



General Assembly

Amendment

January Session, 2017

LCO No. 8212



Offered by:

REP. LESSER, 100th Dist.
SEN. WINFIELD, 10th Dist.
REP. SIMANSKI, 62nd Dist.

To: Subst. House Bill No. 7141

File No. 190

Cal. No. 159

"AN ACT CONCERNING SECURED AND UNSECURED LENDING."

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

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 Section 36a-3 of the general statutes is repealed and the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

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

T1 "Account". Sections 36a-155 and 36a-365.

T2 "Additional proceeds". Section 36a-746e.

T3 "Administrative expense". Section 36a-237.

T4 "Advance fee". Sections 36a-485, as amended by this act, and 36a-615.

T5 "Advertise", "advertisement" or "advertising". [Section] Sections 36a-485,
T6 as amended by this act, 36a-535, as amended by this act, 36a-586, as

T7 amended by this act, 36a-596, as amended by this act, 36a-655, as

- T8 amended by this act, 36a-671, as amended by this act, and 36a-846,
T9 as amended by this act.
- T10 "Agency bank". Section 36a-285.
T11 "Agent". Section 36a-494.
T12 "Alternative mortgage loan". Section 36a-265.
T13 "Amount financed". Section 36a-690.
T14 "Annual percentage rate". Section 36a-690.
T15 "Annual percentage yield". Section 36a-316.
T16 "Annuities". Section 36a-455a.
T17 "Applicant". Section 36a-736.
T18 "APR". Section 36a-746a.
T19 "Assessment area". Section 36a-37.
T20 "Assets". Section 36a-70.
T21 "Associate". Section 36a-184.
T22 "Associated member". Section 36a-458a.
T23 "Authorized delegate". Section 36a-596, as amended by this act.
T24 "Bank". Section 36a-30.
T25 "Bankers' bank". Section 36a-70.
T26 "Banking business". Section 36a-425.
T27 "Basic services". Section 36a-437a.
T28 "Billing cycle". Section 36a-565.
T29 "Bona fide nonprofit organization". Sections 36a-487
T30 and 36a-655, as amended by this act.
T31 "Branch". Sections 36a-145, 36a-410 and 36a-435b.
T32 "Branch office". Sections 36a-485, as amended by this act, and 36a-715.
T33 "Branch or agency net payment entitlement". Section 36a-428n.
T34 "Branch or agency net payment obligation". Section 36a-428n.
T35 "Broker". Section 36a-746a.
T36 "Business and industrial development corporation". Section 36a-626.
T37 "Business and property in this state". Section 36a-428n.
T38 "Capital". Section 36a-435b.
T39 "Cash advance". Section 36a-564.
T40 "Cash price". Section 36a-770.
T41 "Certificate of incorporation". Section 36a-435b.
T42 "CHFA loan". Section 36a-760.

- T43 "Clerical or support duties". Section 36a-485, as amended by this act.
- T44 "Closely related activities". Sections 36a-250 and 36a-455a.
- T45 "Collective managing agency account". Section 36a-365.
- T46 "Commercial vehicle". Section 36a-770.
- T47 "Community bank". Section 36a-70.
- T48 "Community credit union". Section 36a-37.
- T49 "Community development bank". Section 36a-70.
- T50 "Community reinvestment performance". Section 36a-37.
- T51 "Connecticut holding company". Sections 36a-53 and 36a-410.
- T52 "Consolidate". Section 36a-145.
- T53 "Construction loan". Section 36a-458a.
- T54 "Consumer". Sections 36a-155 and 36a-695.
- T55 "Consumer Credit Protection Act". Section 36a-676.
- T56 "Consumer debtor" and "debtor". Sections 36a-645 and 36a-800, as
- T57 amended by this act.
- T58 "Consumer collection agency". Section 36a-800, as amended by this act.
- T59 "Consummation". Section 36a-746a.
- T60 "Control person". [Section] Sections 36a-485, as amended by this act,
- T61 36a-535, as amended by this act, 36a-580, as amended by this act, 36a-596,
- T62 as amended by this act, 36a-655, as amended by this act, 36a-671, as
- T63 amended by this act, and 36a-846, as amended by this act.
- T64 "Controlling interest". Section 36a-276.
- T65 "Conventional mortgage rate". Section 36a-760.
- T66 "Corporate". Section 36a-435b.
- T67 "Credit". Section 36a-645.
- T68 "Credit manager". Section 36a-435b.
- T69 "Creditor". Sections 36a-676, 36a-695 and 36a-800, as amended by this act.
- T70 "Credit clinic". Section 36a-700.
- T71 "Credit rating agency". Section 36a-695.
- T72 "Credit report". Section 36a-695.
- T73 "Credit union service organization". Section 36a-435b.
- T74 "Credit union service organization services". Section 36a-435b.
- T75 "De novo branch". Section 36a-410.
- T76 "Debt". Section 36a-645.
- T77 "Debt adjustment". Section 36a-655, as amended by this act.

- T78 "Debt mutual fund". Sections 36a-275 and 36a-459a.
- T79 "Debt negotiation". Section 36a-671, as amended by this act.
- T80 "Debt securities". Sections 36a-275 and 36a-459a.
- T81 "Debtor". Section 36a-655, as amended by this act,
- T82 36a-671, as amended by this act.
- T83 "Deliver". Section 36a-316.
- T84 "Deposit". Section 36a-316.
- T85 "Deposit account". Section 36a-316.
- T86 "Deposit account charge". Section 36a-316.
- T87 "Deposit account disclosures". Section 36a-316.
- T88 "Deposit contract". Section 36a-316.
- T89 "Deposit services". Section 36a-425.
- T90 "Depositor". Section 36a-316.
- T91 "Depository institution". Section 36a-485, as amended by this act.
- T92 "Derivative transaction". Section 36a-262.
- T93 "Director". Section 36a-435b.
- T94 "Dwelling". Section 36a-485, as amended by this act.
- T95 "Earning period". Section 36a-316.
- T96 "Electronic payment instrument". Section 36a-596, as amended by this act.
- T97 "Eligible collateral". Section 36a-330.
- T98 "Eligible entity". Section 36a-34.
- T99 "Employee". Section 36a-485, as amended by this act.
- T100 "Entity". Section 36a-380.
- T101 "Equity mutual fund". Sections 36a-276 and 36a-459a.
- T102 "Equity security". Sections 36a-276 and 36a-459a.
- T103 "Executive officer". Sections 36a-263 and 36a-469c.
- T104 "Expedited Connecticut bank". Section 36a-70.
- T105 "Experience in the mortgage business". Section 36a-488.
- T106 "Federal banking agency". Section 36a-485, as amended by this act.
- T107 "Federal Credit Union Act". Section 36a-435b.
- T108 "Federal Home Mortgage Disclosure Act". Section 36a-736.
- T109 "FHA loan". Section 36a-760.
- T110 "Fiduciary". Section 36a-365.
- T111 "Filing fee". Section 36a-770.
- T112 "Finance charge". Sections 36a-690 and 36a-770.

- T113 "Financial institution". Sections 36a-41, 36a-44a, 36a-155,
T114 36a-316, 36a-330, 36a-435b, 36a-736 and 36a-755.
- T115 "Financial records". Section 36a-41.
- T116 "First mortgage loan". Sections 36a-485, as amended by this act, 36a-705
T117 and 36a-725.
- T118 "Foreclosure rescue services". Section 36a-671, as amended by this act.
- T119 "Foreign banking corporation". Section 36a-425.
- T120 "Fully indexed rate". Section 36a-760b.
- T121 "General facility". Section 36a-580, as amended by this act.
- T122 "Global net payment entitlement". Section 36a-428n.
- T123 "Global net payment obligation". Section 36a-428n.
- T124 "Goods". Sections 36a-535, as amended by this act, and 36a-770.
- T125 "Graduated payment mortgage loan". Section 36a-265.
- T126 "Guardian". Section 36a-365.
- T127 "High cost home loan". Section 36a-746a.
- T128 "Holder". Section 36a-596, as amended by this act.
- T129 "Home improvement loan". Section 36a-736.
- T130 "Home purchase loan". Section 36a-736.
- T131 "Home state". Section 36a-410.
- T132 "Housing finance agency". Section 36a-487.
- T133 "Immediate family member". Sections 36a-435b and 36a-485, as amended
T134 by this act.
- T135 "Independent contractor". Section 36a-485, as amended by this act.
- T136 "Individual". Section 36a-485, as amended by this act.
- T137 "Insider". Section 36a-454b.
- T138 "Installment loan contract". Sections 36a-535, as amended by this act,
T139 and 36a-770.
- T140 "Insurance". Section 36a-455a.
- T141 "Insurance bank". Section 36a-285.
- T142 "Insurance department". Section 36a-285.
- T143 "Interest". Section 36a-316.
- T144 "Interest rate". Section 36a-316.
- T145 "Interim interest". Section 36a-746a.
- T146 "Investments". Section 36a-602.
- T147 "Lender". Sections 36a-746a, 36a-760 and 36a-770.

- T148 "Lessor". Section 36a-676.
- T149 "License". Section 36a-626.
- T150 "Licensee". Sections 36a-596, as amended by this act,
- T151 36a-607, as amended by this act, and 36a-626.
- T152 "Limited branch". Section 36a-145.
- T153 "Limited facility". Section 36a-580, as amended by this act.
- T154 "Loan broker". Section 36a-615.
- T155 "Loan processor or underwriter". Section 36a-485, as amended by this act.
- T156 "Loss". Section 36a-330.
- T157 "Made in this state". Section 36a-770.
- T158 "Main office". Section 36a-485, as amended by this act.
- T159 "Managing agent". Section 36a-365.
- T160 "Manufactured home". Section 36a-457b.
- T161 ["Material litigation". Section 36a-598.]
- T162 "Member". Section 36a-435b.
- T163 "Member business loan". Section 36a-458a.
- T164 "Member in good standing". Section 36a-435b.
- T165 "Membership share". Section 36a-435b.
- T166 "Mobile branch". Sections 36a-145 and 36a-435b.
- T167 "Monetary value". Section 36a-596, as amended by this act.
- T168 "Money transmission". Section 36a-596, as amended by this act.
- T169 "Mortgage". Section 36a-760g.
- T170 "Mortgage broker". Sections 36a-485, as amended by this act, 36a-705 and
- T171 36a-760.
- T172 "Mortgage correspondent lender". Section 36a-485, as amended by this act.
- T173 "Mortgage insurance". Section 36a-725.
- T174 "Mortgage lender". Sections 36a-485, as amended by this act, 36a-705 and
- T175 36a-725.
- T176 "Mortgage loan". Sections 36a-261, 36a-265, 36a-457b and 36a-736.
- T177 "Mortgage loan originator". Section 36a-485, as amended by this act.
- T178 "Mortgage rate lock-in". Section 36a-705.
- T179 "Mortgage servicer". Section 36a-715.
- T180 "Mortgagee". [Section] Sections 36a-671, as amended by this act,
- T181 and 36a-715.
- T182 "Mortgagor". [Section] Sections 36a-671, as amended by this act,

- T183 and 36a-715.
- T184 "Motor vehicle". Section 36a-770.
- T185 "Multiple common bond membership". Section 36a-435b.
- T186 "Municipality". Section 36a-800, as amended by this act.
- T187 "Net outstanding member business loan balance". Section 36a-458a.
- T188 "Net worth". Sections 36a-441a and 36a-458a.
- T189 "Network". Section 36a-155.
- T190 "Nonprime home loan". Section 36a-760.
- T191 "Nonrefundable". Section 36a-498.
- T192 "Nontraditional mortgage product". Section
- T193 36a-489a, as amended by this act.
- T194 "Note account". Sections 36a-301 and 36a-456b.
- T195 "Office". Sections 36a-23, 36a-316 and 36a-485, as amended by this act.
- T196 "Officer". Section 36a-435b.
- T197 "Open-end line of credit". Section 36a-760.
- T198 "Open-end loan". Section 36a-565.
- T199 "Organization". Section 36a-800, as amended by this act.
- T200 "Out-of-state holding company". Section 36a-410.
- T201 "Outstanding". Section 36a-596, as amended by this act.
- T202 "Passbook savings account". Section 36a-316.
- T203 "Payment instrument". Section 36a-596, as amended by this act.
- T204 "Periodic statement". Section 36a-316.
- T205 "Permissible investment". Section 36a-596, as amended by this act.
- T206 "Person". Sections 36a-184 and 36a-485.
- T207 "Post". Section 36a-316.
- T208 "Prepaid finance charge". Section 36a-746a.
- T209 "Prime quality". Section 36a-596, as amended by this act.
- T210 "Principal amount of the loan". Section 36a-485, as amended by this act.
- T211 "Processor". Section 36a-155.
- T212 "Public deposit". Section 36a-330.
- T213 "Purchaser". Section 36a-596, as amended by this act.
- T214 "Qualified financial contract". Section 36a-428n.
- T215 "Qualified public depository" and "depository". Section 36a-330.
- T216 "Real estate". Section 36a-457b.
- T217 "Real estate brokerage activity". Section 36a-485, as amended by this act.

