAGE LOAN
1503 ORIGINATOR, MORTGAGE BROKER, MORTGAGE
1504 CORRESPONDENT LENDER OR MORTGAGE LENDER.
1505 INFORMATION RECEIVED WILL BE SHARED WITH ONE OR
1506 MORE THIRD PARTIES IN CONNECTION WITH YOUR

1507 RESIDENTIAL MORTGAGE LOAN INQUIRY."

1508 (2) No person required to be licensed as a lead generator shall: (A)
1509 Accept payment of any advance fee, as defined in section 36a-485, as
1510 amended by this act, in connection with a residential mortgage loan, or
1511 (B) use, sell, lease, exchange or otherwise transfer or release
1512 information received from a consumer in connection with a residential
1513 mortgage loan inquiry for purposes other than as necessary to facilitate
1514 a residential mortgage loan transaction.

1515 Sec. 12. Section 36a-498e of the general statutes is repealed and the
1516 following is substituted in lieu thereof (*Effective October 1, 2017*):

1517 No person [or individual] who is required to be licensed and who is
1518 subject to sections 36a-485 to 36a-498f, inclusive, as amended by this
1519 act, 36a-534a and 36a-534b, as amended by this act, [may] and section
1520 16 of this act and no control person shall directly or indirectly:

1521 (1) [Directly or indirectly employ] Employ any scheme, device or
1522 artifice to defraud or mislead borrowers or lenders or to defraud any
1523 person;

1524 (2) Engage in any unfair or deceptive practice toward any person;

1525 (3) Obtain property by fraud or misrepresentation;

1526 (4) Solicit or enter into a contract with a borrower that provides in
1527 substance that such person or individual may earn a fee or commission
1528 through "best efforts" to obtain a loan even though no loan is actually
1529 obtained for the borrower;

1530 (5) Solicit, advertise or enter into a contract for specific interest rates,
1531 points or other financing terms unless the terms are actually available
1532 at the time of soliciting, advertising or contracting;

1533 (6) Conduct any business as a mortgage lender, mortgage
1534 correspondent lender, mortgage broker, lead generator, mortgage loan

1535 originator or loan processor or underwriter without holding a valid
1536 license as required under sections 36a-485 to 36a-498f, inclusive, as
1537 amended by this act, 36a-534a and 36a-534b, as amended by this act,
1538 and section 16 of this act or assist or [aide] aid and abet any person in
1539 the conduct of business as a mortgage lender, mortgage correspondent
1540 lender, mortgage broker, lead generator, mortgage loan originator or
1541 loan processor or underwriter without a valid license as required
1542 under said sections;

1543 (7) Fail to make disclosures as required by sections 36a-485 to 36a-
1544 498f, inclusive, as amended by this act, 36a-534a and 36a-534b, as
1545 amended by this act, and section 16 of this act, and any other
1546 applicable state or federal law including regulations thereunder;

1547 (8) Fail to comply with sections 36a-485 to 36a-498f, inclusive, as
1548 amended by this act, 36a-534a and 36a-534b, as amended by this act,
1549 and section 16 of this act, or rules or regulations adopted under said
1550 sections or fail to comply with any other state or federal law, including
1551 the rules and regulations thereunder, applicable to any business
1552 authorized or conducted under said sections;

1553 (9) Make, in any manner, any false or deceptive statement or
1554 representation including, with regard to the rates, points or other
1555 financing terms or conditions for a residential mortgage loan, or
1556 engage in bait and switch advertising;

1557 (10) Negligently make any false statement or knowingly and
1558 wilfully make any omission of material fact in connection with any
1559 information or reports filed with a governmental agency or the system,
1560 as defined in section 36a-2, or in connection with any investigation
1561 conducted by the commissioner or another governmental agency;

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

1566 threat or promise, directly or indirectly, to any appraiser of a property,
1567 for the purposes of influencing the independent judgment of the
1568 appraiser with respect to the value of the property;

1569 (12) Collect, charge, attempt to collect or charge or use or propose
1570 any agreement purporting to collect or charge any fee prohibited by
1571 sections 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-
1572 534a and 36a-534b, as amended by this act, and section 16 of this act;

1573 (13) Cause or require a borrower to obtain property insurance
1574 coverage in an amount that exceeds the replacement cost of the
1575 improvements as established by the property insurer; [or]

1576 (14) Fail to truthfully account for moneys belonging to a party to a
1577 residential mortgage loan transaction; [.] or

1578 (15) Fail to supervise the operation of the business to ensure
1579 compliance with all applicable laws.

