General Assembly **Substitute Bill No. 5490**

February Session, 2018

HB05490BA 032118

AN ACT CONCERNING CONSUMER CREDIT LICENSES.

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

Section 1. Section 36a-1 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

This title shall be known as the "Banking Law of Connecticut" and shall be applicable to all Connecticut banks, Connecticut credit unions, mortgage lenders, mortgage correspondent lenders, mortgage brokers, mortgage loan originators, loan processors or underwriters, money transmitters, check cashers, trustees under mortgages or deeds of trust of real property securing certain investments, corporations exercising fiduciary powers, small loan lenders, sales finance companies, mortgage servicers, debt adjusters, debt negotiators, consumer collection agencies, student loan servicers, mortgage lead generators and to such other persons as subject themselves to the provisions of this title or who, by violating any of its provisions, become subject to the penalties provided in this title.

Sec. 2. Section 36a-3 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

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

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

"Additional proceeds". Section 36a-746e.
"Administrative expense". Section 36a-237.
"Advance fee". Sections 36a-485, as amended by this act, and 36a-615.
"Advertise", "advertisement" or "advertising". Sections 36a-485, as amended by this act, 36a-535, as amended by this act, 36a-586, as amended by this act, 36a-596, as amended by this act, 36a-655, as amended by this act, 36a-671, as amended by this act, and 36a-846, as amended by this act.
"Agency bank". Section 36a-285.
"Agent". Section 36a-494, as amended by this act.
"Alternative mortgage loan". Section 36a-265.
"Amount financed". Section 36a-690.
"Annual percentage rate". Section 36a-690.
"Annual percentage yield". Section 36a-316.
"Annuities". Section 36a-455a.
"Applicant". Section 36a-736.
"APR". Section 36a-746a.
"Assessment area". Section 36a-37.
"Assets". Section 36a-70, as amended by this act.
"Associate". Section 36a-184.
"Associated member". Section 36a-458a.
"Authorized delegate". Section 36a-596, as amended by this act.
"Bank". Section 36a-30.
"Bankers' bank". Section 36a-70, as amended by this act.
"Banking business". Section 36a-425.
"Basic services". Section 36a-437a.
"Billing cycle". Section 36a-565, as amended by this act.
"Bona fide nonprofit organization". Sections 36a-487, as amended by this act, and 36a-655, as amended by this act.
"Branch". Sections 36a-145, 36a-410 and 36a-435b.
"Branch office". Sections 36a-485, as amended by this act, and 36a-715, as amended by this act.
"Branch or agency net payment entitlement". Section 36a-428n.
"Branch or agency net payment obligation". Section 36a-428n.

T36 "Broker". Section 36a-746a.
T37 "Business and industrial development corporation". Section 36a-626.
T38 "Business and property in this state". Section 36a-428n.
T39 "Capital". Section 36a-435b.
T40 "Cash advance". Section 36a-564, as amended by this act.
T41 "Cash price". Section 36a-770.
T42 "Certificate of incorporation". Section 36a-435b.
T43 "CHFA loan". Section 36a-760.
T44 "Clerical or support duties". Section 36a-485, as amended by this act.
T45 "Closely related activities". Sections 36a-250 and 36a-455a.
T46 "Collective managing agency account". Section 36a-365.
T47 "Commercial vehicle". Section 36a-770.
T48 "Community bank". Section 36a-70, as amended by this act.
T49 "Community credit union". Section 36a-37.
T50 "Community development bank". Section 36a-70, as amended by this act.
T51 "Community reinvestment performance". Section 36a-37.
T52 "Connecticut holding company". Sections 36a-53 and 36a-410.
T53 "Consolidate". Section 36a-145.
T54 "Construction loan". Section 36a-458a.
T55 "Consumer". Sections 36a-155 and 36a-695.
T56 "Consumer Credit Protection Act". Section 36a-676.
T57 "Consumer debtor" and "debtor". Sections 36a-645 and 36a-800,
T58 as amended by this act.
T59 "Consumer collection agency". Section 36a-800, as amended by this act.
T60 "Consummation". Section 36a-746a.
T61 "Control person". Sections 36a-485, as amended by this act, 36a-535,
T62 as amended by this act, 36a-580, as amended by this act, 36a-596, as
T63 amended by this act, 36a-655, as amended by this act, 36a-671, as
T64 amended by this act, and 36a-846, as amended by this act.
T65 "Controlling interest". Section 36a-276.
T66 "Conventional mortgage rate". Section 36a-760.
T67 "Corporate". Section 36a-435b.
T68 "Credit". Section 36a-645.
T69 "Credit manager". Section 36a-435b.

T70 "Creditor". Sections 36a-676, 36a-695 and 36a-800, as amended by this act.
T71 "Credit clinic". Section 36a-700.
T72 "Credit rating agency". Section 36a-695.
T73 "Credit report". Section 36a-695.
T74 "Credit union service organization". Section 36a-435b.
T75 "Credit union service organization services". Section 36a-435b.
T76 "De novo branch". Section 36a-410.
T77 "Debt". Section 36a-645.
T78 "Debt adjustment". Section 36a-655, as amended by this act.
T79 "Debt buying". Section 36a-800, as amended by this act.
T80 "Debt mutual fund". Sections 36a-275 and 36a-459a.
T81 "Debt negotiation". Section 36a-671, as amended by this act.
T82 "Debt securities". Sections 36a-275 and 36a-459a.
T83 "Debtor". [Section] Sections 36a-655, as amended by this act, and
T84 36a-671, as amended by this act.
T85 "Deliver". Section 36a-316.
T86 "Deposit". Section 36a-316.
T87 "Deposit account". Section 36a-316.
T88 "Deposit account charge". Section 36a-316.
T89 "Deposit account disclosures". Section 36a-316.
T90 "Deposit contract". Section 36a-316.
T91 "Deposit services". Section 36a-425.
T92 "Depositor". Section 36a-316.
T93 "Depository institution". Section 36a-485, as amended by this act.
T94 "Derivative transaction". Section 36a-262.
T95 "Director". Section 36a-435b.
T96 "Dwelling". Section 36a-485, as amended by this act.
T97 "Earning period". Section 36a-316.
T98 "Electronic payment instrument". Section 36a-596, as amended by this act.
T99 "Eligible collateral". Section 36a-330.
T100 "Eligible entity". Section 36a-34.
T101 "Employee". Section 36a-485, as amended by this act.
T102 "Entity". Section 36a-380.
T103 "Equity mutual fund". Sections 36a-276 and 36a-459a.

T104 "Equity security". Sections 36a-276 and 36a-459a.
T105 "Executive officer". Sections 36a-263 and 36a-469c.
T106 "Expedited Connecticut bank". Section 36a-70, as amended by this act.
T107 "Experience in the mortgage business". Section 36a-488, as amended
T108 by this act.
T109 "Federal banking agency". Section 36a-485, as amended by this act.
T110 "Federal Credit Union Act". Section 36a-435b.
T111 "Federal Home Mortgage Disclosure Act". Section 36a-736.
T112 "FHA loan". Section 36a-760.
T113 "Fiduciary". Section 36a-365.
T114 "Filing fee". Section 36a-770.
T115 "Finance charge". Sections 36a-690 and 36a-770.
T116 "Financial institution". Sections 36a-41, 36a-44a, 36a-155, 36a-316,
T117 36a-330, 36a-435b, 36a-736 and 36a-755.
T118 "Financial records". Section 36a-41.
T119 "First mortgage loan". Sections 36a-485, as amended by this act,
T120 36a-705 and 36a-725.
T121 "Foreclosure rescue services". Section 36a-671, as amended by this act.
T122 "Foreign banking corporation". Section 36a-425.
T123 "Fully indexed rate". Section 36a-760b.
T124 "General facility". Section 36a-580, as amended by this act.
T125 "Global net payment entitlement". Section 36a-428n.
T126 "Global net payment obligation". Section 36a-428n.
T127 "Goods". Sections 36a-535, as amended by this act, and 36a-770.
T128 "Graduated payment mortgage loan". Section 36a-265.
T129 "Guardian". Section 36a-365.
T130 "High cost home loan". Section 36a-746a.
T131 "Holder". Section 36a-596, as amended by this act.
T132 "Home improvement loan". Section 36a-736.
T133 "Home purchase loan". Section 36a-736.
T134 "Home state". Section 36a-410.
T135 "Housing finance agency". Section 36a-487, as amended by this act.
T136 "Immediate family member". Sections 36a-435b and 36a-485, as amended
T137 by this act.