- T218 "Records". Section 36a-17.
- T219 "Registered mortgage loan originator". Section 36a-485, as amended by this
- T220 act.
- T221 "Related person". Section 36a-53.
- T222 "Relocate". Sections 36a-145 and 36a-462a.
- T223 "Residential mortgage loan". Section 36a-485, as amended by this act.
- T224 "Residential property". Section 36a-671, as amended by this act.
- T225 "Residential real estate". Section 36a-485, as amended by this act.
- T226 "Resulting entity". Section 36a-34.
- T227 "Retail buyer". Sections 36a-535, as amended by this act, and 36a-770.
- T228 "Retail credit transaction". Section 42-100b.
- T229 "Retail installment contract". Sections 36a-535, as amended by this act,
- T230 and 36a-770.
- T231 "Retail installment sale". Sections 36a-535, as amended by this act,
- T232 and 36a-770.
- T233 "Retail seller". Sections 36a-535, as amended by this act, and 36a-770.
- T234 "Reverse annuity mortgage loan". Section 36a-265.
- T235 "Sales finance company". Sections 36a-535, as amended by this act, and
- T236 36a-770.
- T237 "Savings department". Section 36a-285.
- T238 "Savings deposit". Section 36a-316.
- T239 "Secondary mortgage loan". Section 36a-485, as amended by this act.
- T240 "Security convertible into a voting security". Section 36a-184.
- T241 "Senior management". Section 36a-435b.
- T242 "Servicing". Section 36a-846, as amended by this act.
- T243 "Settlement agent". Section 36a-494.
- T244 "Share". Section 36a-435b.
- T245 "Short sale". Section 36a-671, as amended by this act.
- T246 "Simulated check". Section 36a-485, as amended by this act.
- T247 "Single common bond membership". Section 36a-435b.
- T248 "Special mortgage". Section 36a-760c.
- T249 "Social purpose investment". Section 36a-277.
- T250 "Sponsored". Section 36a-485, as amended by this act.
- T251 "Standard mortgage loan". Section 36a-265.
- T252 "Stored value". Section 36a-596, as amended by this act.

- T253 "Student education loan". Section 36a-846, as amended by this act.
- T254 "Student loan borrower". Section 36a-846, as amended by this act.
- T255 "Student loan servicer". Section 36a-846, as amended by this act.
- T256 "Table funding agreement". Section 36a-485, as amended by this act.
- T257 "Tax and loan account". Sections 36a-301 and 36a-456b.
- T258 "The Savings Bank Life Insurance Company". Section 36a-285.
- T259 "Time account". Section 36a-316.
- T260 "Travelers check". Section 36a-596, as amended by this act.
- T261 "Troubled Connecticut credit union". Section 36a-448a.
- T262 "Unique identifier". Section 36a-485, as amended by this act.
- T263 "Unsecured loan". Section 36a-615.
- T264 "Value". Section 36a-603, as amended by this act.
- T265 "Virtual banking". Section 36a-170.
- T266 "Warehouse agreement". Section 36a-485, as amended by this act.

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

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

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

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

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

59 system.

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

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

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

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

91 prior to the expiration of the period for which it was approved.

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

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

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

124 Sec. 3. Subdivision (1) of subsection (a) of section 36a-50 of the
125 general statutes is repealed and the following is substituted in lieu
126 thereof (*Effective October 1, 2017*):

127 (a) (1) Whenever the commissioner finds as the result of an
128 investigation that any person has violated any provision of the general
129 statutes within the jurisdiction of the commissioner, or any regulation,
130 rule or order adopted or issued thereunder, the commissioner may
131 send a notice to such person by registered or certified mail, return
132 receipt requested, or by any express delivery carrier that provides a
133 dated delivery receipt, unless such person is licensed by the
134 commissioner, in which case the notice may be provided by personal
135 delivery, as defined in section 4-166, in accordance with section 6 of
136 this act. The notice shall be deemed received by the person on the
137 earlier of the date of actual receipt or seven days after mailing or
138 sending, and in the case of a notice sent by electronic mail, the notice
139 shall be deemed received by the person in accordance with section 6 of
140 this act. Any such notice shall include: (A) A statement of the time,
141 place, and nature of the hearing; (B) a statement of the legal authority
142 and jurisdiction under which the hearing is to be held; (C) a reference
143 to the particular sections of the general statutes, regulations, rules or
144 orders alleged to have been violated; (D) a short and plain statement of
145 the matters asserted; (E) the maximum penalty that may be imposed
146 for such violation; and (F) a statement indicating that such person may
147 file a written request for a hearing on the matters asserted not later
148 than fourteen days after receipt of the notice.

149 Sec. 4. Subsection (a) of section 36a-51 of the general statutes is
150 repealed and the following is substituted in lieu thereof (*Effective*
151 *October 1, 2017*):

152 (a) The commissioner may suspend, revoke or refuse to renew any
153 license issued by the commissioner under any provision of the general
154 statutes by sending a notice to the licensee by registered or certified
155 mail, return receipt requested, or by any express delivery carrier that
156 provides a dated delivery receipt, or by personal delivery, as defined

157 in section 4-166, in accordance with section 6 of this act. The notice
158 shall be deemed received by the licensee on the earlier of the date of
159 actual receipt or seven days after mailing or sending, and in the case of
160 a notice sent by electronic mail, the notice shall be deemed received by
161 the licensee in accordance with section 6 of this act. Any such notice
162 shall include: (1) A statement of the time, place, and nature of the
163 hearing; (2) a statement of the legal authority and jurisdiction under
164 which the hearing is to be held; (3) a reference to the particular sections
165 of the general statutes, regulations, rules or orders involved; (4) a short
166 and plain statement of the matters asserted; and (5) a statement
167 indicating that the licensee may file a written request for a hearing on
168 the matters asserted within fourteen days of receipt of the notice. If the
169 commissioner finds that public health, safety or welfare imperatively
170 requires emergency action, and incorporates a finding to that effect in
171 the notice, the commissioner may order summary suspension of a
172 license in accordance with subsection (c) of section 4-182 and require
173 the licensee to take or refrain from taking such action as in the opinion
174 of the commissioner will effectuate the purposes of this section,
175 pending proceedings for suspension, revocation or refusal to renew.

176 Sec. 5. Subsection (a) of section 36a-52 of the general statutes is
177 repealed and the following is substituted in lieu thereof (*Effective*
178 *October 1, 2017*):

179 (a) Whenever it appears to the commissioner that any person has
180 violated, is violating or is about to violate any provision of the general
181 statutes within the jurisdiction of the commissioner, or any regulation,
182 rule, or order adopted or issued thereunder, the commissioner may
183 send a notice to such person by registered or certified mail, return
184 receipt requested, or by any express delivery carrier that provides a
185 dated delivery receipt, unless such person is licensed by the
186 commissioner, in which case the notice may be provided by personal
187 delivery, as defined in section 4-166, in accordance with section 6 of
188 this act. The notice shall be deemed received by the person on the
189 earlier of the date of actual receipt, or seven days after mailing or
190 sending, and in the case of a notice sent by electronic mail, the notice

191 shall be deemed received by the person in accordance with section 6 of
192 this act. Any such notice shall include: (1) A statement of the time,
193 place, and nature of the hearing; (2) a statement of the legal authority
194 and jurisdiction under which the hearing is to be held; (3) a reference
195 to the particular sections of the general statutes, regulations, rules or
196 orders alleged to have been violated; (4) a short and plain statement of
197 the matters asserted; and (5) a statement indicating that such person
198 may file a written request for a hearing on the matters asserted within
199 fourteen days of receipt of the notice. If a hearing is requested within
200 the time specified in the notice, the commissioner shall hold a hearing
201 upon the matters asserted in the notice, unless the person fails to
202 appear at the hearing. After the hearing, the commissioner shall
203 determine whether an order to cease and desist should be issued
204 against the person named in the notice. If the person does not request a
205 hearing within the time specified in the notice or fails to appear at the
206 hearing, the commissioner shall issue an order to cease and desist
207 against the person. No such order shall be issued except in accordance
208 with the provisions of chapter 54.

209 Sec. 6. (NEW) (*Effective October 1, 2017*) Notwithstanding the
210 provisions of subsection (c) of section 4-182 of the general statutes, the
211 Banking Commissioner may provide notice pursuant to section 4-182
212 of the general statutes or sections 36a-50 to 36a-52, inclusive, of the
213 general statutes, as amended by this act, to any person licensed by the
214 commissioner by personal delivery, as defined in section 4-166 of the
215 general statutes. For licensed persons who are not natural persons, the
216 electronic mail addresses of the natural persons designated as primary
217 contacts by such licensed persons in the contact employee fields on the
218 system shall constitute an acceptable means of communication for
219 personal delivery, and a notice sent by electronic mail to such primary
220 contacts at such electronic mail addresses shall constitute notice. For
221 licensed persons who are natural persons, the electronic mail address
222 identified by such licensed persons on the system shall constitute an
223 acceptable means of communication for personal delivery within the
224 meaning of section 4-166 of the general statutes, and a notice sent by

225 electronic mail to such electronic mail address shall constitute notice.
226 Any notice provided in accordance with this section shall be deemed
227 received by the person on the earlier of the date of actual receipt or
228 seven days after mailing or sending, and in the case of a notice sent by
229 electronic mail, the notice shall be deemed received by the person on
230 the earlier of the date of actual receipt by any natural person to whom
231 such notice was sent or seven days after such notice was sent.

232 Sec. 7. Subdivision (4) of section 36a-485 of the general statutes is
233 repealed and the following is substituted in lieu thereof (*Effective*
234 *October 1, 2017*):

235 (4) "Control person" means an individual that directly or indirectly
236 exercises control over another person. Any person that (A) is a
237 director, general partner or executive officer; (B) in the case of a
238 corporation, directly or indirectly has the right to vote ten per cent or
239 more of a class of any voting security or has the power to sell or direct
240 the sale of ten per cent or more of any class of voting securities; (C) in
241 the case of a limited liability company, is a managing member; or (D)
242 in the case of a partnership, has the right to receive upon dissolution,
243 or has contributed, ten per cent or more of the capital, is presumed to
244 be a control person. For purposes of this subdivision, "control" means
245 the power, directly or indirectly, to direct the management or policies
246 of a company, whether through ownership of securities, by contract or
247 otherwise;

248 Sec. 8. Section 36a-489a of the general statutes is repealed and the
249 following is substituted in lieu thereof (*Effective January 1, 2019*):

250 (a) (1) In order to meet the prelicensing education and testing
251 requirements referred to in sections 36a-488 and 36a-489, an individual
252 shall complete: [at]

253 (A) At least [twenty-one] twenty hours of education approved in
254 accordance with subdivision (2) of this subsection, which shall include
255 at least [(A)] (i) three hours of instruction on relevant federal law and
256 regulations; [(B)] (ii) three hours of ethics training, including

257 instruction on fraud, consumer protection and fair lending issues; [(C)]
258 and (iii) two hours of training related to lending standards for the
259 nontraditional mortgage product marketplace. [; and (D) one hour of
260 relevant Connecticut law.]

261 (B) At least one hour of education approved in accordance with
262 subdivision (2) of this subsection on relevant Connecticut law.

263 (2) For purposes of subdivision (1) of this subsection, prelicensing
264 education courses shall be reviewed and approved by the system
265 based upon reasonable standards. Review and approval of a
266 prelicensing education course shall include review and approval of the
267 course provider.

268 (3) Nothing in this subsection shall preclude any prelicensing
269 education course, as approved by the system, that is provided by the
270 sponsor or employer of the individual or an entity which is affiliated
271 with the individual by an agency contract, or any subsidiary or affiliate
272 of such sponsor, employer or entity.

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

275 (5) When prelicensing education requirements described in
276 subdivision (1) of this subsection are completed in another state, such
277 out-of-state prelicensing education requirements shall be accepted as
278 credit towards completion of the prelicensing education requirements
279 of this state, provided such out-of-state prelicensing education
280 requirements are approved by the system.

281 (6) (A) An individual previously licensed under section 36a-489,
282 subsequent to the applicable effective date of the prelicensing and
283 testing requirements referred to in section 36a-489, who is applying to
284 be relicensed shall prove that such individual has completed all of the
285 continuing education requirements for the year in which the license
286 was last held, except that an individual required to retake prelicensing
287 education pursuant to subparagraph (B) of subdivision (7) and

288 subparagraph (B) of subdivision (8) of this subsection shall not be
289 required to complete any outstanding continuing education
290 requirements.

291 (B) An individual who previously held a position as a qualified
292 individual or branch manager subsequent to the applicable effective
293 date of the prelicensing and testing requirements referred to in section
294 36a-488, at a time when such individual was not required to be
295 licensed as a mortgage loan originator, may not hold such position
296 again until such individual has completed all of the continuing
297 education requirements for the year in which such individual last held
298 such position and, effective November 1, 2012, has obtained the
299 required mortgage loan originator license.

300 (7) (A) If an individual has not obtained a mortgage loan originator
301 license in any state or an active federal registration by the date that is
302 three years from the date such individual completed twenty hours of
303 prelicensing education pursuant to subparagraph (A) of subdivision
304 (1) of this subsection, such individual shall be required to retake
305 twenty hours of prelicensing education in accordance with
306 subparagraph (A) of subdivision (1) of this subsection prior to being
307 licensed as either a mortgage loan originator or a loan processor or
308 underwriter.