1580 Sec. 13. Section 36a-498f of the general statutes is repealed and the
1581 following is substituted in lieu thereof (*Effective October 1, 2017*):

1582 (a) In addition to any authority provided under this title, the
1583 [Banking Commissioner] commissioner shall have the authority to
1584 conduct investigations and examinations as follows:

1585 (1) For purposes of initial licensing, license renewal, license
1586 suspension, license conditioning, license revocation or termination, or
1587 general or specific inquiry or investigation to determine compliance
1588 with sections 36a-485 to 36a-498f, inclusive, as amended by this act,
1589 36a-534a and 36a-534b, as amended by this act, and section 16 of this
1590 act, the commissioner may access, receive and use any books, accounts,
1591 records, files, documents, information or evidence including, but not
1592 limited to: (A) Criminal, civil and administrative history information;
1593 (B) personal history and experience information including
1594 independent credit reports obtained from a consumer reporting
1595 agency described in Section 603(p) of the federal Fair Credit Reporting

1596 Act, 15 USC 1681a; and (C) any other documents, information or
1597 evidence the commissioner deems relevant to the inquiry or
1598 investigation regardless of the location, possession, control or custody
1599 of such documents, information or evidence.

1600 (2) For the purposes of investigating violations or complaints arising
1601 under sections 36a-485 to 36a-498f, inclusive, as amended by this act,
1602 36a-534a or 36a-534b, as amended by this act, and section 16 of this act,
1603 or for the purposes of examination, the commissioner may review,
1604 investigate or examine any licensee, individual or person subject to
1605 said sections as often as necessary in order to carry out the purposes of
1606 said sections. The commissioner may direct, subpoena or order the
1607 attendance of and examine under oath all persons whose testimony
1608 may be required about the loans or the business or subject matter of
1609 any such examination or investigation, and may direct, subpoena or
1610 order such person to produce books, accounts, records, files and any
1611 other documents the commissioner deems relevant to the inquiry.

1612 (b) Each licensee [, individual] or person subject to sections 36a-485
1613 to 36a-498f, inclusive, as amended by this act, 36a-534a and 36a-534b,
1614 as amended by this act, and section 16 of this act, shall make or
1615 compile reports or prepare other information as directed by the
1616 commissioner in order to carry out the purposes of this section
1617 including accounting compilations, information lists and data
1618 concerning loan transactions in a format prescribed by the
1619 commissioner or such other information the commissioner deems
1620 necessary to carry out the purposes of this section.

1621 (c) In making any examination or investigation authorized by this
1622 section, the commissioner may control access to any documents and
1623 records of the licensee or person under examination or investigation.
1624 The commissioner may take possession of the documents and records
1625 or place a person in exclusive charge of the documents and records in
1626 the place where they are usually kept. During the period of control, no
1627 individual or person shall remove or attempt to remove any of the
1628 documents and records except pursuant to a court order or with the

1629 consent of the commissioner. Unless the commissioner has reasonable
1630 grounds to believe the documents or records of the licensee have been,
1631 or are at risk of being, altered or destroyed for purposes of concealing
1632 a violation of sections 36a-485 to 36a-498f, inclusive, as amended by
1633 this act, 36a-534a or 36a-534b, as amended by this act, and section 16 of
1634 this act, the licensee or owner of the documents and records shall have
1635 access to the documents or records as necessary to conduct its ordinary
1636 business affairs.