"Independent contractor". Section 36a-485, as amended by this act.
"Individual". Section 36a-485, as amended by this act.
"Insider". Section 36a-454b.
"Installment loan contract". Sections 36a-535, as amended by this act, and 36a-770.
"Insurance". Section 36a-455a.
"Insurance bank". Section 36a-285.
"Insurance department". Section 36a-285.
"Interest". Section 36a-316.
"Interest rate". Section 36a-316.
"Interim interest". Section 36a-746a.
"Investments". Section 36a-602, as amended by this act.
"Lender". Sections 36a-746a, 36a-760 and 36a-770.
"Lessor". Section 36a-676.
"License". Section 36a-626.
"Licensee". Sections 36a-596, as amended by this act, 36a-607, as amended by this act, and 36a-626.
"Limited branch". Section 36a-145.
"Limited facility". Section 36a-580, as amended by this act.
"Loan broker". Section 36a-615.
"Loan processor or underwriter". Section 36a-485, as amended by this act.
"Loss". Section 36a-330.
"Made in this state". Section 36a-770.
"Main office". Section 36a-485, as amended by this act.
"Managing agent". Section 36a-365.
"Manufactured home". Section 36a-457b.
"Member". Section 36a-435b.
"Member business loan". Section 36a-458a.
"Member in good standing". Section 36a-435b.
"Membership share". Section 36a-435b.
"Mobile branch". Sections 36a-145 and 36a-435b.
"Monetary value". Section 36a-596, as amended by this act.
"Money transmission". Section 36a-596, as amended by this act.
"Mortgage". Section 36a-760g.

"Mortgage broker". Sections 36a-485, as amended by this act, 36a-705 and 36a-760.
"Mortgage correspondent lender". Section 36a-485, as amended by this act.
"Mortgage insurance". Section 36a-725.
"Mortgage lender". Sections 36a-485, as amended by this act, 36a-705 and 36a-725.
"Mortgage loan". Sections 36a-261, 36a-265, 36a-457b and 36a-736.
"Mortgage loan originator". Section 36a-485, as amended by this act.
"Mortgage rate lock-in". Section 36a-705.
"Mortgage servicer". Section 36a-715, as amended by this act.
"Mortgagee". Sections 36a-671, as amended by this act, and 36a-715, as amended by this act.
"Mortgagor". Sections 36a-671, as amended by this act, and 36a-715, as amended by this act.
"Motor vehicle". Section 36a-770.
"Multiple common bond membership". Section 36a-435b.
"Municipality". Section 36a-800, as amended by this act.
"Net outstanding member business loan balance". Section 36a-458a.
"Net worth". Sections 36a-441a and 36a-458a.
"Network". Section 36a-155.
"Nonprime home loan". Section 36a-760.
"Nonrefundable". Section 36a-498, as amended by this act.
"Nontraditional mortgage product". Section 36a-489a, as amended by this act.
"Note account". Sections 36a-301 and 36a-456b.
"Office". Sections 36a-23, 36a-316 and 36a-485, as amended by this act.
"Officer". Section 36a-435b.
"Open-end line of credit". Section 36a-760.
"Open-end loan". Section 36a-565, as amended by this act.
"Organization". Section 36a-800, as amended by this act.
"Out-of-state holding company". Section 36a-410.
"Outstanding". Section 36a-596, as amended by this act.
"Passbook savings account". Section 36a-316.
"Payment instrument". Section 36a-596, as amended by this act.

T206 "Periodic statement". Section 36a-316.
T207 "Permissible investment". Section 36a-596, as amended by this act.
T208 "Person". Sections 36a-184 and 36a-485, as amended by this act.
T209 "Post". Section 36a-316.
T210 "Prepaid finance charge". Section 36a-746a.
T211 "Prime quality". Section 36a-596, as amended by this act.
T212 "Principal amount of the loan". Section 36a-485, as amended by this act.
T213 "Processor". Section 36a-155.
T214 "Public deposit". Section 36a-330.
T215 "Purchaser". Section 36a-596, as amended by this act.
T216 "Qualified financial contract". Section 36a-428n.
T217 "Qualified public depository" and "depository". Section 36a-330.
T218 "Real estate". Section 36a-457b.
T219 "Real estate brokerage activity". Section 36a-485, as amended by this act.
T220 "Records". Section 36a-17, as amended by this act.
T221 "Registered mortgage loan originator". Section 36a-485, as amended by
T222 this act.
T223 "Related person". Section 36a-53.
T224 "Relocate". Sections 36a-145 and 36a-462a.
T225 "Residential mortgage loan". Section 36a-485, as amended by this act.
T226 "Residential property". Section 36a-671, as amended by this act.
T227 "Residential real estate". Section 36a-485, as amended by this act.
T228 "Resulting entity". Section 36a-34.
T229 "Retail buyer". Sections 36a-535, as amended by this act, and 36a-770.
T230 "Retail credit transaction". Section 42-100b.
T231 "Retail installment contract". Sections 36a-535, as amended by this act,
T232 and 36a-770.
T233 "Retail installment sale". Sections 36a-535, as amended by this act,
T234 and 36a-770.
T235 "Retail seller". Sections 36a-535, as amended by this act, and 36a-770.
T236 "Reverse annuity mortgage loan". Section 36a-265.
T237 "Sales finance company". Sections 36a-535, as amended by this act,
T238 and 36a-770.
T239 "Savings department". Section 36a-285.

T240 "Savings deposit". Section 36a-316.
T241 "Secondary mortgage loan". Section 36a-485, as amended by this act.
T242 "Security convertible into a voting security". Section 36a-184.
T243 "Senior management". Section 36a-435b.
T244 "Servicing". Section 36a-846, as amended by this act.
T245 "Settlement agent". Section 36a-494, as amended by this act.
T246 "Share". Section 36a-435b.
T247 "Short sale". Section 36a-671, as amended by this act.
T248 "Simulated check". Section 36a-485, as amended by this act.
T249 "Single common bond membership". Section 36a-435b.
T250 "Special mortgage". Section 36a-760c.
T251 "Social purpose investment". Section 36a-277.
T252 "Sponsored". Section 36a-485, as amended by this act.
T253 "Standard mortgage loan". Section 36a-265.
T254 "Stored value". Section 36a-596, as amended by this act.
T255 "Student education loan". Section 36a-846, as amended by this act.
T256 "Student loan borrower". Section 36a-846, as amended by this act.
T257 "Student loan servicer". Section 36a-846, as amended by this act.
T258 "Table funding agreement". Section 36a-485, as amended by this act.
T259 "Tax and loan account". Sections 36a-301 and 36a-456b.
T260 "The Savings Bank Life Insurance Company". Section 36a-285.
T261 "Time account". Section 36a-316.
T262 "Travelers check". Section 36a-596, as amended by this act.
T263 "Troubled Connecticut credit union". Section 36a-448a.
T264 "Unique identifier". Section 36a-485, as amended by this act.
T265 "Unsecured loan". Section 36a-615.
T266 "Value". Section 36a-603.
T267 "Virtual banking". Section 36a-170.
T268 "Warehouse agreement". Section 36a-485, as amended by this act.

20 Sec. 3. Section 36a-17 of the general statutes is repealed and the
21 following is substituted in lieu thereof (*Effective October 1, 2018*):

22 (a) The commissioner, in the commissioner's discretion and as often

as the commissioner deems necessary to carry out the purposes of applicable law and the duties of the commissioner, may, subject to the provisions of section 36a-21 and the Freedom of Information Act, as defined in section 1-200: [,] (1) [make] Make, within or outside this state, such public or private investigations or examinations [within or outside this state,] concerning any person subject to the jurisdiction of the commissioner; [, as the commissioner deems necessary to carry out the duties of the commissioner,] (2) require or permit any person to testify, produce a record or file a statement in writing, under oath, or otherwise as the commissioner determines, as to all the facts and circumstances concerning the matter to be investigated or about which an action or proceeding is pending; [,] and (3) publish information concerning any violation of any provision of the general statutes within the jurisdiction of the commissioner or any regulation or order adopted or issued under such provision.

(b) Any Connecticut bank, Connecticut credit union or Connecticut credit union service organization which causes or has caused any electronic data processing services to be performed for such bank, credit union or credit union service organization either on or off its premises by an electronic data processing servicer shall enter into a written contract with such servicer. Such contract shall specify the duties and responsibilities of the bank, credit union or credit union service organization and such servicer and provide that such servicer shall allow the commissioner to examine such servicer's [books,] records [and computer systems] in accordance with this subsection, if required by the commissioner. The Connecticut bank, Connecticut credit union or Connecticut credit union service organization shall promptly notify the commissioner of any material change in its electronic data processing services. In the case of a material change which triggers a notice requirement under 12 USC 1867, a Connecticut bank may satisfy the notice requirements of this subsection by providing the commissioner with a copy of the notice provided to the Federal Deposit Insurance Corporation under 12 USC 1867. The commissioner may examine the [books,] records [and computer

systems**]** of any electronic data processing servicer that performs electronic data processing services for a Connecticut bank, Connecticut credit union or Connecticut credit union service organization, if such services substantially impact the operations of the Connecticut bank, Connecticut credit union or Connecticut credit union service organization as determined by the commissioner, in order to (1) determine whether such servicer has the capacity to protect the customer information of such bank, credit union or credit union service organization, and (2) assess such servicer's potential for continued service. The commissioner may assess a fee of one hundred fifty dollars per day plus costs for each examiner who conducts such examination, the total cost of which the commissioner may allocate on a pro rata basis to all Connecticut banks, Connecticut credit unions and Connecticut credit union service organizations under contract with such servicer.