309 (B) If an individual previously held but no longer holds an
310 approved mortgage loan originator license in any state or an active
311 federal registration, such individual shall obtain a mortgage loan
312 originator license in any state or an active federal registration not later
313 than three years from the date such individual last held such license or
314 registration, or such individual shall retake twenty hours of
315 prelicensing education in accordance with subparagraph (A) of
316 subdivision (1) of this subsection prior to being licensed as a mortgage
317 loan originator or loan processor or underwriter.

318 (8) (A) If an individual has not obtained a mortgage loan originator
319 license or a loan processor or underwriter license in this state by the

320 date that is three years from the date such individual completed one
321 hour of Connecticut specific prelicensing education pursuant to
322 subparagraph (B) of subdivision (1) of this subsection, such individual
323 shall retake one hour of Connecticut specific prelicensing education
324 prior to being licensed as a mortgage loan originator or loan processor
325 or underwriter.

326 (B) If an individual previously held but no longer holds an
327 approved mortgage loan originator license or loan processor or
328 underwriter license in this state, such individual shall obtain a
329 mortgage loan originator license or loan processor or underwriter
330 license in this state not later than three years from the date such
331 individual last held such license, or such individual shall be required
332 to retake one hour of Connecticut specific prelicensing education in
333 accordance with subparagraph (B) of subdivision (1) of this subsection
334 prior to being licensed as a mortgage loan originator or loan processor
335 or underwriter.

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

341 (2) A written test shall not be treated as a qualified written test for
342 purposes of subdivision (1) of this subsection unless the test
343 adequately measures the individual's knowledge and comprehension
344 in appropriate subject areas, including ethics, federal law and
345 regulation pertaining to mortgage origination, state law and regulation
346 pertaining to mortgage origination, and federal and state law and
347 regulation, including instruction on fraud, consumer protection, the
348 nontraditional mortgage marketplace and fair lending issues.

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

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

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

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

361 (C) (i) An individual who was licensed subsequent to the applicable
362 effective date of the prelicensing and testing requirements referred to
363 in section 36a-489 who has not been licensed as a mortgage loan
364 originator within the five-year period preceding the date of the filing
365 of such individual's application for a mortgage loan originator license,
366 not taking into account any time during which such individual is a
367 registered mortgage loan originator, shall retake such test; and (ii)
368 effective October 1, 2011, an individual licensed as a loan processor or
369 underwriter who applies to be licensed again shall retake the test if
370 such individual has not been licensed as a loan processor or
371 underwriter within the five-year period preceding the date of the filing
372 of such application, not taking into account any time during which
373 such individual is engaged in loan processing or underwriting but not
374 required to be licensed under subdivision (3) of subsection (b) of
375 section 36a-486.

376 (c) (1) In order to meet the annual continuing education
377 requirements referred to in subsections (a) and (b) of section 36a-489, a
378 licensed mortgage loan originator, a qualified individual or branch
379 manager and, effective October 1, 2011, a licensed loan processor or
380 underwriter, shall complete at least eight hours of education approved
381 in accordance with subdivision (2) of this subsection. Such courses
382 shall include at least (A) three hours of instruction on relevant federal
383 law and regulation; (B) two hours of ethics, including instruction on

384 fraud, consumer protection and fair lending issues; (C) two hours of
385 training related to lending standards for the nontraditional mortgage
386 product marketplace; and (D) effective January 1, 2015, one hour of
387 relevant Connecticut law.

388 (2) For purposes of subdivision (1) of this subsection, continuing
389 education courses shall be reviewed and approved by the system
390 based upon reasonable standards. Review and approval of a
391 continuing education course shall include review and approval of the
392 course provider.

393 (3) Nothing in this subsection shall preclude any education course
394 approved by the system that is provided by the sponsor or employer
395 or an entity that is affiliated with the mortgage loan originator,
396 qualified individual or branch manager or, effective October 1, 2011,
397 loan processor or underwriter by an agency contract, or by any
398 subsidiary or affiliate of such sponsor, employer or entity.

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

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

409 (6) A licensed mortgage loan originator or a qualified individual or
410 branch manager or, effective October 1, 2011, a licensed loan processor
411 or underwriter who is an approved instructor of an approved
412 continuing education course may receive credit for the licensee's own
413 annual continuing education requirement at the rate of two hours
414 credit for every one hour taught.

415 (7) When education requirements described in subparagraphs (A)(i)
416 to (A)(iii), inclusive, of subdivision (1) of subsection (a) of this section
417 are completed in another state, such out-of-state education
418 requirements shall be accepted as credit towards completion of the
419 education requirements of this state, provided such out-of-state
420 education requirements are approved by the system.

421 (8) A licensed mortgage loan originator and, effective October 1,
422 2011, a licensed loan processor or underwriter who subsequently
423 becomes unlicensed must complete the continuing education
424 requirements for the last year in which the license was held prior to
425 issuance of an initial or renewed license. A qualified individual or
426 branch manager who ceases to hold such position shall complete the
427 continuing education requirements for the last year in which such
428 individual or branch manager held such position prior to licensure as a
429 mortgage loan originator.

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

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

438 Sec. 9. Section 36a-498e of the general statutes is repealed and the
439 following is substituted in lieu thereof (*Effective October 1, 2017*):

440 (a) No person [or individual] who is required to be licensed and
441 who is subject to sections 36a-485 to 36a-498f, inclusive, as amended by
442 this act, 36a-534a and 36a-534b, may, directly or indirectly:

443 (1) [Directly or indirectly employ] Employ any scheme, device or
444 artifice to defraud or mislead borrowers or lenders or to defraud any
445 person;

- 446 (2) Engage in any unfair or deceptive practice toward any person;
- 447 (3) Obtain property by fraud or misrepresentation;
- 448 (4) Solicit or enter into a contract with a borrower that provides in
449 substance that such person or individual may earn a fee or commission
450 through "best efforts" to obtain a loan even though no loan is actually
451 obtained for the borrower;
- 452 (5) Solicit, advertise or enter into a contract for specific interest rates,
453 points or other financing terms unless the terms are actually available
454 at the time of soliciting, advertising or contracting;
- 455 (6) Conduct any business as a mortgage lender, mortgage
456 correspondent lender, mortgage broker, mortgage loan originator or
457 loan processor or underwriter without holding a valid license as
458 required under sections 36a-485 to 36a-498f, inclusive, as amended by
459 this act, 36a-534a and 36a-534b or assist or aide and abet any person in
460 the conduct of business as a mortgage lender, mortgage correspondent
461 lender, mortgage broker, mortgage loan originator or loan processor or
462 underwriter without a valid license as required under said sections;
- 463 (7) Fail to make disclosures as required by sections 36a-485 to 36a-
464 498f, inclusive, as amended by this act, 36a-534a and 36a-534b and any
465 other applicable state or federal law including regulations thereunder;
- 466 (8) Fail to comply with sections 36a-485 to 36a-498f, inclusive, as
467 amended by this act, 36a-534a and 36a-534b or rules or regulations
468 adopted under said sections or fail to comply with any other state or
469 federal law, including the rules and regulations thereunder, applicable
470 to any business authorized or conducted under said sections;
- 471 (9) Make, in any manner, any false or deceptive statement or
472 representation including, with regard to the rates, points or other
473 financing terms or conditions for a residential mortgage loan, or
474 engage in bait and switch advertising;
- 475 (10) Negligently make any false statement or knowingly and

476 wilfully make any omission of material fact in connection with any
477 information or reports filed with a governmental agency or the system,
478 as defined in section 36a-2, or in connection with any investigation
479 conducted by the commissioner or another governmental agency;

480 (11) Make any payment, threat or promise, directly or indirectly, to
481 any person for the purposes of influencing the independent judgment
482 of the person in connection with a residential mortgage loan as defined
483 in section 36a-485, as amended by this act, or make any payment,
484 threat or promise, directly or indirectly, to any appraiser of a property,
485 for the purposes of influencing the independent judgment of the
486 appraiser with respect to the value of the property;

487 (12) Collect, charge, attempt to collect or charge or use or propose
488 any agreement purporting to collect or charge any fee prohibited by
489 sections 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-
490 534a and 36a-534b;

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

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

496 (b) (1) No person, other than an individual, who is required to be
497 licensed and is subject to sections 36a-485 to 36a-498f, inclusive, as
498 amended by this act, 36a-534a and 36a-534b, and no qualifying
499 individual or branch manager shall fail to establish, enforce and
500 maintain policies and procedures reasonably designed to achieve
501 compliance with subsection (a) of this section.

502 (2) No individual who (A) is required to be licensed as a mortgage
503 loan originator, (B) is subject to sections 36a-485 to 36a-498f, inclusive,
504 as amended by this act, 36a-534a and 36a-534b, and (C) supervises loan
505 processors or loan underwriters shall fail to enforce any policies and
506 procedures established in accordance with subdivision (1) of this

507 subsection.

508 (3) No violation of this subsection shall be found unless the failure
509 to establish, enforce and maintain policies and procedures resulted in
510 conduct in violation of sections 36a-485 to 36a-498f, inclusive, as
511 amended by this act, 36a-534a to 36a-534b, inclusive, or section 16 of
512 substitute senate bill 906 of the current session or rules or regulations
513 adopted under said sections or any other state or federal law,
514 including the rules and regulations thereunder, applicable to any
515 business authorized or conducted under said sections.

516 Sec. 10. Section 36a-535 of the general statutes is repealed and the
517 following is substituted in lieu thereof (*Effective October 1, 2017*):

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

520 (1) The terms "goods", "retail installment sale", "retail installment
521 contract", "installment loan contract", "retail seller" and "retail buyer"
522 have the same meanings as provided in section 36a-770;

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

530 (3) "Advertise" or "advertising" has the same meaning as provided
531 in section 36a-485, as amended by this act; and

532 (4) "Control person" has the same meaning as provided in section
533 36a-485, as amended by this act.

534 Sec. 11. Section 36a-539 of the general statutes is repealed and the
535 following is substituted in lieu thereof (*Effective October 1, 2017*):

536 (a) Each person applying to the commissioner for a sales finance
537 company license shall pay a license fee of eight hundred dollars,
538 provided if such application is filed not earlier than one year before the
539 date such license will expire, such person shall pay a license fee of four
540 hundred dollars. Each license issued pursuant to sections 36a-535 to
541 36a-546, inclusive, as amended by this act, shall expire at the close of
542 business on September thirtieth of the odd-numbered year following
543 its issuance unless such license is renewed, provided any license that is
544 renewed effective July 1, 2003, shall expire on September 30, 2005.
545 Whenever an application for a license is filed under this section by any
546 person who was a licensee under sections 36a-535 to 36a-546, inclusive,
547 as amended by this act, and whose license expired less than sixty days
548 prior to the date such application was filed, such application shall be
549 accompanied by a one-hundred-dollar processing fee in addition to the
550 application fee. Not more than one place of business shall be
551 maintained under the same license, but the commissioner may issue
552 more than one license to the same licensee upon receipt of an
553 application and the payment of the appropriate license fee.

554 (b) If the commissioner determines that a check filed with the
555 commissioner to pay a fee under subsection (a) of this section has been
556 dishonored, the commissioner shall automatically suspend the license.
557 The commissioner shall give the licensee notice of the automatic
558 suspension pending proceedings for revocation and an opportunity for
559 a hearing on such action in accordance with section 36a-51, as
560 amended by this act.

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

565 (d) No person who is required to be licensed and who is subject to
566 the provisions of sections 36a-535 to 36a-546, inclusive, as amended by
567 this act, and no control person shall, directly or indirectly: (1) Employ
568 any scheme, device or artifice to defraud or mislead any person in

569 connection with a retail installment contract or a retail installment
570 loan; (2) engage in any unfair or deceptive practice toward any person
571 in connection with a retail installment contract or a retail installment
572 loan; (3) obtain property by fraud or misrepresentation; (4) solicit,
573 advertise or offer rates or other financing terms for a retail installment
574 contract or a retail installment loan unless those rates or terms are
575 actually available at the time of soliciting, advertising or offering such
576 rates or terms; (5) fail to comply with the provisions of sections 36a-535
577 to 36a-546, inclusive, as amended by this act, or the rules or regulations
578 adopted under said sections, or fail to comply with any other state or
579 federal law, including the rules and regulations thereunder; (6) make,
580 in any manner, any false or deceptive statement or representation,
581 including with regard to rates or other financing terms or conditions or
582 engage in bait and switch advertising; (7) negligently make any false
583 statement or knowingly and wilfully make any omission of material
584 fact in connection with any information or reports filed with a
585 governmental agency or the system, or in connection with any
586 investigation conducted by the commissioner or another governmental
587 agency; (8) make any payment, threat or promise to any person for the
588 purposes of influencing the independent judgment of the person in
589 connection with the business of a sales finance company; (9) fail to
590 truthfully account for moneys belonging to a party to a retail
591 installment contract or retail installment loan; or (10) fail to establish,
592 enforce and maintain policies and procedures for supervising
593 employees, agents and office operations that are reasonably designed
594 to achieve compliance with applicable laws and regulations concerning
595 sales finance companies.