1637 (d) In order to carry out the purposes of this section, the
1638 commissioner may:

1639 (1) Retain attorneys, accountants or other professionals and
1640 specialists as examiners, auditors or investigators to conduct or assist
1641 in the conduct of examinations or investigations;

1642 (2) Enter into agreements or relationships with other government
1643 officials or regulatory associations in order to improve efficiencies and
1644 reduce regulatory burden by sharing resources, standardized or
1645 uniform methods or procedures, and documents, records, information
1646 or evidence obtained under this section;

1647 (3) Use, hire, contract or employ public or privately available
1648 analytical systems, methods or software to examine or investigate the
1649 licensee [, individual] or person subject to sections 36a-485 to 36a-498f,
1650 inclusive, as amended by this act, 36a-534a and 36a-534b, as amended
1651 by this act, and section 16 of this act;

1652 (4) Accept and rely on examination or investigation reports made by
1653 other government officials, within or without this state; and

1654 (5) Accept audit reports made by an independent certified public
1655 accountant for the licensee, individual or person subject to sections
1656 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-534a and
1657 36a-534b, as amended by this act, and section 16 of this act, in the
1658 course of that part of the examination covering the same general
1659 subject matter as the audit and may incorporate the audit report in the

1660 report of the examination, report of investigation or other writing of
1661 the commissioner.

1662 (e) The authority of this section shall remain in effect, whether such
1663 licensee [, individual] or person subject to sections 36a-485 to 36a-498f,
1664 inclusive, as amended by this act, 36a-534a and 36a-534b, as amended
1665 by this act, and section 16 of this act, acts or claims to act under any
1666 licensing or registration law of this state, or claims to act without such
1667 authority.

1668 (f) No licensee [, individual] or person subject to investigation or
1669 examination under this section may knowingly withhold, abstract,
1670 remove, mutilate, destroy or secrete any books, records, computer
1671 records or other information.

1672 Sec. 14. Section 36a-534b of the general statutes is repealed and the
1673 following is substituted in lieu thereof (*Effective October 1, 2017*):

1674 (a) (1) In addition to any other duties imposed upon the
1675 commissioner by law, the commissioner shall require mortgage
1676 lenders, mortgage correspondent lenders, mortgage brokers, lead
1677 generators, mortgage loan originators and loan processors or
1678 underwriters to be licensed and registered through the system. In
1679 order to carry out this requirement, the commissioner shall participate
1680 in the system and permit the system to process applications for
1681 mortgage lender, mortgage correspondent lender, mortgage broker,
1682 lead generator, mortgage loan originator and loan processor or
1683 underwriter licenses in this state and receive and maintain records
1684 related to such licenses that are allowed or required to be maintained
1685 by the commissioner. For this purpose, the commissioner may
1686 establish requirements as necessary for participation in the system,
1687 including: (A) Background checks for criminal history through (i)
1688 fingerprint or other databases, (ii) civil or administrative records, or
1689 (iii) credit history or any other information as deemed necessary by the
1690 system; (B) the payment of fees to apply for or renew licenses through
1691 the system; (C) the setting or resetting of renewal or reporting dates;

1692 and (D) the requirements for amending or surrendering a license or
1693 any other such activities as the commissioner deems necessary for
1694 participation in the system. For the purpose of participating in the
1695 system, the commissioner may waive or modify, in whole or in part,
1696 by regulation or order, any requirement of this section and sections
1697 36a-485 to 36a-498f, inclusive, as amended by this act, and 36a-534a
1698 and section 16 of this act, and establish new requirements as
1699 reasonably necessary to participate in the system. For the purposes of
1700 implementing an orderly and efficient licensing process, the
1701 commissioner may adopt licensing regulations, in accordance with the
1702 provisions of chapter 54, and interim procedures for licensing and
1703 acceptance of applications. For previously licensed individuals, the
1704 commissioner may establish expedited review and licensing
1705 procedures.

1706 (2) The commissioner shall report regularly to the system violations
1707 of and enforcement actions under sections 36a-485 to 36a-498f,
1708 inclusive, as amended by this act, 36a-534a and 36a-534b, as amended
1709 by this act, and section 16 of this act, and other relevant information.

1710 (3) The commissioner may establish relationships or enter into
1711 contracts with the system or other entities designated by the system to
1712 collect and maintain records and process transaction fees or other fees
1713 related to licensees or other persons subject to sections 36a-485 to 36a-
1714 498f, inclusive, as amended by this act, 36a-534a and 36a-534b, as
1715 amended by this act, and section 16 of this act.