(c) For the purpose of any investigation, examination or proceeding under this title the commissioner may administer oaths and affirmations, **[**subpoena witnesses, compel attendance of witnesses, take evidence, require written statements and require the production of any records which the commissioner deems relevant or material**]** <u>take evidence, direct, order, subpoena or compel the attendance of and examine under oath all persons whose testimony may be required about the business or subject matter of any such investigation, examination or proceeding, and direct, order or subpoena such person to produce records the commissioner deems relevant or material</u>. The commissioner may require that certified copies of any such records be provided to the commissioner at the commissioner's office. The commissioner may issue subpoenas in this state at the request of another state, provided (1) the activities concerning which the information is sought would constitute a basis for an investigation, examination or proceeding under this title had such activities occurred in this state, and (2) such other state has reciprocal legal authority to issue subpoenas in such state on behalf of the commissioner.

(d) In addition to any authority provided under this section, the commissioner shall have the authority to conduct investigations and examinations as follows:

(1) For the purposes of issuing, renewing, suspending, conditioning, revoking or terminating any license issued on the system, or for any general or specific inquiry or investigation of persons engaged in a business or activity subject to licensure by the commissioner on the system to determine compliance with applicable law, the commissioner may access, receive and use any records, information or evidence, including, but not limited to: (A) Criminal, civil and administrative history information; (B) personal history and experience information, including, but not limited to, independent credit reports obtained from a consumer reporting agency described in Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a; and (C) any other records, information or evidence the commissioner deems relevant to the inquiry or investigation, regardless of the location, possession, control or custody of such records, information or evidence.

(2) In conducting any examination or investigation authorized by this subsection, the commissioner may control access to any records of the person under examination or investigation. The commissioner may take possession of the records or place a person in exclusive charge of the records in the place where such records are usually kept. During the period of control, no person shall remove or attempt to remove any of the records except pursuant to a court order or with the consent of the commissioner. Unless the commissioner has reasonable grounds to believe the records of the person under examination or investigation have been, or are at risk of being, altered or destroyed for purposes of concealing a violation of applicable law, the owner of the records shall have access to the records as necessary to conduct its ordinary business affairs.

(3) In order to carry out the provisions of this subsection, the commissioner may:

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

(B) Enter into agreements or relationships with other government officials or regulatory associations to improve efficiencies and reduce regulatory burden by sharing resources, standardized or uniform methods or procedures, records, information or evidence obtained under this subsection;

(C) Use, hire, contract or employ public or privately available analytical systems, methods or software to examine or investigate the person;

(D) In lieu of conducting an examination or investigation, accept and rely upon examination or investigation reports made by another state or federal supervisory agency, any organization affiliated with or representing such supervisory agency, or any other government official, within or outside this state. Any examination or investigation report that is accepted and relied upon by the commission shall be considered an official examination or investigation report of the commissioner; and

(E) Accept audit reports made by an independent certified public accountant. Such reports may be considered an official examination or investigation report of the commissioner, or incorporated in the commissioner's official report of examination or investigation, or any other writing.

[(d)**]** (e) Any person who is the subject of any **[**such**]** inquiry, investigation, examination or proceeding pursuant to this section shall (1) make its records available to the commissioner in readable form; (2) provide personnel and equipment necessary, including, but not limited to, assistance in the analysis of computer-generated records; (3) provide copies or computer printouts of records when so requested; (4) make or compile reports or prepare other information as directed by

the commissioner in order to carry out the purposes of this section, including accounting compilations, information lists and dates of transactions in a format prescribed by the commissioner or such other information as the commissioner deems necessary to carry out the purposes of this section; (5) furnish unrestricted access to all areas of its principal place of business or wherever records may be located; and (6) otherwise cooperate with the commissioner.

[(e)**]** (f) The superior court for the judicial district of Hartford, upon application of the commissioner, may issue to any person refusing to obey a subpoena issued pursuant to subsection (c) of this section an order requiring that person to appear before the commissioner or any officer designated by the commissioner to produce records so ordered or to give evidence concerning the matter under investigation or in question. Failure to obey the order of the court may be punished by the court as a contempt of court.

(g) No person subject to inquiry, investigation, examination or proceeding under this section may knowingly withhold, abstract, remove, mutilate, destroy or secrete any records or information.

(h) The authority of this section shall remain in effect, whether a person acts or claims to act under any licensing, registration or other authorizing requirement of the law of this state, or claims to act without such authority.

[(f)**]** (i) As used in this section, "records" includes, but is not limited to, books, accounts, papers, files, correspondence, memoranda, agreements, diaries, logs, notes, ledgers, journals, visual, audio, magnetic or electronic recordings, computer printouts, **[**and**]** software, computer systems and any other documents in any form.

Sec. 4. Subsection (c) of section 36a-51 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(c) (1) Any licensee may surrender any license issued by the

commissioner under any provision of the general statutes by surrendering the license to the commissioner in person or by registered or certified mail, provided, in the case of a license issued through the system, as defined in section 36a-2, as amended by this act, such surrender shall be initiated by filing a request to surrender on the system. No surrender on the system shall be effective until the request to surrender is accepted by the commissioner. Surrender of a license shall not affect the licensee's civil or criminal liability, or affect the commissioner's ability to impose an administrative penalty on the licensee pursuant to section 36a-50 for acts committed prior to the surrender. If, prior to receiving the license, or, in the case of a license issued through the system prior to the filing of a request to surrender a license, the commissioner has instituted a proceeding to suspend, revoke or refuse to renew such license, such surrender or request to surrender will not become effective except at such time and under such conditions as the commissioner by order determines. If no proceeding is pending or has been instituted by the commissioner at the time of surrender, or, in the case of a license issued through the system, at the time a request to surrender is filed, the commissioner may still institute a proceeding to suspend, revoke or refuse to renew a license under subsection (a) of this section up to the date one year after the date of receipt of the license by the commissioner, or, in the case of a license issued through the system, up to the date one year after the date of the acceptance by the commissioner of a request to surrender a license.

(2) If any license issued on the system expires due to the licensee's failure to renew such license, the commissioner may institute a revocation or suspension proceeding, or issue an order revoking or suspending the license, under applicable authorities not later than one year after the date of such expiration.

(3) Withdrawal of an application for a license shall become effective upon the commissioner's acceptance on the system of a withdrawal request. The commissioner may deny an application up to the date the

withdrawal became effective.

Sec. 5. (NEW) (*Effective October 1, 2018*) (a) The Banking Commissioner may order a licensee to remove any individual from office and from employment or retention as an independent contractor in a business subject to licensure by the commissioner whenever the commissioner finds as the result of an investigation: (1) Such individual has violated any provision of law applicable to the licensed business, or any regulation or order issued thereunder; or (2) any reason that would be sufficient grounds for the commissioner to deny a license for such business, by sending a notice to such individual by registered or certified mail, return receipt requested, or by any express delivery carrier that provides a dated delivery receipt, unless such individual is licensed by the commissioner, in which case the notice may be provided by personal delivery, as defined in section 4-166 of the general statutes, in accordance with section 36a-52a of the general statutes. The notice shall be deemed received by such individual on the earlier of the date of actual receipt or seven days after mailing or sending, and in the case of a notice sent by electronic mail, the notice shall be deemed received by the individual in accordance with section 36a-52a of the general statutes.

(b) Any such notice issued under subsection (a) of this section shall include: (1) If a hearing has been scheduled, a statement of the time, place and nature of the hearing; (2) a statement of the legal authority and jurisdiction under which the hearing is to be held or may be held; (3) a reference to the particular sections of the general statutes, regulations or orders alleged to have been violated; (4) a short and plain statement of the matters asserted; and (5) if a hearing has not been scheduled, a statement indicating that such individual may file a written request for a hearing on the matters asserted not later than fourteen days after receipt of the notice. If the commissioner finds that the protection of borrowers requires immediate action, the commissioner may suspend any such individual from office and require such person to take or refrain from taking such action as the

commissioner deems necessary to effectuate the purposes of this subsection, by incorporating a finding to that effect in such notice. The suspension or prohibition shall become effective upon receipt of such notice and, unless stayed by a court, shall remain in effect until the entry of a permanent order or the dismissal of the matters asserted.

(c) If a hearing is requested, in accordance with subdivision (5) of subsection (b) of this section, within the time specified in the notice, the commissioner shall hold a hearing upon the matters asserted in the notice unless such individual fails to appear at the hearing. After the hearing, if the commissioner finds that any of the grounds set forth in subdivision (1) or (2) of subsection (a) of this section exist with respect to such individual, the commissioner may order the removal of such individual from office and from any employment in any business in this state subject to the commissioner's jurisdiction. If such individual fails to appear at the hearing, the commissioner may order the removal of such individual from office and from employment in any business in this state subject to the commissioner's jurisdiction. No such order shall be issued except in accordance with the provisions of chapter 54 of the general statutes.

Sec. 6. Section 36a-65 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) (1) **[**The**]** <u>Except as provided in subsection (e) of this section, the</u> commissioner shall annually, on or after July first for the fiscal year commencing on said July first, collect pro rata based on asset size from each Connecticut bank and each Connecticut credit union an amount sufficient in the commissioner's judgment to meet the expenses of the Department of Banking, including a reasonable reserve for contingencies, provided the commissioner shall not collect such amount from a newly organized Connecticut credit union until July first following the third full calendar year after issuance by the commissioner of such credit union's certificate of authority. Such assessments and expenses shall not exceed the budget estimates submitted in accordance with section 36a-13.