596 Sec. 12. Subdivision (8) of section 36a-555 of the general statutes is
597 repealed and the following is substituted in lieu thereof (*Effective*
598 *October 1, 2017*):

599 (8) "Main office" means the main address designated on the system;
600 [where the licensee, or any person on behalf of the licensee, will
601 engage in activities that require a small loan license;]

602 Sec. 13. Subsection (d) of section 36a-558 of the general statutes is
603 repealed and the following is substituted in lieu thereof (*Effective*
604 *October 1, 2017*):

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

607 (1) For a small loan that is under five thousand dollars, an annual
608 percentage rate that exceeds the maximum annual percentage rate for
609 interest that is permitted with respect to the consumer credit extended
610 under the Military Lending Act, 10 USC 987 et seq., as amended from
611 time to time, or for a small loan that is between five thousand and
612 fifteen thousand dollars, an annual percentage rate that exceeds
613 twenty-five per cent; [as calculated under the Military Lending Act, 10
614 USC 987, et seq., as amended from time to time;]

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

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

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

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

624 (6) A prepayment penalty;

625 (7) An adjustable rate provision;

626 (8) A waiver of participation in a class action or a provision
627 requiring a borrower, whether acting individually or on behalf of
628 others similarly situated, to assert any claim or defense in a nonjudicial
629 forum that: (A) Utilizes principles that are inconsistent with the law as
630 set forth in the general statutes or common law; or (B) limits any claim

631 or defense the borrower may have;

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

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

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

639 Sec. 14. Subdivision (1) of subsection (e) of section 36a-558 of the
640 general statutes is repealed and the following is substituted in lieu
641 thereof (*Effective October 1, 2017*):

642 (1) For late fees, if: (A) Such fees are assessed after an installment
643 remains unpaid for ten or more consecutive days, including Sundays
644 and holidays; (B) such fees do not exceed [the lesser of] five per cent of
645 the outstanding installment payment, excluding any previously
646 assessed late fees, or a total of twenty-five dollars per month,
647 whichever is less; and (C) no interest is charged on such fees;

648 Sec. 15. Section 36a-561 of the general statutes is repealed and the
649 following is substituted in lieu thereof (*Effective October 1, 2017*):

650 No person licensed or required to be licensed and no control person
651 shall, directly or indirectly:

652 (1) Assist or aid and abet any person in conduct prohibited by
653 sections 36a-555 to 36a-573, inclusive, as amended by this act;

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

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

659 (4) Engage in any unfair or deceptive practice toward any person or
660 misrepresent or omit any material information in connection with a
661 small loan; or

662 (5) Fail to establish, enforce and maintain policies and procedures
663 for supervising employees, agents and office operations that are
664 reasonably designed to achieve compliance with applicable laws and
665 regulations concerning small loan lenders.

666 Sec. 16. Section 36a-580 of the general statutes is repealed and the
667 following is substituted in lieu thereof (*Effective October 1, 2017*):

668 (a) For purposes of this chapter:

669 (1) "Advertise" or "advertising" has the same meaning as provided
670 in section 36a-485, as amended by this act.

671 (2) "Control person" has the same meaning as provided in section
672 36a-485, as amended by this act.

673 ~~[(1)]~~ (3) "General facility" means a facility at a fixed location where a
674 licensee may engage in the business of cashing checks, drafts or money
675 orders and which is open to the general public for at least six hours per
676 day four days per week.

677 ~~[(2)]~~ (4) "Limited facility" means a mobile facility, where on no more
678 than two days per week, on property occupied by an employer, a
679 licensed operator of a general facility may, under written contract with
680 such employer, engage in the business of cashing payroll checks for
681 the employees of the employer.

682 (b) The provisions of this section and sections 36a-581 to 36a-589,
683 inclusive, as amended by this act, shall not apply to: (1) Checks, drafts
684 or money orders cashed without consideration or charge; (2) checks,
685 drafts or money orders cashed as an incident to the conduct of any
686 other lawful business where not more than fifty cents is charged for
687 cashing such check, draft or money order; or (3) any institution subject
688 to and under the general supervision of any agency of the United

689 States or any Connecticut bank or Connecticut credit union.

690 Sec. 17. Section 36a-586 of the general statutes is repealed and the
691 following is substituted in lieu thereof (*Effective October 1, 2017*):

692 (a) Each check cashing licensee shall use and maintain at a general
693 facility in this state, in the form satisfactory to the commissioner, such
694 books, records and accounts as will enable the commissioner to
695 determine whether the licensee is complying with the provisions of
696 sections 36a-580 to 36a-589, inclusive, as amended by this act. Each
697 licensee shall retain such books, records and accounts for not less than
698 the periods of time specified in regulations adopted by the
699 commissioner in accordance with section 36a-588.

700 (b) Before a licensee deposits with any financial institution a check,
701 draft or money order cashed by such licensee, the item shall be
702 endorsed with the actual name under which the licensee is doing
703 business and must have the words "licensed check cashing service"
704 legibly written or stamped immediately after or below such name.

705 (c) Each check cashing licensee shall comply with the applicable
706 provisions of the Currency and Foreign Transactions Reporting Act, 31
707 USC Section 5311 et seq., as from time to time amended, and any
708 regulations adopted under such provisions, as from time to time
709 amended.

710 (d) No person required to be licensed and who is subject to the
711 provisions of sections 36a-580 to 36a-589, inclusive, as amended by this
712 act, and no control person shall, directly or indirectly: (1) Employ any
713 scheme, device or artifice to defraud or mislead any person in
714 connection with a check cashing transaction; (2) engage in any unfair
715 or deceptive practice toward any person in connection with a check
716 cashing transaction; (3) obtain property by fraud or misrepresentation;
717 (4) fail to comply with the provisions of sections 36a-580 to 36a-589,
718 inclusive, as amended by this act, or the rules or regulations adopted
719 under said sections, or fail to comply with any other state or federal
720 law, including the rules and regulations thereunder; (5) make, in any

721 manner, any false or deceptive statement or representation in
722 connection with a check cashing transaction or engage in bait and
723 switch advertising; (6) negligently make any false statement or
724 knowingly and wilfully make any omission of material fact in
725 connection with any information or reports filed with a governmental
726 agency or the system, or in connection with any investigation
727 conducted by the commissioner or another governmental agency; (7)
728 collect, charge, attempt to collect or charge or use or propose any
729 agreement purporting to collect or charge any fee prohibited by
730 sections 36a-580 to 36a-589, inclusive, as amended by this act; (8) fail to
731 truthfully account for moneys belonging to a party to a check cashing
732 transaction; (9) fail to comply with any demand or requirement made
733 by the commissioner under and within the authority of sections 36a-
734 580 to 36a-589, inclusive, as amended by this act; or (10) fail to
735 establish, enforce and maintain policies and procedures for
736 supervising employees, agents and office operations that are
737 reasonably designed to achieve compliance with applicable check
738 cashing laws and regulations.

739 Sec. 18. Section 36a-596 of the general statutes is repealed and the
740 following is substituted in lieu thereof (*Effective October 1, 2017*):

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

742 (1) "Advertise" or "advertising" has the same meaning as provided
743 in section 36a-485, as amended by this act.

744 ~~[(1)]~~ (2) "Authorized delegate" means a person designated by a
745 person licensed pursuant to sections 36a-595 to 36a-612, inclusive, to
746 provide money transmission services on behalf of such licensed
747 person.

748 (3) "Control person" has the same meaning as provided in section
749 36a-485, as amended by this act.

750 ~~[(2)]~~ (4) "Electronic payment instrument" means a card or other
751 tangible object for the transmission of money or monetary value or

752 payment of money which contains a microprocessor chip, magnetic
753 stripe, or other means for the storage of information, that is prefunded
754 and for which the value is decremented upon each use, but does not
755 include a card or other tangible object that is redeemable by the issuer
756 in the issuer's goods or services.

757 [(3)] (5) "Holder" means a person, other than a purchaser, who is
758 either in possession of a payment instrument and is the named payee
759 thereon or in possession of a payment instrument issued or endorsed
760 to such person or bearer or in blank. "Holder" does not include any
761 person who is in possession of a lost, stolen or forged payment
762 instrument.

763 [(4)] (6) "Licensee" means any person licensed or required to be
764 licensed pursuant to sections 36a-595 to 36a-612, inclusive.

765 [(5)] (7) "Monetary value" means a medium of exchange, whether or
766 not redeemable in money.

767 [(6)] (8) "Money transmission" means engaging in the business of
768 issuing or selling payment instruments or stored value, receiving
769 money or monetary value for current or future transmission or the
770 business of transmitting money or monetary value within the United
771 States or to locations outside the United States by any and all means
772 including, but not limited to, payment instrument, wire, facsimile or
773 electronic transfer.

774 [(7)] (9) "Outstanding" means (A) in the case of a payment
775 instrument or stored value, that: (i) It is sold or issued in the United
776 States; (ii) a report of it has been received by a licensee from its
777 authorized delegates; and (iii) it has not yet been paid by the issuer,
778 and (B) for all other money transmissions, the value reported to the
779 licensee for which the licensee or any authorized delegate has received
780 money or its equivalent value from the customer for transmission, but
781 has not yet completed the money transmission by delivering the
782 money or monetary value to the person designated by the customer.

783 [(8)] (10) "Payment instrument" means a check, draft, money order,
784 travelers check or electronic payment instrument that evidences either
785 an obligation for the transmission of money or monetary value or
786 payment of money, or the purchase or the deposit of funds for the
787 purchase of such check, draft, money order, travelers check or
788 electronic payment instrument.

789 [(9)] (11) "Permissible investment" means: (A) Cash in United States
790 currency; (B) time deposits, as defined in section 36a-2, or other debt
791 instruments of a bank; (C) bills of exchange or bankers acceptances
792 which are eligible for purchase by member banks of the Federal
793 Reserve System; (D) commercial paper of prime quality; (E) interest-
794 bearing bills, notes, bonds, debentures or other obligations issued or
795 guaranteed by: (i) The United States or any of its agencies or
796 instrumentalities, or (ii) any state, or any agency, instrumentality,
797 political subdivision, school district or legally constituted authority of
798 any state if such investment is of prime quality; (F) interest-bearing
799 bills or notes, or bonds, debentures or preferred stocks, traded on any
800 national securities exchange or on a national over-the-counter market,
801 if such debt or equity investments are of prime quality; (G) receivables
802 due from authorized delegates consisting of the proceeds of the sale of
803 payment instruments which are not past due or doubtful of collection;
804 (H) gold; and (I) any other investments approved by the
805 commissioner. Notwithstanding the provisions of this subdivision, if
806 the commissioner at any time finds that an investment of a licensee is
807 unsatisfactory for investment purposes, the investment shall not
808 qualify as a permissible investment.

809 [(10)] (12) "Prime quality" of an investment means that it is within
810 the top four rating categories in any rating service recognized by the
811 commissioner unless the commissioner determines for any licensee
812 that only those investments in the top three rating categories qualify as
813 "prime quality".

814 [(11)] (13) "Purchaser" means a person who buys or has bought a
815 payment instrument or who has given money or monetary value for

816 current or future transmission.

817 [(12)] (14) "Stored value" means monetary value that is evidenced by
818 an electronic record. For the purposes of this subdivision, "electronic
819 record" means information that is stored in an electronic medium and
820 is retrievable in perceivable form.

821 [(13)] (15) "Travelers check" means a payment instrument for the
822 payment of money that contains a provision for a specimen signature
823 of the purchaser to be completed at the time of a purchase of the
824 instrument and a provision for a countersignature of the purchaser to
825 be completed at the time of negotiation.

826 [(14)] (16) "Virtual currency" means any type of digital unit that is
827 used as a medium of exchange or a form of digitally stored value or
828 that is incorporated into payment system technology. Virtual currency
829 shall be construed to include digital units of exchange that (A) have a
830 centralized repository or administrator; (B) are decentralized and have
831 no centralized repository or administrator; or (C) may be created or
832 obtained by computing or manufacturing effort. Virtual currency shall
833 not be construed to include digital units that are used (i) solely within
834 online gaming platforms with no market or application outside such
835 gaming platforms, or (ii) exclusively as part of a consumer affinity or
836 rewards program, and can be applied solely as payment for purchases
837 with the issuer or other designated merchants, but cannot be converted
838 into or redeemed for fiat currency.