1716 (4) For the purposes of sections 36a-485 to 36a-498f, inclusive, as
1717 amended by this act, 36a-534a and 36a-534b, as amended by this act,
1718 and section 16 of this act, and to reduce the points of contact that the
1719 Federal Bureau of Investigation may have to maintain for purposes of
1720 subsections (b) [and (c)] to (d), inclusive, of section 36a-488, as
1721 amended by this act, the commissioner may use the system as a
1722 channeling agent for requesting information from and distributing
1723 information to the United States Department of Justice or any
1724 governmental agency.

1725 (5) For the purposes of sections 36a-485 to 36a-498f, inclusive, as
1726 amended by this act, 36a-534a and 36a-534b, as amended by this act,
1727 and section 16 of this act, and to reduce the points of contact that the
1728 commissioner may have to maintain for purposes of subsections (b)
1729 [and (c)] to (d), inclusive, of section 36a-488, as amended by this act,
1730 and section 16 of this act, the commissioner may use the system as a
1731 channeling agent for requesting and distributing information to and
1732 from any source, as directed by the commissioner.

1733 (6) Mortgage lenders, mortgage correspondent lenders, mortgage
1734 brokers, lead generators, mortgage loan originators and [, effective
1735 October 1, 2011, individuals licensed as] loan processors or
1736 underwriters may challenge information entered into the system by
1737 the commissioner. Such challenge shall (A) be made in writing to the
1738 commissioner, (B) set forth the specific information being challenged,
1739 and (C) include any evidence which supports the challenge.
1740 Challenges shall be limited to the factual accuracy of information
1741 within the system. If the commissioner determines that the information
1742 entered into the system is factually inaccurate, the commissioner shall
1743 take prompt action to correct such information. Nothing in this
1744 subdivision shall be construed to permit a challenge under this section
1745 to the merits or factual basis of any administrative action taken by the
1746 commissioner pursuant to this title.

1747 [(b) (1) Each first mortgage lender license and secondary mortgage
1748 lender license in existence on June 30, 2008, shall be deemed on and
1749 after July 1, 2008, to be a mortgage lender license, as defined in section
1750 36a-485; (2) each first mortgage correspondent lender license and
1751 secondary mortgage correspondent lender license in existence on June
1752 30, 2008, shall be deemed on and after July 1, 2008, to be a mortgage
1753 correspondent lender license, as defined in section 36a-485; (3) each
1754 first mortgage broker license and secondary mortgage broker license in
1755 existence on June 30, 2008, shall be deemed on and after July 1, 2008, to
1756 be a mortgage broker license, as defined in section 36a-485; and (4)
1757 each originator registration in existence on June 30, 2008, shall be

1758 deemed on and after July 1, 2008, to be a mortgage loan originator
1759 license, as defined in section 36a-485.

1760 (c) (1) Each person licensed on July 1, 2008, as a mortgage lender,
1761 mortgage correspondent lender, mortgage broker or mortgage loan
1762 originator shall, prior to October 1, 2008, transition on to the system by
1763 submitting all licensing and license-related information required by
1764 the system for this state.]

1765 [(2) On and after July 1, 2008, any] (b) Any licensing or license-
1766 related filings shall be submitted exclusively through the system,
1767 except as directed by the commissioner.

1768 [(3)] (c) Any person making any filing or submission of any
1769 information on the system shall do so in accordance with the
1770 procedures and requirements of the system and pay the applicable fees
1771 or charges to the system. Each mortgage lender, mortgage
1772 correspondent lender, mortgage broker, lead generator, mortgage loan
1773 originator and loan processor or underwriter licensee and each exempt
1774 registrant, to the extent required by the system, shall timely submit to
1775 the system accurate reports of condition that shall be in such form and
1776 shall contain such information as the system may require. Failure by a
1777 licensee to submit a timely and accurate report of condition shall
1778 constitute a violation of this provision. Failure of an exempt registrant
1779 to timely and accurately submit a report of condition shall form a basis
1780 to inactivate the licenses of all sponsored mortgage loan originators or
1781 loan processor or underwriters. To the extent that the system does not
1782 require submission of reports of condition by individual mortgage
1783 loan originator or loan processor or underwriter licensees, such
1784 individual licensees shall timely and accurately report all required
1785 information in their possession to their sponsor for purposes of their
1786 sponsor's reporting obligation. Failure of an individual licensee to
1787 timely and accurately report required information in such licensee's
1788 possession to such licensee's sponsor shall constitute a violation of this
1789 provision.