(2) In addition to any license, investigation or examination fee required under this title, the commissioner may levy assessments on persons licensed as money transmitters pursuant to sections 36a-595 to 36a-612, inclusive, as amended by this act, and persons licensed as student loan servicers pursuant to sections 36a-846 to 36a-854, inclusive, as amended by this act. The commissioner shall annually, on or after July first for the fiscal year commencing on said July first, collect such additional amounts sufficient in the commissioner's judgment to meet the expenses of the Department of Banking, including a reasonable reserve for contingencies. Such assessment shall be determined pro rata based on: (A) For licensed money transmitters, dollar volume of money transmissions in this state, and (B) for licensed student loan servicers, dollar volume of student education loans, as defined in section 36a-846, as amended by this act, of student loan borrowers serviced. Each such licensee shall pay the commissioner the amount allocated to it not later than the date specified by the commissioner for payment. Failure by a licensee to timely make such payment shall constitute a violation of this section and a basis upon which the commissioner may take action against such licensee pursuant to section 36a-51, as amended by this act.

(3) Such assessments may be made more frequently than annually at the discretion of the commissioner. Such assessments for any fiscal year shall be reduced pro rata by the amount of any surplus from the assessments of prior fiscal years, which surplus shall be maintained in accordance with subdivision (4) of subsection (b) of this section. The commissioner may reduce any such assessment collected from a Connecticut bank up to the amount of any assessment for the same fiscal year collected from such bank by another state in which such bank has established a branch, limited branch or mobile branch. The commissioner may reduce any such assessment collected from a Connecticut credit union up to the amount of any assessment for the same fiscal year collected from such credit union by another state in which such credit union has established a branch. Such assessments for any fiscal year shall be a liability of such banks, credit unions and

licensees as of the assessment date. Except as provided in this subsection, such assessments shall not be prorated for any reason.

(b) (1) Each such bank and credit union shall pay the commissioner the amount allocated to it not later than the date specified by the commissioner for payment. Any such bank or credit union shall pay the commissioner an additional two hundred dollars if such payment is not paid by the time specified. The provisions of this subdivision shall not apply to any person required to pay the commissioner any fee for license or registration or the whole cost of all examinations made by the commissioner.

(2) Except as provided in section 36a-60, the State Treasurer shall place all funds received from the commissioner in a special fund to be known as the State Banking Fund. Amounts in the fund may be expended only pursuant to appropriation by the General Assembly.

(3) The Comptroller shall determine for each fiscal year the expenses of the Department of Banking.

(4) The Secretary of the Office of Policy and Management shall examine the State Banking Fund annually after the Comptroller has made his determination and shall direct the Treasurer to set aside within the Banking Fund amounts in excess of a reasonable reserve for contingencies, which excess amounts shall be considered a surplus for the purposes of subsection (a) of this section.

(c) (1) The fee for an examination of a trust department of a Connecticut bank shall be the actual cost of the examination, as such cost is determined by the commissioner.

(2) The fee for an examination of a trust bank shall be the actual cost of the examination, as such cost is determined by the commissioner.

(3) The fee for an examination of a Connecticut credit union service organization is the actual cost of the examination, as such cost is determined by the commissioner.

(4) The fee for an examination of an out-of-state branch of a Connecticut bank or a branch in this state of an out-of-state bank shall be the actual cost of the examination, as such cost is determined by the commissioner, and the commissioner may share any such fee with other banking regulators in accordance with agreements entered into by the commissioner pursuant to subsection (j) of section 36a-145 and subdivision (5) of subsection (a) and subsection (b) of section 36a-412.

(5) The fee for an examination of an out-of-state branch of a Connecticut credit union or a branch in this state of an out-of-state credit union shall be the actual cost of the examination, as such cost is determined by the commissioner, and the commissioner may share any such fee with other state or federal credit union regulators in accordance with agreements entered into by the commissioner pursuant to subsection (f) of section 36a-462a and subsection (b) of section 36a-462b.

(6) A licensee under section 36a-489, as amended by this act, 36a-541, as amended by this act, 36a-556, 36a-581, as amended by this act, 36a-600, as amended by this act, 36a-628, 36a-656, as amended by this act, 36a-671, as amended by this act, 36a-719, as amended by this act, [or] 36a-801, as amended by this act, or 36a-847, as amended by this act, shall pay to the commissioner the actual cost of any examination of the licensee, as such cost is determined by the commissioner. If the licensee fails to pay such cost not later than sixty days after receipt of demand from the commissioner, the commissioner may suspend the license until such costs are paid.

(d) (1) The fee for investigating and processing each application is as follows:

(A) Establishment of (i) a branch under subdivision (1) of subsection (b) of section 36a-145, two thousand dollars; (ii) a mobile branch under subdivision (1) of subsection (d) of section 36a-145, one thousand five hundred dollars; (iii) a limited branch under subdivision (1) of subsection (c) of section 36a-145, one thousand five hundred dollars;

380 (iv) a special need limited branch under subdivision (4) of subsection
381 (c) of section 36a-145, five hundred dollars; (v) an out-of-state branch
382 under subsection (j) of section 36a-145, a reasonable fee not to exceed
383 two thousand dollars from which any fees paid to a state other than
384 this state or to a foreign country in connection with the establishment
385 shall be deducted; and (vi) an out-of-state limited branch or mobile
386 branch under subsection (j) of section 36a-145, a reasonable fee not to
387 exceed one thousand five hundred dollars from which any fees paid to
388 a state other than this state or to a foreign country in connection with
389 the establishment shall be deducted.

390 (B) Sale of (i) a branch under subsection (i) of section 36a-145, two
391 thousand dollars, except there shall be no fee for the sale of a branch of
392 a Connecticut bank to another Connecticut bank or to a Connecticut
393 credit union; and (ii) a limited branch, including a special need limited
394 branch or mobile branch under subsection (i) of section 36a-145, a fee
395 not to exceed one thousand five hundred dollars.

396 (C) Relocation of (i) a main office of a Connecticut bank under
397 subsection (a) of section 36a-81, two thousand dollars; and (ii) a branch
398 or a limited branch under subsections (g) and (k) of section 36a-145,
399 five hundred dollars.

400 (D) Conversions from (i) a branch to a limited branch under
401 subdivision (3) of subsection (c) of section 36a-145; and (ii) a limited
402 branch to a branch under subdivision (3) of subsection (b) of section
403 36a-145, five hundred dollars.

404 (E) Merger or consolidation involving a Connecticut bank under
405 section 36a-125 or subsection (a) of section 36a-126, two thousand five
406 hundred dollars if two institutions are involved and five thousand
407 dollars if three or more institutions are involved.

408 (F) Acquisition of assets or business under section 36a-210, two
409 thousand five hundred dollars.

410 (G) Organization of a holding company under section 36a-181, two

411 thousand five hundred dollars.

412 (H) Organization of any Connecticut bank under section 36a-70, as
413 amended by this act, including the conditional preliminary approval
414 for an expedited bank, fifteen thousand dollars, except no fee shall be
415 required for the organization of an interim Connecticut bank.

416 (I) Reorganization of a mutual savings bank or mutual savings and
417 loan association into a mutual holding company under section 36a-192,
418 five thousand dollars.

419 (J) Conversions under (i) sections 36a-135 to 36a-138, inclusive, five
420 thousand dollars; (ii) sections 36a-139, 36a-139a and 36a-469c, two
421 thousand five hundred dollars; and (iii) section 36a-139b, fifteen
422 thousand dollars.

423 (K) Acquiring, altering or improving real estate for present or future
424 use in the business of the bank or purchasing real estate adjoining any
425 parcel of real estate owned by the bank under subdivision (33) of
426 subsection (a) of section 36a-250, five hundred dollars, except that no
427 fee shall be charged for such application if it is filed in connection with
428 an application to relocate a main office of a Connecticut bank under
429 subsection (a) of section 36a-81 or establish (i) a branch in this state
430 under subdivision (1) of subsection (b) of section 36a-145, (ii) a limited
431 branch in this state under subdivision (1) of subsection (c) of section
432 36a-145, or (iii) a branch or limited branch outside of this state under
433 subsection (j) of section 36a-145.

434 (L) Investigation and processing an interstate banking transaction
435 application filed under section 36a-411 or 36a-412, two thousand five
436 hundred dollars, unless the transaction otherwise requires an
437 investigation and processing fee under this section.

438 (M) Issuance of a final certificate of authority for an expedited
439 Connecticut bank, fifteen thousand dollars.

440 (N) Establishment of a loan production office under subsection (o)

of section 36a-145 or subsection (d) of section 36a-412, one thousand dollars.

(2) The fee for investigating and processing each acquisition statement filed under section 36a-184 is two thousand five hundred dollars, except if the acquisition statement is filed in connection with a transaction that requires one or more applications, a reasonable fee not to exceed two thousand five hundred dollars.

(3) Any fee for processing a notice of closing of a branch, limited branch or special need limited branch under subdivision (1) of subsection (f) of section 36a-145, if charged, shall not exceed two thousand dollars. There shall be no fee for processing a notice of closing of any mobile branch.