839 Sec. 19. Subsection (a) of section 36a-598 of the general statutes is
840 repealed and the following is substituted in lieu thereof (*Effective*
841 *October 1, 2017*):

842 (a) Each application for an initial or renewal license required under
843 sections 36a-595 to 36a-612, inclusive, shall be made in writing and
844 under oath to the commissioner in such form as the commissioner may
845 prescribe. The application shall include:

846 (1) The exact name of the applicant and, if incorporated, the date of

847 incorporation and the state where incorporated;

848 (2) The complete address of the principal office from which the
849 business is to be conducted and of the office where the books and
850 records of the applicant are to be maintained;

851 (3) The complete name and address of each of the applicant's
852 locations and authorized delegates, if any, through which the applicant
853 intends to engage in the business of money transmission in this state;

854 (4) The name, title, address and telephone number of the person to
855 whom notice of the commissioner's approval or disapproval of the
856 application shall be sent and to whom any inquiries by the
857 commissioner concerning the application shall be directed;

858 (5) The name and residence address of the individual, if the
859 applicant is an individual; the partners, if the applicant is a
860 partnership; the directors, trustees, principal officers, and any
861 shareholder owning ten per cent or more of each class of its securities,
862 if the applicant is a corporation or association; or the members, if the
863 applicant is a limited liability company;

864 (6) (A) A copy of the applicant's audited financial statements for the
865 most recent fiscal year, (B) if the applicant is a wholly-owned
866 subsidiary of another corporation, (i) the most recent audited
867 consolidated annual financial statements of the parent corporation or
868 the applicant's most recent audited consolidated annual financial
869 statement, and (ii) the most recent audited unconsolidated financial
870 statement of the applicant, including its balance sheet and receipts and
871 disbursements for the preceding year, (C) if the applicant is publicly
872 traded, a copy of the most recent 10-K report that such applicant filed
873 with the Securities Exchange Commission or, if the applicant is a
874 wholly-owned subsidiary of a publicly traded company, a copy of the
875 parent company's most recent 10-K report that was filed with the
876 Securities and Exchange Commission, and (D) if the applicant or
877 parent company of a wholly-owned subsidiary applicant is publicly
878 traded on a foreign exchange, a copy of documentation similar to the

879 report filed pursuant to subparagraph (C) of this subdivision that was
880 filed with the applicable securities regulator;

881 (7) A list of the applicant's permissible investments, the book and
882 market values of such investments, and the dollar amount of the
883 applicant's aggregate outstanding money transmissions (A) as of the
884 date of the financial statement filed in accordance with subdivision (6)
885 of this subsection; and (B) as of a date no earlier than thirty business
886 days prior to the filing of the application;

887 [(8) The history of material litigation for the five-year period prior to
888 the date of the application of the individual, if the applicant is an
889 individual; the partners, if the applicant is a partnership; the directors,
890 trustees, principal officers and any shareholder owning ten per cent or
891 more of each class of its securities, if the applicant is a corporation or
892 association; or the members, if the applicant is a limited liability
893 company, and sufficient information pertaining to the history of
894 material litigation, in a form acceptable to the commissioner, on such
895 individual or the partners, directors, trustees, principal officers,
896 members and any shareholder owning ten per cent or more of each
897 class of the applicant's securities. For purposes of this section, "material
898 litigation" means any litigation that, according to generally accepted
899 accounting principles, is deemed significant to a person's financial
900 health and that such person is required to reference in an annual
901 audited financial statement, a report to shareholders or a similar
902 document;]

903 [(9)] (8) (A) The history of criminal convictions of the individual, if
904 the applicant is an individual; the partners, if the applicant is a
905 partnership; the directors, trustees, principal officers and any
906 shareholder owning ten per cent or more of each class of its securities
907 if the applicant is a corporation or association; or the members, if the
908 applicant is a limited liability company, and (B) sufficient information
909 pertaining to the history of criminal convictions, in a form acceptable
910 to the commissioner, on such individual or the partners, directors,
911 trustees, principal officers, members and any shareholder owning ten

912 per cent or more of each class of the applicant's securities;

913 ~~[(10)]~~ (9) (A) The surety bond required by subsection (a) of section
914 36a-602, if applicable;

915 (B) A list of the investments maintained in accordance with
916 subsection (d) of section 36a-602, if applicable, and the book and
917 market values of any such investments (i) as of the date of the financial
918 statement filed in accordance with subdivision (6) of this subsection;
919 and (ii) as of a date no earlier than thirty business days prior to the
920 filing of the application;

921 ~~[(11)]~~ (10) A statement describing the type of money transmission
922 business that will be conducted by the applicant in this state and
923 whether such money transmission will include the transmission of
924 monetary value in the form of virtual currency;

925 ~~[(12)]~~ (11) The name and address of any financial institution used by
926 the applicant for its money transmission business in this state;

927 ~~[(13)]~~ (12) For each authorized delegate, a sample of the contract
928 evidencing the proposed arrangement between the applicant and the
929 authorized delegate; and

930 ~~[(14)]~~ (13) Any other information the commissioner may require.

931 Sec. 20. Section 36a-603 of the general statutes is repealed and the
932 following is substituted in lieu thereof (*Effective October 1, 2017*):

933 (a) Each licensee shall at all times maintain permissible investments
934 having a value, computed in accordance with generally accepted
935 accounting principles, at least equal to the aggregate amount of its
936 outstanding money transmissions in this state, provided the value of
937 receivables due from authorized delegates consisting of the proceeds
938 of the sale of payment instruments that are not past due or doubtful of
939 collection shall not exceed thirty per cent of the permissible
940 investments held by the licensee and receivables due from any one
941 person shall not exceed ten per cent of the value of permissible

942 investments held by the licensee.

943 (b) Each licensee that engages in the business of money transmission
944 in this state by receiving, transmitting, storing or maintaining custody
945 or control of virtual currency on behalf of another person shall at all
946 times hold virtual currency of the same type and amount owed or
947 obligated to such other person. As used in subsection (a) of this
948 section, outstanding money transmissions does not include any virtual
949 currency held pursuant to this subsection, and "value" means the lower
950 of book or market value, except that with regard to debt obligations
951 which the licensee as a matter of policy retains until maturity, "value"
952 means the greater of book or market value unless the commissioner
953 orders that for some or all investments of a particular licensee, "value"
954 means the lower of book or market value.

955 (c) Permissible investments and virtual currency held pursuant to
956 subsection (b) of this section, even if commingled with other assets of
957 the licensee, shall be deemed by operation of law to be held in trust for
958 the benefit of any claimants against the licensee to serve the faithful
959 performance of the obligations of the licensee and the licensee's
960 authorized delegates with respect to the licensee's money transmission
961 business in this state in the event of the bankruptcy of the licensee, and
962 shall be immune from attachment by creditors or judgment creditors.

963 Sec. 21. Section 36a-607 of the general statutes is repealed and the
964 following is substituted in lieu thereof (*Effective October 1, 2017*):

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

967 (1) The business may be conducted by the licensee or through or by
968 means of such authorized delegates as the licensee may periodically
969 designate or appoint. The licensee shall notify the commissioner of all
970 authorized delegates that act on its behalf. An authorized delegate may
971 not engage in the business of money transmission in this state on
972 behalf of a licensee through or by means of any person who is not an
973 authorized delegate of the licensee.

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

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

979 (4) A licensee shall be liable for the loss caused to any purchaser or
980 holder of the licensee's payment instruments or stored value sold in
981 this state by the failure of an authorized delegate to forward to the
982 licensee the amount due from the proceeds of a sale or delivery of the
983 licensee's payment instruments or stored value, or money or monetary
984 value received for transmission.

985 (5) The licensee shall enter into a contract with each of its authorized
986 delegates that requires the authorized delegate to operate in full
987 compliance with sections 36a-595 to 36a-612, inclusive, and provides
988 that appointment of the authorized delegate is not effective during any
989 period when the license of the licensee has been suspended. The
990 licensee shall provide each authorized delegate with policies and
991 procedures sufficient to ensure compliance with sections 36a-595 to
992 36a-612, inclusive.

993 (6) An authorized delegate shall remit all money owing to the
994 licensee in accordance with the terms of the contract between the
995 licensee and the authorized delegate.

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

999 (b) For purposes of subsection (a) of this section, "licensee" means
1000 any person that has obtained a license from the commissioner as
1001 provided in section 36a-600.

1002 (c) No person who is required to be licensed and who is subject to
1003 the provisions of sections 36a-595 to 36a-612, inclusive, and no control

1004 person shall, directly or indirectly: (1) Employ any scheme, device or
1005 artifice to defraud or mislead any person in connection with a money
1006 transmission; (2) engage in any unfair or deceptive practice toward any
1007 person in connection with a money transmission; (3) obtain property
1008 by fraud or misrepresentation; (4) fail to comply with the provisions of
1009 sections 36a-595 to 36a-612, inclusive, or the rules or regulations
1010 adopted under said sections, or fail to comply with any other state or
1011 federal law, including the rules and regulations thereunder; (5) make,
1012 in any manner, any false or deceptive statement or representation in
1013 connection with a money transmission or engage in bait and switch
1014 advertising; (6) negligently make any false statement or knowingly
1015 and wilfully make any omission of material fact in connection with any
1016 information or reports filed with a governmental agency or the system,
1017 or in connection with any investigation conducted by the
1018 commissioner or another governmental agency; (7) fail to truthfully
1019 account for moneys belonging to a party to a money transmission
1020 transaction; (8) fail to perform any written agreement with any party to
1021 a money transmission transaction; (9) fail to comply with any demand
1022 or requirement made by the commissioner under and within the
1023 authority of sections 36a-595 to 36a-612, inclusive; and (10) fail to
1024 establish, enforce and maintain policies and procedures for
1025 supervising employees, agents and office operations that are
1026 reasonably designed to achieve compliance with applicable money
1027 transmission laws and regulations.

1028 (d) Each licensee shall remit any money or monetary value received
1029 for transmission by the licensee or its authorized delegates to the
1030 person designated by the purchaser of such transmission not later than
1031 seven calendar days from the date of receipt of such money or
1032 monetary value from the purchaser unless otherwise directed by the
1033 purchaser.

1034 Sec. 22. Section 36a-655 of the general statutes is repealed and the
1035 following is substituted in lieu thereof (*Effective October 1, 2017*):

1036 As used in sections 36a-655 to 36a-665, inclusive, as amended by this

1037 act:

1038 (1) "Advertise or advertising" has the same meaning as provided in
1039 section 36a-485, as amended by this act.

1040 (2) ["bona fide nonprofit organization"] "Bona fide nonprofit
1041 organization" means any organization that is exempt from taxation
1042 under Section 501(c)(3) of the Internal Revenue Code of 1986, or any
1043 subsequent corresponding internal revenue code of the United States,
1044 as amended from time to time. [amended;]

1045 (3) "Control person" has the same meaning as provided in section
1046 36a-485, as amended by this act.

1047 (4) ["debt adjustment"] "Debt adjustment" means, for or with the
1048 expectation of a fee, commission or other valuable consideration,
1049 receiving, as agent of a debtor, money or evidences thereof for the
1050 purpose of distributing such money or evidences thereof among
1051 creditors in full or partial payment of obligations of the debtor. [; and]

1052 (5) ["debtor"] "Debtor" means any individual who has incurred
1053 indebtedness or owes a debt for personal, family or household
1054 purposes.

1055 Sec. 23. Section 36a-661 of the general statutes is repealed and the
1056 following is substituted in lieu thereof (*Effective October 1, 2017*):

1057 No [licensee shall:] person who is required to be licensed and who is
1058 subject to the provisions of sections 36a-655 to 36a-665, inclusive, as
1059 amended by this act, and no control person shall, directly or indirectly:

1060 (1) Purchase from a creditor any obligation of a debtor; (2) operate as a
1061 collection agent and as a licensee as to the same debtor's account; (3)
1062 execute any contract or agreement to be signed by the debtor unless
1063 the contract or agreement is fully and completely filled in and finished;
1064 (4) [directly or indirectly] require the debtor to purchase other services
1065 or materials as a condition to enter into a written agreement for
1066 services; (5) pay any bonus or other consideration to any person for the

1067 referral of a debtor to the licensee's business or accept or receive any
1068 bonus, commission or other consideration for referring any debtor to
1069 any person for any reason; [, or] (6) advertise, display, distribute,
1070 broadcast or televise or permit to be displayed, advertised, distributed,
1071 broadcast or televised the licensee's services, rates or terms in any
1072 manner whatsoever wherein any false, misleading or deceptive
1073 statement or representation is made with regard to the services to be
1074 performed by the licensee or the charges to be made therefor; (7)
1075 employ any scheme, device or artifice to defraud or mislead any
1076 person in connection with a debt adjustment; (8) engage in any unfair
1077 or deceptive practice toward any person in connection with debt
1078 adjustment activities; (9) obtain property by fraud or
1079 misrepresentation; (10) fail to comply with the provisions of sections
1080 36a-655 to 36a-665, inclusive, as amended by this act, or regulations
1081 adopted under said sections, or any other state or federal law,
1082 including the rules and regulations thereunder; (11) negligently make
1083 any false statement or knowingly and wilfully make any omission of
1084 material fact in connection with any information or reports filed with a
1085 governmental agency or the system, or in connection with any
1086 investigation conducted by the commissioner or another governmental
1087 agency; (12) fail to truthfully account for moneys belonging to a
1088 debtor; (13) fail to comply with any demand or requirement made by
1089 the commissioner under and within the authority of sections 36a-655 to
1090 36a-665, inclusive, as amended by this act; (14) collect any fee or charge
1091 or receive money or payment prohibited by section 36a-661a; or (15)
1092 fail to establish, enforce and maintain policies and procedures for
1093 supervising employees, agents and office operations that are
1094 reasonably designed to achieve compliance with applicable debt
1095 adjustment laws and regulations.

1096 Sec. 24. Section 36a-671 of the general statutes is repealed and the
1097 following is substituted in lieu thereof (*Effective October 1, 2017*):

1098 (a) As used in this section and sections 36a-671a to 36a-671e,
1099 inclusive, and section 25 of this act:

1100 (1) "Advertise or advertising" has the same meaning as provided in
1101 section 36a-485, as amended by this act.