1790 [(d) Notwithstanding the provisions of this section, any initial
1791 application for a license submitted on the system between October 1,
1792 2008, and December 31, 2008, shall not be approved by the
1793 commissioner prior to January 1, 2009.]

1794 Sec. 15. Subdivision (1) of subsection (d) of section 36a-719 of the
1795 general statutes is repealed and the following is substituted in lieu
1796 thereof (*Effective October 1, 2017*):

1797 (d) (1) Withdrawal of an application for a license filed under this
1798 section shall become effective upon [receipt by the commissioner of a
1799 notice of intent to withdraw such application] the commissioner's
1800 acceptance on the system of a withdrawal request. The commissioner
1801 may deny a license up to one year after the effective date of
1802 withdrawal.

1803 Sec. 16. (NEW) (*Effective January 1, 2018*) (a) No person required to
1804 be licensed as a lead generator shall, while engaged in lead generation
1805 activities:

1806 (1) Initiate any outbound telephone call using an automatic
1807 telephone dialing system or an artificial or prerecorded voice without
1808 the prior express written consent of the recipient;

1809 (2) Fail to transmit the lead generator's name and telephone number
1810 to any caller identification service in use by a consumer;

1811 (3) Initiate an outbound telephone call to a consumer's residence
1812 between nine o'clock p.m. and eight o'clock a.m. local time in the
1813 consumer's location;

1814 (4) Fail to clearly and conspicuously identify the lead generator and
1815 the purpose of the contact in its written and oral communications with
1816 a consumer;

1817 (5) Fail to provide the ability to opt out of any unsolicited
1818 advertisement communicated to a consumer via an electronic mail

1819 address;

1820 (6) Initiate an unsolicited advertisement via electronic mail to a
1821 consumer more than ten business days after the receipt of a request
1822 from such consumer to opt out of such unsolicited advertisements;

1823 (7) Use a subject heading or electronic mail address in a commercial
1824 electronic mail message that would likely mislead a recipient, acting
1825 reasonably under the circumstances, about a material fact regarding
1826 the sender, contents or subject matter of the message;

1827 (8) Sell, lease, exchange or otherwise transfer or release the
1828 electronic mail address or telephone number of a consumer who has
1829 requested to opt out of future solicitations;

1830 (9) Collect, buy, lease, exchange or otherwise transfer or receive an
1831 individual's Social Security number or bank account number;

1832 (10) Use information from a trigger lead to solicit consumers who
1833 have opted out of firm offers of credit under the federal Fair Credit
1834 Reporting Act;

1835 (11) Initiate a telephone call to a consumer who has placed his or her
1836 contact information on a federal or state Do Not Call list, unless the
1837 consumer has provided express written consent;

1838 (12) Represent to the public, through advertising or other means of
1839 communicating or providing information, including, but not limited
1840 to, the use of business cards or stationery, brochures, signs or other
1841 promotional items, that such lead generator can or will perform any
1842 other activity requiring licensure under title 36a of the general statutes,
1843 unless such lead generator is duly licensed to perform such other
1844 activity or exempt from such licensure requirements; or

1845 (13) Refer applicants to, or receive a fee from, any person who is
1846 required to be licensed under title 36a of the general statutes but was
1847 not so licensed as of the time of performance of such lead generator's

1848 services.

1849 (b) A violation of any provision of this section shall be deemed an
 1850 unfair or deceptive act or practice pursuant to subsection (a) of section
 1851 42-110b of the general statutes.

1852 Sec. 17. Section 36a-534c of the general statutes is repealed. (*Effective*
 1853 *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

BA *Joint Favorable Subst.*