(4) The fee for a miscellaneous investigation shall be the actual cost of the investigation, as such cost is determined by the commissioner.

<u>(e) (1) If the commissioner determines that the assessment to be collected from an uninsured bank or a trust bank pursuant to subdivision (1) of subsection (a) of this section is unreasonably low or high based on the size and risk profile of the bank, the commissioner may require such bank to pay a fee in lieu of such assessment. Each such bank shall pay such fee to the commissioner not later than the date specified by the commissioner for payment. If payment of such fee is not made by the time specified by the commissioner, such bank shall pay to the commissioner an additional two hundred dollars.</u>

<u>(2) Any uninsured bank required to pay a fee in lieu of assessment shall also pay to the commissioner the actual cost of the examination of such bank, as such cost is determined by the commissioner.</u>

Sec. 7. Section 36a-485 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

As used in this section and sections 36a-486 to **[**36a-498f**]** <u>36a-498e</u>,

inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as amended by this act, unless the context otherwise requires:

(1) "Advance fee" means any consideration paid or given, directly or indirectly, by a consumer to a person for a residential mortgage loan prior to the closing of such residential mortgage loan, including, but not limited to, loan fees, points, broker's fees or commissions, transaction fees or similar prepaid finance charges;

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

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

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

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

506 (6) "Dwelling" means a "dwelling", as defined in Section 103 of the
507 Consumer Credit Protection Act, 15 USC 1602, that is located in this
508 state;

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

518 (8) "Federal banking agency" means the Board of Governors of the
519 Federal Reserve System, the Comptroller of the Currency, the Director
520 of the Office of Thrift Supervision, the National Credit Union
521 Administration and the Federal Deposit Insurance Corporation;

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

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

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

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

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

535 (14) "Lead generator" means a person who, for or with the
536 expectation of compensation or gain: (A) Sells, assigns or otherwise
537 transfers one or more leads for a residential mortgage loan; (B)
538 generates or augments one or more leads for another person; or (C)
539 directs a consumer to another person for a residential mortgage loan
540 by performing marketing services, including, but not limited to, online
541 marketing, direct response advertising or telemarketing;

542 (15) "Loan processor or underwriter" means an individual who
543 performs clerical or support duties. The term "clerical or support
544 duties" includes, subsequent to the receipt of an application, (A) the
545 receipt, collection, distribution and analysis of information common
546 for the processing or underwriting of a residential mortgage loan, and
547 (B) communication with a consumer to obtain the information
548 necessary for the processing or underwriting of a loan to the extent
549 that such communication does not include offering or negotiating loan
550 rates or terms or counseling consumers about residential mortgage
551 loan rates or terms;

552 (16) "Main office" means the main address designated on the
553 system;

554 (17) "Mortgage broker" (A) means a person who (i) for
555 compensation or gain or with the expectation of compensation or gain
556 (I) takes a residential mortgage loan application, or (II) offers or
557 negotiates terms of a residential mortgage loan, and (ii) is not the
558 prospective source of the funds for the residential mortgage loan, and
559 (B) does not include (i) an individual who is licensed as a mortgage
560 loan originator acting as a mortgage loan originator on behalf of such
561 mortgage loan originator's sponsoring mortgage lender, mortgage
562 correspondent lender, mortgage broker or exempt registrant, or (ii) an

563 individual exempt from mortgage loan originator licensure under
564 subdivision (2) of subsection (b) of section 36a-486 when acting within
565 the scope of such exemption;

566 (18) "Mortgage correspondent lender" means a person engaged in
567 the business of making residential mortgage loans in such person's
568 own name where the loans are not held by such person for more than
569 ninety days and are funded by another person through a warehouse
570 agreement, table funding agreement or similar agreement;

571 (19) "Mortgage lender" means a person engaged in the business of
572 making residential mortgage loans in such person's own name
573 utilizing such person's own funds or by funding loans through a
574 warehouse agreement, table funding agreement or similar agreement;

575 (20) "Mortgage loan originator" means an individual who for
576 compensation or gain or with the expectation of compensation or gain,
577 either for such individual or for the person employing or retaining
578 such individual, (A) takes a residential mortgage loan application, or
579 (B) offers or negotiates terms of a residential mortgage loan. "Mortgage
580 loan originator" does not include (i) an individual engaged solely as a
581 loan processor or underwriter; (ii) a person who only performs real
582 estate brokerage activities and is licensed in accordance with chapter
583 392, unless the person is compensated by a mortgage lender, mortgage
584 correspondent lender, mortgage broker or other mortgage loan
585 originator or by any agent of such mortgage lender, mortgage
586 correspondent lender, mortgage broker or other mortgage loan
587 originator; (iii) a person solely involved in extensions of credit relating
588 to timeshare plans, as that term is defined in Paragraph 53D of 11 USC
589 101; or (iv) any individual who solely renegotiates terms for existing
590 mortgage loans on behalf of a mortgagee and who does not otherwise
591 act as a mortgage loan originator, unless the United States Department
592 of Housing and Urban Development, the Bureau of Consumer
593 Financial Protection or a court of competent jurisdiction determines
594 that the S.A.F.E. Mortgage Licensing Act of 2008, 12 USC Section 5101
595 et seq., requires such individual to be licensed as a mortgage loan

596 originator under state laws implementing said S.A.F.E. Mortgage
597 Licensing Act;

598 (21) "Office" means a branch office or a main office;

599 (22) "Person" means a natural person, corporation, company, limited
600 liability company, partnership or association;

601 (23) "Principal amount of the loan" means the gross amount the
602 borrower is obligated to repay including any prepaid finance charge
603 that is financed, and any other charge that is financed;

604 (24) "Real estate brokerage activity" means any activity that involves
605 offering or providing real estate brokerage services to the public,
606 including (A) acting as a real estate agent or real estate broker for a
607 buyer, seller, lessor or lessee of real property; (B) bringing together
608 parties interested in the sale, purchase, lease, rental or exchange of real
609 property; (C) negotiating, on behalf of any party, any portion of a
610 contract relating to the sale, purchase, lease, rental or exchange of real
611 property, other than in connection with providing financing with
612 respect to any such transaction; (D) engaging in any activity for which
613 a person engaged in the activity is required to be registered or licensed
614 as a real estate agent or real estate broker under any applicable law;
615 and (E) offering to engage in any activity, or act in any capacity,
616 described in this subdivision;

617 (25) "Registered mortgage loan originator" means any individual
618 who (A) meets the definition of mortgage loan originator and is an
619 employee of a depository institution, a subsidiary that is owned and
620 controlled by a depository institution and regulated by a federal
621 banking agency, or an institution regulated by the Farm Credit
622 Administration; and (B) is registered with and maintains a unique
623 identifier through the system;

624 (26) "Residential mortgage loan" means any loan primarily for
625 personal, family or household use that is secured by a mortgage, deed
626 of trust or other equivalent consensual security interest on a dwelling

627 or residential real estate upon which is constructed or intended to be
628 constructed a dwelling;

629 (27) "Residential real estate" means any real property located in this
630 state, upon which is constructed or intended to be constructed a
631 dwelling;

632 (28) "Secondary mortgage loan" means a residential mortgage loan
633 that is secured, in whole or in part, by a mortgage, provided such
634 property is subject to one or more prior mortgages;

635 (29) "Simulated check" means a document that imitates or resembles
636 a check but is not a negotiable instrument;

637 (30) "Sponsored" means employed or retained as an independent
638 contractor;

639 (31) "Table funding agreement" means an agreement wherein a
640 person agrees to fund mortgage loans to be made in another person's
641 name and to purchase such loans after they are made;

642 (32) "Trigger lead" means a consumer report obtained pursuant to
643 subparagraph (B) of subdivision (1) of subsection (c) of Section 604 of
644 the Fair Credit Reporting Act, 15 USC 1681b, as amended from time to
645 time, where the issuance of the report is triggered by an inquiry made
646 with a consumer reporting agency in response to an application for
647 credit;

648 (33) "Unique identifier" means a number or other identifier assigned
649 by protocols established by the system; and

650 (34) "Warehouse agreement" means an agreement to provide credit
651 to a person to enable the person to have funds to make residential
652 mortgage loans and hold such loans pending sale to other persons.