1102 (2) "Control person" has the same meaning as provided in section
1103 36a-485, as amended by this act.

1104 [(1) "debt negotiation"] (3) "Debt negotiation" means, for or with the
1105 expectation of a fee, commission or other valuable consideration,
1106 assisting a debtor in negotiating or attempting to negotiate on behalf of
1107 a debtor the terms of a debtor's obligations with one or more
1108 mortgagees or creditors of the debtor, including the negotiation of
1109 short sales of residential property or foreclosure rescue services. [;]

1110 [(2) "debtor"] (4) "Debtor" means any individual who has incurred
1111 indebtedness or owes a debt for personal, family or household
1112 purposes. [;]

1113 (5) "Foreclosure rescue services" means services related to or
1114 promising assistance in connection with (A) avoiding or delaying
1115 actual or anticipated foreclosure proceedings concerning residential
1116 property, or (B) curing or otherwise addressing a default or failure to
1117 timely pay with respect to a mortgage loan secured by residential
1118 property, and includes, but is not limited to, the offer, arrangement or
1119 placement of a mortgage loan secured by residential property or other
1120 extension of credit when those services are advertised, offered or
1121 promoted in the context of foreclosure related services.

1122 [(3) "mortgagee"] (6) "Mortgagee" means the original lender under a
1123 mortgage loan secured by residential property or its agents, successors
1124 or assigns. [;]

1125 [(4) "mortgagor"] (7) "Mortgagor" means a debtor who is an owner
1126 of residential property, including, but not limited to, a single-family
1127 unit in a common interest community, who is also the borrower under
1128 a mortgage encumbering such residential property. [;]

1129 (8) "Residential property" means a one-to-four family owner-

1130 occupied real property.

1131 [(5) "short sale"] (9) "Short sale" means the sale of residential
1132 property by a mortgagor for an amount less than the outstanding
1133 balance owed on the loan secured by such property where, prior to the
1134 sale, the mortgagee or an assignee of the mortgagee agrees to accept
1135 less than the outstanding loan balance in full or partial satisfaction of
1136 the mortgage debt and the proceeds of the sale are paid to the
1137 mortgagee or an assignee of the mortgagee; [; (6) "foreclosure rescue
1138 services" means services related to or promising assistance in
1139 connection with (A) avoiding or delaying actual or anticipated
1140 foreclosure proceedings concerning residential property, or (B) curing
1141 or otherwise addressing a default or failure to timely pay with respect
1142 to a mortgage loan secured by residential property, and includes, but
1143 is not limited to, the offer, arrangement or placement of a mortgage
1144 loan secured by residential property or other extension of credit when
1145 those services are advertised, offered or promoted in the context of
1146 foreclosure related services; and (7) "residential property" means one-
1147 to-four family owner-occupied real property.]

1148 (b) No person shall engage or offer to engage in debt negotiation in
1149 this state without a license issued under this section for each location
1150 where debt negotiation will be conducted. Any person desiring to
1151 obtain such a license shall file with the commissioner an application
1152 under oath, setting forth such information as the commissioner may
1153 require. Each applicant for a license and each licensee shall notify the
1154 commissioner of any change in the applicant's business from that
1155 stated in the application for the license. A person is engaging in debt
1156 negotiation in this state if such person: (1) Has a place of business
1157 located within this state; (2) has a place of business located outside of
1158 this state and the debtor is a resident of this state who negotiates or
1159 agrees to the terms of the services in person, by mail, by telephone or
1160 via the Internet; or (3) has its place of business located outside of this
1161 state and the services concern a debt that is secured by property
1162 located within this state.

1163 (c) An application for an original or renewal debt negotiation license
1164 shall be in writing on a form provided by the commissioner and shall
1165 include (1) the history of criminal convictions of the (A) applicant, (B)
1166 partners, if the applicant is a partnership, (C) members, if the applicant
1167 is a limited liability company or association, or (D) officers, directors
1168 and principal employees, if the applicant is a corporation; and (2)
1169 sufficient information pertaining to the history of criminal convictions,
1170 in a form acceptable to the commissioner, on such applicant, partners,
1171 members, officers, directors and principal employees as the
1172 commissioner deems necessary to make the findings under subsection
1173 (d) of this section. The commissioner, in accordance with section 29-
1174 17a, may conduct a state and national criminal history records check of
1175 the applicant and of each partner, member, officer, director and
1176 principal employee of the applicant. The commissioner may deem an
1177 application for a debt negotiation license abandoned if the applicant
1178 fails to respond to any request for information required under sections
1179 36a-671 to 36a-671e, inclusive, as amended by this act, or any
1180 regulations adopted pursuant to said sections 36a-671 to 36a-671e,
1181 inclusive, as amended by this act. The commissioner shall notify the
1182 applicant, in writing, that if the applicant fails to submit such
1183 information not later than sixty days after the date on which such
1184 request for information was made, the application shall be deemed
1185 abandoned. An application filing fee paid prior to the date an
1186 application is deemed abandoned pursuant to this subsection shall not
1187 be refunded. Abandonment of an application pursuant to this
1188 subsection shall not preclude the applicant from submitting a new
1189 application for a license under sections 36a-671 to 36a-671e, inclusive,
1190 as amended by this act.

1191 (d) If the commissioner finds, upon the filing of an application for a
1192 debt negotiation license, that: (1) The financial responsibility, character,
1193 reputation, integrity and general fitness of the (A) applicant, (B)
1194 partners thereof, if the applicant is a partnership, (C) members, if the
1195 applicant is a limited liability company or association, and (D) officers,
1196 directors and principal employees, if the applicant is a corporation, are

1197 such as to warrant belief that the business will be operated soundly
1198 and efficiently, in the public interest and consistent with the purposes
1199 of sections 36a-671 to 36a-671e, inclusive, as amended by this act, and
1200 section 25 of this act; and (2) the applicant is solvent and no proceeding
1201 in bankruptcy, receivership or assignment for the benefit of creditors
1202 has been commenced against the applicant, the commissioner may
1203 thereupon issue the applicant a debt negotiation license. Such debt
1204 negotiation license shall not be transferable. Any change of location of
1205 a licensee shall require prior written notice to the commissioner. No
1206 licensee shall use any name unless such name has been approved by
1207 the commissioner. If the commissioner fails to make such findings, the
1208 commissioner shall not issue a license and shall notify the applicant of
1209 the reasons for such denial. The commissioner may deny an
1210 application if the commissioner finds that the applicant or any partner,
1211 member, officer, director or principal employee of the applicant has
1212 been convicted of any misdemeanor involving any aspect of the debt
1213 negotiation business or any felony. Any denial of an application by the
1214 commissioner shall, when applicable, be subject to the provisions of
1215 section 46a-80. Withdrawal of an application for a license shall become
1216 effective upon receipt by the commissioner of a notice of intent to
1217 withdraw such application. The commissioner may deny a license up
1218 to the date one year after the effective date of withdrawal.

1219 (e) Each applicant for an original or renewal debt negotiation license
1220 shall, at the time of making such application, pay to the commissioner
1221 an application fee of one thousand six hundred dollars, provided, if
1222 such application is filed not earlier than one year before the date such
1223 license will expire, such person shall pay a license fee of eight hundred
1224 dollars. Each such license shall expire at the close of business on
1225 September thirtieth of the odd-numbered year following its issuance
1226 unless such license is renewed. Each licensee shall, on or before
1227 September first of the year in which the license expires, file such
1228 renewal application as the commissioner may require. Whenever an
1229 application for a license is filed under this section by any person who
1230 was a licensee under this section and whose license expired less than

1231 sixty days prior to the date such application was filed, such application
1232 shall be accompanied by a one-hundred-dollar processing fee in
1233 addition to the application fee.

1234 (f) If the commissioner determines that a check filed with the
1235 commissioner to pay an application fee has been dishonored, the
1236 commissioner shall automatically suspend the license or a renewal
1237 license that has been issued but is not yet effective. The commissioner
1238 shall give the licensee notice of the automatic suspension pending
1239 proceedings for revocation or refusal to renew and an opportunity for
1240 a hearing on such actions in accordance with section 36a-51, as
1241 amended by this act.

1242 (g) No abatement of the license fee shall be made if the license is
1243 surrendered, revoked or suspended prior to the expiration of the
1244 period for which it was issued. The fee required by subsection (e) of
1245 this section shall be nonrefundable.

1246 Sec. 25. (NEW) (*Effective October 1, 2017*) No person who is required
1247 to be licensed and who is subject to the provisions of this section and
1248 sections 36a-671 to 36a-671e, inclusive, of the general statutes, as
1249 amended by this act, and no control person, shall, directly or
1250 indirectly: (1) Employ any scheme, device or artifice to defraud or
1251 mislead any person in connection with a debt negotiation; (2) engage
1252 in any unfair or deceptive practice toward any person in connection
1253 with a debt negotiation; (3) obtain property by fraud or
1254 misrepresentation; (4) fail to comply with the provisions of sections
1255 36a-671 to 36a-671e, inclusive, of the general statutes, as amended by
1256 this act, or regulations adopted under said sections, or any other state
1257 or federal law, including the rules and regulations thereunder; (5)
1258 negligently make any false statement or knowingly and wilfully make
1259 any omission of material fact in connection with any information or
1260 reports filed with a governmental agency or the system, or in
1261 connection with any investigation conducted by the commissioner or
1262 another governmental agency; (6) fail to truthfully account for moneys
1263 belonging to a debtor or mortgagor; (7) fail to comply with any

1264 demand or requirement made by the commissioner under and within
1265 the authority of sections 36a-671 to 36a-671e, inclusive, of the general
1266 statutes, as amended by this act; (8) make, in any manner, any false or
1267 deceptive statement or representation in connection with a debt
1268 negotiation or engage in bait and switch advertising; or (9) fail to
1269 establish, enforce and maintain policies and procedures for
1270 supervising employees, agents and office operations that are
1271 reasonably designed to achieve compliance with applicable debt
1272 negotiation laws and regulations.

1273 Sec. 26. Subsection (f) of section 36a-719 of the general statutes is
1274 repealed and the following is substituted in lieu thereof (*Effective*
1275 *October 1, 2017*):

1276 (f) [At least annually, as] As part of its application and upon a
1277 change to such information, a mortgage servicer shall file with the
1278 commissioner [(1)] a current schedule of the ranges of costs and fees it
1279 charges mortgagors for its servicing-related activities. [; and (2)] At
1280 least annually, a licensee shall file with the commissioner a report in a
1281 form and format acceptable to the commissioner detailing the
1282 mortgage servicer's activities in the state, including [(A)] (1) the
1283 number of residential mortgage loans the mortgage servicer is
1284 servicing, [(B)] (2) the type and characteristics of the residential
1285 mortgage loans in this state, [(C)] (3) the number of serviced residential
1286 mortgage loans in default, along with a breakdown of thirty-day, sixty-
1287 day and ninety-day delinquencies, [(D)] (4) information on loss
1288 mitigation activities, [including details on workout arrangements
1289 undertaken,] and [(E)] (5) information on foreclosures commenced in
1290 this state.

1291 Sec. 27. Section 36a-719d of the general statutes is repealed and the
1292 following is substituted in lieu thereof (*Effective October 1, 2017*):

1293 (a) Each mortgage servicer licensee and person exempt from
1294 licensure pursuant to subdivision (4) or (5) of subsection (b) of section
1295 36a-718 shall maintain adequate records of each residential mortgage

1296 loan transaction at the office named in the mortgage servicer or
1297 mortgage lender license, or, if requested by the commissioner, shall
1298 make such records available at such office or send such records to the
1299 commissioner by registered or certified mail, return receipt requested,
1300 or by any express delivery carrier that provides a dated delivery
1301 receipt, not later than five business days after requested by the
1302 commissioner to do so. Upon request, the commissioner may grant a
1303 licensee additional time to make such records available or send them
1304 to the commissioner. Such records shall provide the following
1305 information: (1) A loan history for residential mortgage loans upon
1306 which payments are received or made by the mortgage servicer,
1307 itemizing the amount and date of each payment and the unpaid
1308 balance at all times; (2) the original or an exact copy of the note,
1309 residential mortgage or other evidence of indebtedness and mortgage
1310 deed; (3) the name and address of the mortgage lender, mortgage
1311 correspondent lender and mortgage broker, if any, involved in the
1312 residential mortgage loan transaction; (4) copies of any disclosures or
1313 notifications provided to the mortgagor required by state or federal
1314 law; (5) a copy of any bankruptcy plan approved in a proceeding filed
1315 by the mortgagor or a co-owner of the property subject to the
1316 residential mortgage loan; (6) a communications log that documents all
1317 verbal communications with the mortgagor or the mortgagor's
1318 representative; [and] (7) a copy of all notices sent to the mortgagor
1319 related to any foreclosure proceeding filed against the encumbered
1320 property; and (8) information on loss mitigation activities, included
1321 details on workout arrangements undertaken.