653 Sec. 8. Subsection (a) of section 36a-486 of the 2018 supplement to
654 the general statutes is repealed and the following is substituted in lieu

thereof (*Effective October 1, 2018*):

(a) No person shall engage in the business of making residential mortgage loans or act as a mortgage broker in this state unless such person has first obtained **[**the required**]** a license for its main office and for each branch office where such business is conducted in accordance with the provisions of sections 36a-485 to **[**36a-498f**]** 36a-498e, inclusive, as amended by this act, 36a-534a and 36a-534b, as amended by this act. No person shall conduct any activity that is subject to licensure pursuant to sections 36a-485 to 36a-498e, inclusive, as amended by this act, 36a-534a or 36a-534b, as amended by this act, at any office located outside of the United States. Any such person who is an individual shall also obtain a mortgage loan originator license prior to conducting such business unless such individual does not engage directly in the activities of a mortgage loan originator. A person, other than a licensed mortgage loan originator acting on behalf of a mortgage lender or mortgage correspondent lender, shall be deemed to be engaged in the business of making residential mortgage loans if such person advertises, causes to be advertised, solicits or offers to make residential mortgage loans, either directly or indirectly. A person, other than a licensed mortgage loan originator acting on behalf of a mortgage broker, shall be deemed to be acting as a mortgage broker if such person advertises or causes to be advertised that such person will negotiate, solicit, place or find a residential mortgage loan, either directly or indirectly. A mortgage correspondent lender shall not be deemed to be acting as a mortgage lender if such mortgage correspondent lender makes a loan utilizing its own funds in a situation where another person does not honor such person's commitment to fund the loan. A licensed lead generator shall not be deemed to be acting as a mortgage lender, mortgage correspondent lender, mortgage broker or mortgage loan originator when engaged in the activities of a lead generator, as described in section 36a-485, as amended by this act, if such person does not: (1) Obtain compensation or gain contingent upon the consummation of a residential mortgage loan or the receipt of a residential mortgage loan application, or (2)

utilize financial criteria particular to the consumer or the residential mortgage loan transaction to selectively place a lead or to steer a consumer to a specific person for a residential mortgage loan.

Sec. 9. Section 36a-487 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) The following are exempt from licensing as a mortgage lender, mortgage correspondent lender or mortgage broker under sections 36a-485 to **[**36a-498f**]** 36a-498e, inclusive, as amended by this act, 36a-534a and 36a-534b, as amended by this act: (1) Any bank, out-of-state bank, Connecticut credit union, federal credit union or out-of-state credit union, provided such bank or credit union is federally insured; (2) any wholly-owned subsidiary of any such bank or credit union; (3) any operating subsidiary where each owner of such operating subsidiary is wholly owned by the same such bank or credit union; (4) any person licensed under sections 36a-671 to 36a-671d, inclusive, as amended by this act, or exempt from licensure under section 36a-671c, who is negotiating or offering to negotiate terms of a residential mortgage loan as authorized by said sections 36a-671 to 36a-671d, inclusive, as amended by this act; and (5) any person engaged solely in providing loan processing or underwriting services to persons (A) licensed as a mortgage lender, mortgage correspondent lender or mortgage broker, or (B) exempt from such licensure under subdivision (1) of this subsection. Each wholly-owned subsidiary of a Connecticut bank or Connecticut credit union that engages in the business of making residential mortgage loans or acts as a mortgage broker in this state shall provide written notification to the commissioner prior to engaging in such activity.

(b) The following are exempt from licensing as a mortgage lender or mortgage correspondent lender under sections 36a-485 to **[**36a-498f**]** 36a-498e, inclusive, as amended by this act, 36a-534a and 36a-534b, as amended by this act:

(1) Persons making five or fewer residential mortgage loans within

any period of twelve consecutive months, provided nothing herein shall relieve such persons from complying with all applicable laws;

(2) Bona fide nonprofit organizations making residential mortgage loans that promote home ownership for the economically disadvantaged;

(3) Agencies of the federal government, or any state or municipal government, or any housing finance agency making residential mortgage loans under the specific authority of the laws of any state or the United States. For purposes of this subdivision, a "housing finance agency" means any authority: (A) Chartered by a state to help meet the affordable housing needs of the residents of the state; (B) supervised directly or indirectly by the state government; (C) subject to audit and review by the state in which it operates; and (D) whose activities make it eligible to be a member of the National Council of State Housing Agencies;

[(4) Persons licensed under sections 36a-555 to 36a-573, inclusive, when making residential mortgage loans authorized by said sections;**]**

[(5)**]** (4) Persons owning real property who take back from the buyer of such property a secondary mortgage loan in lieu of any portion of the purchase price of the property;

[(6)**]** (5) Any corporation or its affiliate that makes residential mortgage loans exclusively for the benefit of its employees or agents;

[(7)**]** (6) Any corporation, licensed in accordance with section 38a-41, or its affiliate or subsidiary, that makes residential mortgage loans to promote home ownership in urban areas;

[(8)**]** (7) Persons acting as fiduciaries with respect to any employee pension benefit plan qualified under the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as from time to time amended, who make residential mortgage loans solely to plan participants from plan assets; and

751 [(9)] (8) Persons making secondary mortgage loans to immediate
752 family members.

753 (c) A bona fide nonprofit organization shall be exempt from
754 licensing as a mortgage broker under sections 36a-485 to [36a-498f]
755 36a-498e, inclusive, as amended by this act, 36a-534a and 36a-534b, as
756 amended by this act, to the extent that such bona fide nonprofit
757 organization acts as a mortgage broker in connection with residential
758 mortgage loans to be exclusively made by persons covered by the
759 exemption set forth in either subdivision [(6)] (5) or [(7)] (6) of
760 subsection (b) of this section.

761 (d) Any person claiming exemption from licensure under this
762 section may register on the system as an exempt registrant for
763 purposes of sponsoring a mortgage loan originator or a loan processor
764 or underwriter pursuant to subdivision (1) of subsection (b) of section
765 36a-486. Such registration shall not affect the exempt status of such
766 person. Any approval of such registration, or any approval of any
767 renewal of such registration, shall not constitute a determination by
768 the commissioner that such entity is exempt, but rather shall evidence
769 the commissioner's approval to use the system for purposes of
770 sponsoring and bonding.

771 (e) (1) For purposes of this section, a "bona fide nonprofit
772 organization" means an organization that has filed a written certified
773 submission to the commissioner in a form prescribed by the
774 commissioner and with such documentation as may be required by the
775 commissioner and that demonstrates to the satisfaction of the
776 commissioner that the organization: (A) Has the status of a tax-exempt
777 organization under Section 501(c)(3) of the Internal Revenue Code of
778 1986, or any subsequent corresponding internal revenue code of the
779 United States, as from time to time amended; (B) promotes affordable
780 housing or provides home ownership education or similar services; (C)
781 conducts its activities in a manner that serves public or charitable
782 purposes rather than commercial purposes; (D) receives funding and
783 revenue and charges fees in a manner that does not incentivize it or its

employees to act other than in the best interests of its clients; (E) compensates its employees in a manner that does not incentivize employees to act other than in the best interests of its clients; (F) provides or identifies for the borrower residential mortgage loans (i) with terms favorable to the borrower, which means such terms must be consistent with loan origination in a public or charitable context, not a commercial context, and (ii) comparable to mortgage loans and housing assistance provided under government housing assistance programs; and (G) meets such other standards as the commissioner may by regulation require. Any organization that demonstrates to the satisfaction of the commissioner its status as a bona fide nonprofit organization shall timely report any change in any information previously submitted to the commissioner and, not later than December thirty-first of each year, submit to the commissioner a renewed certification and documentation to update all information last filed in support of such bona fide nonprofit organization status **[**and timely report any change in any information previously submitted.**]** or such status shall expire, except that any organization that obtained initial bona fide nonprofit status from the commissioner after November first of a given year shall submit a renewal certification and documentation by December thirty-first of the following year.

(2) The commissioner shall have the authority to periodically examine the books and activities of a certified bona fide nonprofit organization and to revoke the bona fide nonprofit organization status of an entity that does not continue to meet the criteria in subdivision (1) of this subsection.

Sec. 10. Section 36a-488 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) (1) The commissioner shall not issue a mortgage lender license, a mortgage correspondent lender license or a mortgage broker license to any person unless such person meets the following tangible net worth and experience requirements, as applicable: (A) The minimum tangible

net worth requirement for a mortgage lender shall be two hundred fifty thousand dollars and the minimum tangible net worth requirement for a mortgage correspondent lender and a mortgage broker shall be fifty thousand dollars, and (B) a mortgage lender, mortgage correspondent lender or mortgage broker shall have, at the main office for which the license is sought, a qualified individual and, at each branch office, a branch manager **[**(i)**]** who (i) is responsible for the actions of the licensee and has supervisory authority over the lending or brokerage activities, (ii) **[**who**]** has at least three years' experience in the mortgage business within the five years immediately preceding the date of the application for the license, and (iii) **[**who**]** is licensed as a mortgage loan originator under section 36a-489, as amended by this act. As used in this subdivision, "experience in the mortgage business" means paid experience in the origination, processing or underwriting of residential mortgage loans, the marketing of such loans in the secondary market or in the supervision of such activities, or any other relevant experience as determined by the commissioner. As used in subparagraph (B) of this subdivision, "at the main office" may be established by demonstrating to the satisfaction of the commissioner that the qualified individual resides within one hundred miles of the main office or is otherwise capable of providing full-time, in-person supervision of the main office, and "at each branch office" may be established by demonstrating to the satisfaction of the commissioner that the branch manager resides within one hundred miles of the branch office or is otherwise capable of providing full-time, in-person supervision of the branch office. The commissioner may waive the requirements of subparagraph (B) of this subdivision pertaining to a qualified individual where it is demonstrated to the satisfaction of the commissioner that no activity subject to licensure under sections 36a-485 to 36a-498e, inclusive, as amended by this act, 36a-534a and 36a-534b, as amended by this act, will be conducted at the main office and the licensee designates a qualified individual responsible for the actions of the licensee. The commissioner may waive the requirements of subparagraph (B) of this subdivision pertaining to a branch manager where a person licensed as

a mortgage lender under section 36a-489, as amended by this act, will act only as a mortgage servicer at such branch office, and the individual designated as branch manager meets the requirements for branch manager as set forth in section 36a-719, as amended by this act. No person granted a waiver of the requirements of subparagraph (B) of this subdivision shall conduct any activity at the main office or at any branch office that would have precluded issuance of such waiver without first designating a qualified individual or branch manager, as applicable, who meets all applicable requirements and is approved by the commissioner.

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

(b) The commissioner may issue a mortgage lender license, a mortgage correspondent lender license, or a mortgage broker license. Each mortgage lender licensee may also act as a mortgage correspondent lender and a mortgage broker, and each mortgage correspondent lender licensee may also act as a mortgage broker. An application for a license as a mortgage lender, mortgage correspondent lender or mortgage broker office or renewal of such license shall be filed, in a form prescribed by the commissioner, with the system. Each such form shall contain content as set forth by instruction or procedure of the commissioner and may be changed or updated as necessary by the commissioner in order to carry out the purpose of sections 36a-21, 36a-485 to **[**36a-498f**]** 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as amended by this act. The applicant shall, at a minimum, furnish to the system information concerning the identity of the applicant, any control person of the applicant, the qualified individual and any branch manager, including personal history and experience in a form prescribed by the system and information related to any administrative, civil or criminal findings by any governmental jurisdiction. **[**The**]** In the case of an initial application for a license, the following supplementary information shall be filed, **[**directly with the commissioner: (1) In the case of an

initial application for a license for the main office, (A)] as applicable: (1) For a main office license, a financial statement as of a date not more than twelve months prior to the filing of the application which reflects tangible net worth; [, and if such financial statement is unaudited, the proprietor, general partner, or duly authorized officer, trustee or member shall swear to its accuracy under oath before a notary public, and (B)] (2) a bond as required by section 36a-492, as amended by this act; [(2)] (3) evidence that the qualified individual or branch manager meets the experience required by subsection (a) of this section; and [(3)] (4) such other information pertaining to the applicant, the applicant's background, the background of its principals, employees, mortgage loan originators, and loan processors or underwriters, and the applicant's activities as the commissioner may require. For the purpose of this subsection, evidence of experience of the qualified individual or branch manager shall include: (A) A statement specifying the duties and responsibilities of such person's employment, the term of employment, including month and year, and the name, address and telephone number of a supervisor, employer or, if self-employed, a business reference; and (B) if required by the commissioner, copies of W-2 forms, 1099 tax forms or, if self-employed, 1120 corporate tax returns, signed letters from the employer on the employer's letterhead verifying such person's duties and responsibilities and term of employment including month and year, and if such person is unable to provide such letters, other proof satisfactory to the commissioner that such person meets the experience requirement. The commissioner may conduct a criminal history records check of the applicant, any control person of the applicant and the qualified individual or branch manager [with supervisory authority at the office for which the license is sought] and require the applicant to submit the fingerprints of such persons and authorization of such persons for the system and the commissioner to obtain an independent credit report from a consumer reporting agency, as described in Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a, as part of the application.

(c) The commissioner may issue a mortgage loan originator license or a loan processor or underwriter license. Each mortgage loan originator licensee may also act as a loan processor or underwriter. Each mortgage loan originator licensee shall be associated with a specified licensed office from which such licensee will operate and be subject to supervision by a qualified individual or branch manager. The specified office shall be within a one-hundred-mile distance from where such licensee resides, unless such licensee can otherwise demonstrate to the commissioner's satisfaction that the licensee will be subject to supervision by a qualified individual or branch manager. An application to license an individual as a mortgage loan originator or a loan processor or underwriter **[**for a specified office**]** or for renewal of such license shall be filed, in a form prescribed by the commissioner, with the system. Each such form shall contain content as set forth by instruction or procedure of the commissioner and may be changed or updated as necessary by the commissioner in order to carry out the purpose of sections 36a-485 to **[**36a-498f**]** 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as amended by this act. The applicant shall, at a minimum, furnish to the system, in a form prescribed by the system, information concerning the applicant's identity, including personal history and experience and information related to any administrative, civil or criminal findings by any governmental jurisdiction. Each applicant for a mortgage loan originator license or a loan processor or underwriter license shall furnish to the system fingerprints for submission to the Federal Bureau of Investigation and any governmental agency or entity authorized to receive such information for a state, national and international criminal history background check. Each applicant shall furnish authorization for the system and the commissioner to obtain an independent credit report from a consumer reporting agency, as described in Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a.

(d) The commissioner may issue a lead generator license. An application for a license as a lead generator or an application for a license renewal shall be filed, in a form prescribed by the

commissioner, with the system, accompanied by the fees required under section 36a-491. Each such form shall contain content as set forth by instruction or procedure of the commissioner and may be changed or updated as necessary by the commissioner in order to carry out the purposes of sections 36a-485 to **[**36a-498f**]** 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as amended by this act. The applicant shall, at a minimum, furnish to the system information concerning the identity of the applicant, any control person of the applicant and the qualified individual responsible for the actions of the licensee, including, but not limited to, a personal history and experience, in a form prescribed by the system, and information related to any administrative, civil or criminal findings by any governmental jurisdiction. **[**The applicant shall notify the commissioner on the system of any change to the information submitted in connection with the applicant's most recent application for licensure not later than fifteen days after the applicant has reason to know of such change.**]** The commissioner, in accordance with section 29-17a, may conduct a state or national criminal history records check of the applicant, any control person of the applicant and the qualified individual, and, in accordance with section 36a-24b, may require the submission of fingerprints of such persons to the Federal Bureau of Investigation or other state, national or international criminal databases as part of the application.

Sec. 11. Section 36a-489 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) (1) The commissioner shall not issue an initial license for a mortgage lender, mortgage correspondent lender or mortgage broker unless the commissioner, at a minimum, finds that: (A) The applicant meets the requirements of subsection (a) of section 36a-488, as amended by this act; (B) notwithstanding the provisions of section 46a-80, the applicant, the control persons of the applicant and the qualified individual or branch manager **[**with supervisory authority at the office

for which the license is sought] have not been convicted of, or pled guilty or nolo contendere to, a felony in a domestic, foreign or military court during the seven-year period preceding the date of the application for licensing or at any time preceding the date of application if such felony involved an act of fraud, dishonesty, a breach of trust or money laundering, provided any pardon or expungement of a conviction shall not be a conviction for purposes of this subdivision; (C) the applicant demonstrates that the financial responsibility, character and general fitness of the applicant, the control persons of the applicant and the qualified individual or branch manager [having supervisory authority over the office for which the license is sought] are such as to command the confidence of the community and to warrant a determination that the applicant will operate honestly, fairly and efficiently within the purposes of sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as amended by this act; (D) the applicant has met the surety bond requirement under section 36a-492, as amended by this act; and (E) the applicant, [has] the control persons of the applicant and the qualified individual or branch manager have not made a material misstatement in the application. If the commissioner fails to make such findings, the commissioner shall not issue a license, and shall notify the applicant of the denial and the reasons for such denial. For purposes of this subsection, the level of offense of the crime and the status of any conviction, pardon or expungement shall be determined by reference to the law of the jurisdiction where the case was prosecuted. In the event that such jurisdiction does not use the term "felony", "pardon" or "expungement", such terms shall include legally equivalent events.

(2) (A) The minimum standards for license renewal for a mortgage lender, mortgage correspondent lender or mortgage broker shall include the following: (i) The applicant continues to meet the minimum standards under subdivision (1) of this subsection; and (ii) the mortgage lender, mortgage correspondent lender or mortgage broker has paid all required fees for renewal of the license and has

paid any outstanding examination fees or other moneys due to the commissioner.

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

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

any pardon or expungement of a conviction shall not be a conviction for purposes of this subdivision; (C) demonstrated financial responsibility, character and general fitness so as to command the confidence of the community and to warrant a determination that the mortgage loan originator or loan processor or underwriter will operate honestly, fairly and efficiently within the purposes of sections 36a-485 to **[**36a-498f**]** 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as amended by this act; (D) completed the prelicensing education requirement described in section 36a-489a, as amended by this act, and passed a written test that meets the test requirement described in section 36a-489a, as amended by this act; (E) met the surety bond requirement under section 36a-492, as amended by this act, and, in the case of a mortgage loan originator required to be licensed under section 36a-671e, met the surety bond requirements under sections 36a-492, as amended by this act, and 36a-671d, as amended by this act; and (F) not made a material misstatement in the application. If the commissioner denies an application for a mortgage loan originator or a loan processor or underwriter license, the commissioner shall notify the applicant and may notify the sponsor or any other person the commissioner deems appropriate of the denial and the reasons for such denial. For purposes of this subsection, the level of offense of the crime and the status of any conviction, pardon or expungement shall be determined by reference to the law of the jurisdiction where the case was prosecuted. In the event that such jurisdiction does not use the term "felony", "pardon" or "expungement", those terms shall include legally equivalent events.

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

the commissioner.