1322 (b) Every mortgage servicer licensee and person exempt from
1323 licensure pursuant to subdivision (4) or (5) of subsection (b) of section
1324 36a-718 shall retain the records of each residential mortgage loan
1325 serviced for not less than two years following the final payment on
1326 such residential mortgage loan, or the assignment of such residential
1327 mortgage loan, whichever occurs first, or such longer period as may be
1328 required by any other provision of law. Every mortgage servicer
1329 licensee and person exempt from licensure pursuant to subdivision (4)

1330 or (5) of subsection (b) of section 36a-718 shall keep and use in its
1331 business books, accounts and records that will enable the
1332 commissioner to determine whether such mortgage servicer is
1333 complying with the provisions of sections 36a-715 to 36a-719l,
1334 inclusive, and with any regulations adopted pursuant thereto.

1335 Sec. 28. Section 36a-719h of the general statutes is repealed and the
1336 following is substituted in lieu thereof (*Effective July 1, 2018*):

1337 (a) No mortgage servicer shall, directly or indirectly:

1338 (1) [Directly or indirectly employ] Employ any scheme, device or
1339 artifice to defraud or mislead mortgagors or mortgagees or to defraud
1340 any person;

1341 (2) Engage in any unfair or deceptive practice toward any person or
1342 misrepresent or omit any material information in connection with the
1343 servicing of the residential mortgage loan, including, but not limited
1344 to, misrepresenting the amount, nature or terms of any fee or payment
1345 due or claimed to be due on a residential mortgage loan, the terms and
1346 conditions of the servicing agreement or the mortgagor's obligations
1347 under the residential mortgage loan;

1348 (3) Obtain property by fraud or misrepresentation;

1349 (4) Recklessly apply residential mortgage loan payments or
1350 knowingly misapply residential mortgage loan payments to the
1351 outstanding balance of a residential mortgage loan;

1352 (5) Recklessly apply payments or knowingly misapply payments to
1353 escrow accounts;

1354 (6) Place hazard, homeowners or flood insurance on the mortgaged
1355 property when the mortgage servicer knew or should have known that
1356 the mortgagor has an effective policy for such insurance;

1357 (7) Fail to comply with section 49-10a;

1358 (8) Knowingly or recklessly provide inaccurate information to a
1359 credit bureau that results in harm to a mortgagor's creditworthiness;

1360 (9) Fail to report both the favorable and unfavorable payment
1361 history of the mortgagor to a nationally recognized consumer credit
1362 bureau at least annually if the mortgage servicer regularly reports
1363 information to a credit bureau;

1364 (10) Collect private mortgage insurance beyond the date for which
1365 private mortgage insurance is required;

1366 (11) Fail to issue a release of mortgage in accordance with section
1367 49-8;

1368 (12) Fail to provide written notice to a mortgagor upon taking action
1369 to place hazard, homeowners or flood insurance on the mortgaged
1370 property, including a clear and conspicuous statement of the
1371 procedures by which the mortgagor may demonstrate that he or she
1372 has the required insurance coverage and by which the mortgage
1373 servicer shall terminate the insurance coverage placed by it and refund
1374 or cancel any insurance premiums and related fees paid by or charged
1375 to the mortgagor;

1376 (13) Place hazard, homeowners or flood insurance on a mortgaged
1377 property, or require a mortgagor to obtain or maintain such insurance,
1378 in excess of the replacement cost of the improvements on the
1379 mortgaged property as established by the property insurer;

1380 (14) Fail to provide to the mortgagor a refund of unearned
1381 premiums paid by a mortgagor or charged to the mortgagor for
1382 hazard, homeowners or flood insurance placed by a mortgagee or the
1383 mortgage servicer if the mortgagor provides reasonable proof that the
1384 mortgagor has obtained coverage such that the forced placement
1385 insurance is no longer necessary and the property is insured. If the
1386 mortgagor provides reasonable proof that no lapse in coverage
1387 occurred such that the forced placement was not necessary, the
1388 mortgage servicer shall promptly refund the entire premium;

1389 (15) Require any amount of funds to be remitted by means more
1390 costly to the mortgagor than a bank or certified check or attorney's
1391 check from an attorney's account to be paid by the mortgagor;

1392 (16) Refuse to communicate with an authorized representative of the
1393 mortgagor who provides a written authorization signed by the
1394 mortgagor, provided the mortgage servicer may adopt procedures
1395 reasonably related to verifying that the representative is in fact
1396 authorized to act on behalf of the mortgagor;

1397 (17) Conduct any business covered by sections 36a-715 to 36a-719l,
1398 inclusive, without holding a valid license as required under said
1399 sections, or assist or aid and abet any person in the conduct of business
1400 without a valid license as required under this title;

1401 (18) Negligently make any false statement or knowingly and
1402 wilfully make any omission of a material fact in connection with any
1403 information or reports filed with a governmental agency or the system
1404 or in connection with any investigation conducted by the [Banking
1405 Commissioner] commissioner or another governmental agency; or

1406 (19) Collect, charge, attempt to collect or charge or use or propose
1407 any agreement purporting to collect or charge any fee prohibited by
1408 sections 36a-485, as amended by this act, to 36a-498f, inclusive, 36a-
1409 534a and 36a-534b.

1410 (b) No mortgage servicer shall fail to establish, enforce and maintain
1411 policies and procedures reasonably designed to achieve compliance
1412 with subsection (a) of this section, and no qualifying individual or
1413 branch manager for such mortgage servicer shall fail to enforce such
1414 policies and procedures. No violation of this subsection shall be found
1415 unless the mortgage servicer, qualifying individual or branch
1416 manager's failure to establish, enforce or maintain policies and
1417 procedures resulted in conduct in violation of sections 36a-715 to 36a-
1418 724, inclusive, as amended by this act, or rules or regulations adopted
1419 under said sections or any other state or federal law, including the
1420 rules and regulations thereunder, applicable to any business

1421 authorized or conducted under said sections.

1422 Sec. 29. Section 36a-800 of the general statutes is repealed and the
1423 following is substituted in lieu thereof (*Effective October 1, 2017*):

1424 As used in this section and sections 36a-801 to 36a-814, inclusive, as
1425 amended by this act, unless the context otherwise requires:

1426 (1) "Branch office" means a location other than the main office at
1427 which a licensee or any person on behalf of a licensee acts as a
1428 consumer collection agency;

1429 (2) "Consumer collection agency" means any person (A) engaged as
1430 a third party in the business of collecting or receiving payment for
1431 others on any account, bill or other indebtedness from a consumer
1432 debtor, (B) engaged [directly or indirectly] in the business of collecting
1433 on any account, bill or other indebtedness from a consumer debtor for
1434 such person's own account if the indebtedness was acquired from
1435 another person and if the indebtedness was either delinquent or in
1436 default at the time it was acquired, or (C) engaged in the business of
1437 collecting or receiving tax payments, including, but not limited to,
1438 property tax and federal income tax payments, from a property tax
1439 debtor or federal income tax debtor on behalf of a municipality or the
1440 United States Department of the Treasury, including, but not limited
1441 to, any person who, by any device, subterfuge or pretense, makes a
1442 pretended purchase or takes a pretended assignment of accounts from
1443 any other person, municipality or taxing authority of such
1444 indebtedness for the purpose of evading the provisions of this section
1445 and sections 36a-801 to 36a-812, inclusive, as amended by this act.
1446 "Consumer collection agency" includes persons who furnish collection
1447 systems carrying a name which simulates the name of a consumer
1448 collection agency and who supply forms or form letters to be used by
1449 the creditor, even though such forms direct the consumer debtor,
1450 property tax debtor or federal income tax debtor to make payments
1451 directly to the creditor rather than to such fictitious agency. "Consumer
1452 collection agency" further includes any person who, in attempting to

1453 collect or in collecting such person's own accounts or claims from a
1454 consumer debtor, uses a fictitious name or any name other than such
1455 person's own name which would indicate to the consumer debtor that
1456 a third person is collecting or attempting to collect such account or
1457 claim. "Consumer collection agency" does not include (i) an individual
1458 employed on the staff of a licensed consumer collection agency, or by a
1459 creditor who is exempt from licensing, when attempting to collect on
1460 behalf of such consumer collection agency, (ii) persons not primarily
1461 engaged in the collection of debts from consumer debtors who receive
1462 funds in escrow for subsequent distribution to others, including, but
1463 not limited to, real estate brokers and lenders holding funds of
1464 borrowers for payment of taxes or insurance, (iii) any public officer or
1465 a person acting under the order of any court, (iv) any member of the
1466 bar of this state, (v) a person who services loans or accounts for the
1467 owners thereof when the arrangement includes, in addition to
1468 requesting payment from delinquent consumer debtors, the providing
1469 of other services such as receipt of payment, accounting, record-
1470 keeping, data processing services and remitting, for loans or accounts
1471 which are current as well as those which are delinquent, (vi) a bank or
1472 out-of-state bank, as defined in section 36a-2, and (vii) a subsidiary or
1473 affiliate of a bank or out-of-state bank, provided such affiliate or
1474 subsidiary is not primarily engaged in the business of purchasing and
1475 collecting upon delinquent debt, other than delinquent debt secured by
1476 real property. Any person not included in the definition contained in
1477 this subdivision is, for purposes of sections 36a-645 to 36a-647,
1478 inclusive, a "creditor", as defined in section 36a-645;

1479 (3) "Consumer debtor" means any natural person, not an
1480 organization, who has incurred indebtedness or owes a debt for
1481 personal, family or household purposes, including current or past due
1482 child support, who has incurred indebtedness or owes a debt to a
1483 municipality due to a levy by such municipality of a personal property
1484 tax or who has incurred indebtedness or owes a debt to the United
1485 States Department of the Treasury under the Internal Revenue Code of
1486 1986, or any subsequent corresponding internal revenue code of the

- 1487 United States, as amended from time to time;
- 1488 (4) "Control person" has the same meaning as provided in section
1489 36a-485, as amended by this act;
- 1490 ~~[(4)]~~ (5) "Creditor" means a person, including, but not limited to, a
1491 municipality or the United States Department of the Treasury, that
1492 retains, hires, or engages the services of a consumer collection agency;
- 1493 ~~[(5)]~~ (6) "Federal income tax" means all federal taxes levied on the
1494 income of a natural person or organization by the United States
1495 Department of the Treasury under the Internal Revenue Code of 1986,
1496 or any subsequent corresponding internal revenue code of the United
1497 States, as amended from time to time;
- 1498 ~~[(6)]~~ (7) "Federal income tax debtor" means any natural person or
1499 organization who owes a debt to the United States Department of the
1500 Treasury;
- 1501 ~~[(7)]~~ (8) "Main office" means the main address designated on the
1502 application;
- 1503 ~~[(8)]~~ (9) "Municipality" means any town, city or borough,
1504 consolidated town and city, consolidated town and borough, district as
1505 defined in section 7-324 or municipal special services district
1506 established under chapter 105a;
- 1507 ~~[(9)]~~ (10) "Organization" means a corporation, partnership,
1508 association, trust or any other legal entity or an individual operating
1509 under a trade name or a name having appended to it a commercial,
1510 occupational or professional designation;
- 1511 ~~[(10)]~~ (11) "Property tax" has the meaning given to the term in
1512 section 7-560; and
- 1513 ~~[(11)]~~ (12) "Property tax debtor" means any natural person or
1514 organization who has incurred indebtedness or owes a debt to a
1515 municipality due to a levy by such municipality of a property tax.

1516 Sec. 30. Subsection (a) of section 36a-801 of the general statutes is
1517 repealed and the following is substituted in lieu thereof (*Effective*
1518 *October 1, 2017*):

1519 (a) No person shall act within this state as a consumer collection
1520 agency, directly or indirectly, unless such person has first obtained a
1521 consumer collection agency license for such person's main office and
1522 each branch office where such person's business is conducted. A
1523 consumer collection agency is acting within this state if it (1) has its
1524 place of business located within this state; (2) has its place of business
1525 located outside this state and (A) collects from consumer debtors,
1526 property tax debtors or federal income tax debtors who reside within
1527 this state for creditors who are located within this state, or (B) collects
1528 from consumer debtors, property tax debtors or federal income tax
1529 debtors who reside within this state for such consumer collection
1530 agency's own account; (3) has its place of business located outside this
1531 state and regularly collects from consumer debtors, property tax
1532 debtors or federal income tax debtors who reside within this state for
1533 creditors who are located outside this state; or (4) has its place of
1534 business located outside this state and is engaged in the business of
1535 collecting child support for creditors located within this state from
1536 consumer debtors who are located outside this state.

1537 Sec. 31. Section 36a-805 of the general statutes is repealed and the
1538 following is substituted in lieu thereof (*Effective October 1, 2017*):

1539 (a) No consumer collection agency or control person shall: (1)
1540 Furnish legal advice or perform legal services or represent that it is
1541 competent to do so, or institute judicial proceedings on behalf of
1542 others; (2) communicate with consumer debtors, property tax debtors
1543 or federal income tax debtors in the name of an attorney or upon the
1544 stationery of an attorney, or prepare any forms or instruments which
1545 only attorneys are authorized to prepare; (3) receive assignments as a
1546 third party of claims for the purpose of collection or institute suit
1547 thereon in any court; (4) assume authority on behalf of a creditor to
1548 employ or terminate the services of an attorney unless such creditor

1549 has authorized such agency in writing to act as such creditor's agent in
1550 the selection of an attorney to collect the creditor's accounts; (5)
1551 demand or obtain in any manner a share of the proper compensation
1552 for services performed by an attorney in collecting a claim, whether or
1553 not such agency has previously attempted collection thereof; (6) solicit
1554 claims for collection under an ambiguous or deceptive contract; (7)
1555 refuse to return any claim or claims upon written request of the
1556 creditor, claimant or forwarder, which claims are not in the process of
1557 collection after the tender of such amounts, if any, as may be due and
1558 owing to the agency; (8) advertise or threaten to advertise for sale any
1559 claim as a means of forcing payment thereof, unless such agency is
1560 acting as the assignee for the benefit of creditors; (9) refuse or fail to
1561 account for and remit to its clients all money collected which is not in
1562 dispute within sixty days from the last day of the month in which said
1563 money is collected; (10) refuse or intentionally fail to return to the
1564 creditor all valuable papers deposited with a claim when such claim is
1565 returned; (11) refuse or fail to furnish at intervals of not less than
1566 ninety days, upon the written request of the creditor, claimant or
1567 forwarder, a written report upon claims received from such creditor,
1568 claimant or forwarder; (12) add any post charge-off charge or fee for
1569 cost of collection, unless such cost is a court cost, to the amount of any
1570 claim which it receives for collection or knowingly accept for collection
1571 any claim to which any such charge or fee has already been added to
1572 the amount of the claim unless (A) the consumer debtor is legally liable
1573 for such charge or fee as determined by the contract or other evidence
1574 of an agreement between the consumer debtor and creditor, a copy of
1575 which shall be obtained by or available to the consumer collection
1576 agency from the creditor and maintained as part of the records of the
1577 consumer collection agency or the creditor, or both, and (B) the total
1578 charge or fee for cost of collection does not exceed fifteen per cent of
1579 the total amount actually collected and accepted as payment in full
1580 satisfaction of the debt; (13) use or attempt to use or make reference to
1581 the term "bonded by the state of Connecticut", "bonded" or "bonded
1582 collection agency" or any combination of such terms or words, except
1583 the word "bonded" may be used on the stationery of any such agency

1584 in type not larger than twelve-point; (14) when the debt is beyond the
1585 statute of limitations, fail to provide the following disclosure in type
1586 not less than ten-point informing the consumer debtor in its initial
1587 communication with such consumer debtor that (A) when collecting
1588 on debt that is not past the date for obsolescence provided for in
1589 Section 605(a) of the Fair Credit Reporting Act, 15 USC 1681c: "The law
1590 limits how long you can be sued on a debt. Because of the age of your
1591 debt, (INSERT OWNER NAME) will not sue you for it. If you do not
1592 pay the debt, (INSERT OWNER NAME) may report or continue to
1593 report it to the credit reporting agencies as unpaid"; and (B) when
1594 collecting on debt that is past the date for obsolescence provided for in
1595 Section 605(a) of the Fair Credit Reporting Act, 15 USC 1681c: "The law
1596 limits how long you can be sued on a debt. Because of the age of your
1597 debt, (INSERT OWNER NAME) will not sue you for it and (INSERT
1598 OWNER NAME) will not report it to any credit reporting agencies.";
1599 [or] (15) engage in any activities prohibited by sections 36a-800 to 36a-
1600 812, inclusive, as amended by this act; or (16) fail to establish, enforce
1601 and maintain policies and procedures for supervising employees,
1602 agents and office operations that are reasonably designed to achieve
1603 compliance with applicable consumer collection laws and regulations.

1604 (b) No consumer collection agency shall impose a charge or fee for
1605 any child support payments collected through the efforts of a
1606 governmental agency. If the imposition of a charge or fee is permitted
1607 under section 36a-801b, no consumer collection agency shall impose a
1608 charge or fee for the collection of any child support overdue at the time
1609 of the contract in excess of twenty-five per cent of overdue support
1610 actually collected.

1611 (c) (1) No consumer collection agency shall receive any property tax
1612 on behalf of a creditor that is a municipality, unless the consumer
1613 collection agency has procured from an insurer authorized to transact
1614 business in this state an insurance policy providing coverage against
1615 loss of money, securities or other property, including loss arising from
1616 any fraudulent or dishonest act of any employee, officer or director of
1617 the consumer collection agency, with limits of at least two million

1618 dollars. It shall be the obligation of the municipality to ensure
1619 compliance with the requirements of this subdivision.

1620 (2) A municipality that enters into an agreement with a consumer
1621 collection agency to collect and receive for payment property tax on
1622 behalf of the municipality may also require such consumer collection
1623 agency to file a bond with the municipality in an amount not
1624 exceeding the total amount of the property tax to be collected on behalf
1625 of the municipality. Such bond, the form of which shall be approved
1626 by the municipality, shall be written by a surety authorized to write
1627 bonds in this state and shall contain a provision requiring the surety to
1628 provide the municipality with written notice of cancellation of such
1629 bond. Such notice shall be sent by certified mail to the municipality at
1630 least thirty days prior to the date of cancellation. The bond shall be
1631 conditioned that such consumer collection agency shall well, truly and
1632 faithfully account for all funds collected and received by the consumer
1633 collection agency for the municipality pursuant to such agreement. If
1634 the municipality is damaged by the wrongful conversion of any
1635 property tax debtor funds received by the consumer collection agency,
1636 the municipality may proceed on such bond against the principal or
1637 surety on the bond, or both, to recover damages. The proceeds of the
1638 bond, even if commingled with the other assets of the consumer
1639 collection agency, shall be deemed by operation of law to be held in
1640 trust for the benefit of the municipality in the event of bankruptcy of
1641 the consumer collection agency and shall be immune from attachment
1642 by creditors and judgment creditors.

1643 Sec. 32. Section 36a-846 of the general statutes is repealed and the
1644 following is substituted in lieu thereof (*Effective October 1, 2017*):

1645 As used in this section and sections 36a-847 to 36a-854:

1646 (1) "Advertise" or "advertising" has the same meaning as provided
1647 in section 36a-485, as amended by this act;

1648 (2) "Control person" has the same meaning as provided in section
1649 36a-485, as amended by this act;

1650 [(1)] (3) "Student loan borrower" means (A) any resident of this state
1651 who has received or agreed to pay a student education loan; or (B) any
1652 person who shares responsibility with such resident for repaying the
1653 student education loan; [.]

1654 [(2)] (4) "Student loan servicer" means any person, wherever located,
1655 responsible for the servicing of any student education loan to any
1656 student loan borrower; [.]

1657 [(3)] (5) "Servicing" means (A) receiving any scheduled periodic
1658 payments from a student loan borrower pursuant to the terms of a
1659 student education loan; (B) applying the payments of principal and
1660 interest and such other payments with respect to the amounts received
1661 from a student loan borrower, as may be required pursuant to the
1662 terms of a student education loan; [and] or (C) performing other
1663 administrative services with respect to a student education loan; [.]

1664 [(4)] (6) "Student education loan" means any loan primarily for
1665 personal use to finance education or other school-related expenses.

1666 Sec. 33. Section 36a-850 of the general statutes is repealed and the
1667 following is substituted in lieu thereof (*Effective October 1, 2017*):

1668 [No student loan servicer licensee shall:] No person who is required
1669 to be licensed and who is subject to the provisions of sections 36a-846
1670 to 36a-854, inclusive, as amended by this act, and no control person
1671 shall, directly or indirectly:

1672 (1) [Directly or indirectly employ] Employ any scheme, device or
1673 artifice to defraud or mislead student loan borrowers;

1674 (2) Engage in any unfair or deceptive practice toward any person or
1675 misrepresent or omit any material information in connection with the
1676 servicing of a student education loan, including, but not limited to,
1677 misrepresenting the amount, nature or terms of any fee or payment
1678 due or claimed to be due on a student education loan, the terms and
1679 conditions of the loan agreement or the borrower's obligations under

1680 the loan;

1681 (3) Obtain property by fraud or misrepresentation;

1682 (4) Knowingly misapply or recklessly apply student education loan
1683 payments to the outstanding balance of a student education loan;

1684 (5) Knowingly or recklessly provide inaccurate information to a
1685 credit bureau, thereby harming a student loan borrower's
1686 creditworthiness;

1687 (6) Fail to report both the favorable and unfavorable payment
1688 history of the student loan borrower to a nationally recognized
1689 consumer credit bureau at least annually if the student loan servicer
1690 licensee regularly reports information to a credit bureau;

1691 (7) Refuse to communicate with an authorized representative of the
1692 student loan borrower who provides a written authorization signed by
1693 the student loan borrower, provided the student loan servicer licensee
1694 may adopt procedures reasonably related to verifying that the
1695 representative is in fact authorized to act on behalf of the student loan
1696 borrower; [or]

1697 (8) Negligently make any false statement or knowingly and wilfully
1698 make any omission of a material fact in connection with any
1699 information or reports filed with a governmental agency or in
1700 connection with any investigation conducted by the [Banking
1701 Commissioner] commissioner or another governmental agency; or

1702 (9) Fail to establish, enforce and maintain policies and procedures
1703 for supervising employees, agents and office operations that are
1704 reasonably designed to achieve compliance with applicable student
1705 loan servicing laws and regulations.

1706 Sec. 34. Subsection (e) of section 36a-581 of the general statutes is
1707 repealed and the following is substituted in lieu thereof (*Effective*
1708 *October 1, 2017*):

1709 (e) Upon the filing of the required application and the applicable
 1710 license and location fees, the commissioner shall investigate the facts
 1711 and may issue a license if the commissioner finds that (1) the applicant
 1712 is in all respects properly qualified and of good character, (2) if the
 1713 applicant is a firm or partnership, each member of the firm or
 1714 partnership is in all respects properly qualified and of good character,
 1715 (3) if the applicant is a corporation, each officer, director, authorized
 1716 agent and each shareholder owning ten per cent or more of the
 1717 outstanding stock of such corporation is in all respects properly
 1718 qualified and of good character, (4) if the applicant is a limited liability
 1719 company, each member and authorized agent is in all respects
 1720 properly qualified and of good character, (5) granting such license
 1721 would not be against the public interest, (6) the applicant has a feasible
 1722 plan for conducting business, [and] (7) the applicant has available and
 1723 shall continuously maintain liquid assets of at least ten thousand
 1724 dollars for each general facility location and at least two thousand five
 1725 hundred dollars for each limited facility location specified in the
 1726 application, and (8) the name of the applicant is not likely to cause a
 1727 consumer to reasonably believe that such applicant is in any way
 1728 endorsed by or affiliated with this state. The commissioner may deny
 1729 an application if the commissioner finds that the applicant or any
 1730 member, officer, director or authorized agent or shareholder owning
 1731 ten per cent or more of the outstanding stock of the applicant has been
 1732 convicted of any misdemeanor involving any aspect of the check
 1733 cashing services business, or any felony. Any denial of an application
 1734 by the commissioner shall, when applicable, be subject to the
 1735 provisions of section 46a-80."

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2017</i>	36a-3
Sec. 2	<i>October 1, 2017</i>	36a-24b
Sec. 3	<i>October 1, 2017</i>	36a-50(a)(1)
Sec. 4	<i>October 1, 2017</i>	36a-51(a)
Sec. 5	<i>October 1, 2017</i>	36a-52(a)

Sec. 6	<i>October 1, 2017</i>	New section
Sec. 7	<i>October 1, 2017</i>	36a-485(4)
Sec. 8	<i>January 1, 2019</i>	36a-489a
Sec. 9	<i>October 1, 2017</i>	36a-498e
Sec. 10	<i>October 1, 2017</i>	36a-535
Sec. 11	<i>October 1, 2017</i>	36a-539
Sec. 12	<i>October 1, 2017</i>	36a-555(8)
Sec. 13	<i>October 1, 2017</i>	36a-558(d)
Sec. 14	<i>October 1, 2017</i>	36a-558(e)(1)
Sec. 15	<i>October 1, 2017</i>	36a-561
Sec. 16	<i>October 1, 2017</i>	36a-580
Sec. 17	<i>October 1, 2017</i>	36a-586
Sec. 18	<i>October 1, 2017</i>	36a-596
Sec. 19	<i>October 1, 2017</i>	36a-598(a)
Sec. 20	<i>October 1, 2017</i>	36a-603
Sec. 21	<i>October 1, 2017</i>	36a-607
Sec. 22	<i>October 1, 2017</i>	36a-655
Sec. 23	<i>October 1, 2017</i>	36a-661
Sec. 24	<i>October 1, 2017</i>	36a-671
Sec. 25	<i>October 1, 2017</i>	New section
Sec. 26	<i>October 1, 2017</i>	36a-719(f)
Sec. 27	<i>October 1, 2017</i>	36a-719d
Sec. 28	<i>July 1, 2018</i>	36a-719h
Sec. 29	<i>October 1, 2017</i>	36a-800
Sec. 30	<i>October 1, 2017</i>	36a-801(a)
Sec. 31	<i>October 1, 2017</i>	36a-805
Sec. 32	<i>October 1, 2017</i>	36a-846
Sec. 33	<i>October 1, 2017</i>	36a-850
Sec. 34	<i>October 1, 2017</i>	36a-581(e)