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

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

(d) (1) The commissioner shall not issue a lead generator license to an applicant for such license unless the commissioner, at a minimum,

finds that: (A) The applicant demonstrates that the character, reputation, integrity and general fitness of the applicant, any control person of the applicant and the qualified individual are such as to command the confidence of the community and warrant a determination that the applicant will operate honestly, fairly and efficiently within the purposes of sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as amended by this act; (B) the applicant has not made a material misstatement in the application; and (C) the applicant has met any other requirements determined by the commissioner. If the commissioner fails to make such findings, the commissioner shall not issue a license and shall notify the applicant of the denial and the reasons for such denial. Without limiting the foregoing requirements of this subdivision, and subject to the provisions of section 46a-80, the commissioner may deny an application based on the history of criminal convictions of the applicant, any control person of the applicant or the qualified individual.

(2) (A) The minimum standards for license renewal for a lead generator shall include the following: (i) The applicant continues to meet the minimum standards under subdivision (1) of this subsection; and (ii) the lead generator has paid all required fees for renewal of a license and any outstanding examination fees or other moneys due to the commissioner.

(B) The license of a lead generator who fails to satisfy the minimum standards for license renewal shall expire. The commissioner may adopt procedures for the reinstatement of expired licenses consistent with the standards established by the system. The commissioner may automatically suspend a lead generator license if the licensee receives a deficiency on the system indicating that the payment of renewal fees required by subparagraph (A) of subdivision (2) of this subsection was Returned-ACH or returned pursuant to such other term as may be utilized by the system to indicate that the payment was not accepted. After a license has been automatically suspended pursuant to this

section, the commissioner shall (i) give [such] the licensee notice of the automatic suspension, pending proceedings for revocation or refusal to renew pursuant to section 36a-494, as amended by this act, and an opportunity for a hearing on such action in accordance with section 36a-51, as amended by this act; and (ii) require such licensee to take or refrain from taking such action [that, in the opinion of the commissioner, will] as the commissioner deems necessary to effectuate the purposes of this section.

[(e) (1) Withdrawal of an application for a license filed under this section shall become effective upon receipt by the commissioner of a notice of intent to withdraw such application. The commissioner may deny a license up to the date one year after the effective date of withdrawal.

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

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

Sec. 12. Section 36a-490 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

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

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

(3) A loan processor or underwriter licensee who intends to permanently cease engaging in the activities of a loan processor or underwriter at any time during a license period for any cause, including, but not limited to, bankruptcy, shall file a request to surrender the license on the system not later than fifteen days after the date of such cessation, provided this requirement shall not apply when a license has been suspended pursuant to section 36a-51<u>, as amended</u>

by this act. No surrender shall be effective until accepted by the commissioner.

(b) (1) A mortgage lender, mortgage correspondent lender, mortgage broker or lead generator license shall not be transferable or assignable. Any change in any control person shall be the subject of an advance change notice filed on the system not later than sixty days prior to the effective date of such change and no such change shall occur without the commissioner's approval.

(2) No licensee may use any name other than its legal name or a fictitious name approved by the commissioner, provided such licensee may not use its legal name if the commissioner disapproves use of such name. No licensee shall use any name or address other than the name and address specified on the license issued by the commissioner. A mortgage lender, mortgage correspondent lender, mortgage broker or lead generator licensee may change the name of the licensee or address of the office specified on the most recent filing with the system if **[**(1)**]** (A) at least thirty calendar days prior to such change, the licensee files such change with the system and, in the case of a main or branch office, provides, directly to the commissioner, a bond rider or endorsement, or addendum, as applicable, to the surety bond on file with the commissioner that reflects the new name or address of the main or branch office, and **[**(2)**]** (B) the commissioner does not disapprove such change, in writing, or request further information within such thirty-day period. **[**The licensee shall promptly file any change in the information most recently submitted in connection with the license with the system or, if the information cannot be filed on the system, directly notify the commissioner, in writing, of such change in the information.**]**

(3) The commissioner may automatically suspend any license for a violation of this subsection, or upon a failure of the licensee to designate a qualified individual or branch manager who meets the requirements set forth in section 36a-488, as amended by this act, within thirty days of a vacancy in the position. After a license has been

automatically suspended pursuant to this subsection, the commissioner shall (A) give the licensee notice of the automatic suspension, pending proceedings for revocation of or refusal to renew the license pursuant to section 36a-494, as amended by this act, and an opportunity for a hearing in accordance with section 36a-51, as amended by this act, and (B) require the licensee to take or refrain from taking action as the commissioner deems necessary to effectuate the purpose of this section.

(c) **[**The**]** Except as otherwise specified in subsection (b) of this section, each mortgage lender, mortgage correspondent lender, mortgage broker or lead generator applicant or licensee, and each individual designated as a control person, qualified individual or branch manager of such applicant or licensee, shall file on the system, or, if the information cannot be filed on the system, notify the commissioner, in writing, of any change in the information such applicant, licensee, control person, qualified individual or branch manager most recently submitted to the system in connection with the application or license not later than fifteen days after the date such applicant, licensee, control person, qualified individual or branch manager had reason to know of the change. A mortgage lender, mortgage correspondent lender, mortgage broker or lead generator licensee shall **[**promptly**]** file with the system or, if the information cannot be filed on the system, **[**directly**]** notify the commissioner, in writing, of the occurrence of any of the following developments not later than fifteen days after the date such licensee had reason to know of such development:

(1) Filing for bankruptcy **[**,**]** or the consummation of a corporate restructuring **[**,**]** of the licensee;

(2) Filing of a criminal indictment against the licensee in any way related to the lending or brokerage activities of the licensee, or receiving notification of the filing of any criminal felony indictment or felony conviction of any **[**of the licensee's officers, directors, members, partners or shareholders owning ten per cent or more of the

outstanding stock] control person, branch manager or qualified individual of the licensee;

(3) Receiving notification of the institution of license denial, cease and desist, suspension or revocation procedures, or other formal or informal action by any governmental agency against the licensee or any control person, branch manager or qualified individual of the licensee and the reasons therefor;

(4) Receiving notification of the initiation of any action against the licensee or any control person, branch manager or qualified individual of the licensee by the Attorney General or the attorney general of any other state and the reasons therefor;

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

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

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

(8) Receiving notification of filing for bankruptcy [of any of the licensee's officers, directors, members, partners or shareholders owning ten per cent or more of the outstanding stock] of the licensee or of any control person, branch manager or qualified individual of the licensee; or

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

(d) Each mortgage loan originator applicant or licensee and each

loan processor or underwriter applicant or licensee shall [promptly] file with the system or, if the information cannot be filed on the system, [directly] notify the commissioner, in writing, of any change in the information most recently submitted in connection with the application or license [and] not later than fifteen days after the date such applicant or licensee had reason to know of the change. Each mortgage loan originator licensee and each loan processor or underwriter licensee shall file with the system, or, if the information cannot be filed on the system, notify the commissioner, in writing, of the occurrence of any of the following developments not later than fifteen days after the date that such licensee had reason to know of the development:

(1) Filing for bankruptcy of the licensee;

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

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

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

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

Sec. 13. Section 36a-492 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) (1) Each licensed mortgage lender, mortgage correspondent

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

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

(3) (A) In the case of an exempt registrant under subdivision (1), (2) or (3) of subsection (a) of section 36a-487<u>, as amended by this act</u>: (i) The surety bond shall cover all mortgage loan originators sponsored by such exempt registrant and comply with the requirements set forth in this section, and (ii) the penal sum of such bond shall be in an amount determined in accordance with subsection (d) of this section, provided the penal sum of the bond shall be not less than one hundred thousand dollars; (B) in the case of an exempt registrant under subsection (b) of section 36a-487<u>, as amended by this act</u>: (i) The surety bond shall cover all mortgage loan originators sponsored by such exempt registrant and comply with the requirements set forth in this section, and (ii) the penal sum of the bond shall be in an amount determined in accordance with subsection (d) of this section, provided the penal sum shall be not less than fifty thousand dollars; and (C) in the case of **[**an exempt registrant**]** <u>a person exempt from licensure as a mortgage lender, mortgage correspondent lender or mortgage broker</u>

under subdivision (4) of subsection (a) of section 36a-487, as amended by this act, the surety bond shall cover all mortgage loan originators sponsored by such [exempt registrant] person and comply with the requirements set forth in section 36a-671d, as amended by this act.

(4) [(A)] The principal on a bond required by [subdivisions (1) and (2) of this subsection shall annually confirm, in connection with any renewal request,] this section shall file quarterly reports on the system reflecting residential mortgage loan volume in accordance with subsection (c) of section 36a-534b, as amended by this act, to confirm that it maintains the required penal sum in an amount required by subsection (d) of this section. [after review of the preceding four-quarter period ending June thirtieth.] The principal shall file such information as the commissioner may require under subsection (d) of this section and shall file, as the commissioner may require, pursuant to [subdivision] subsection (d) of this section, any bond rider or endorsement to the surety bond on file with the commissioner to reflect any changes necessary to maintain the surety bond coverage required by this section.

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

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

(b) [The] Except for the bond required by subparagraph (C) of

subdivision (3) of subsection (a) of this section, the bond required by subsection (a) of this section shall be (1) in a form approved by the Attorney General, and (2) conditioned upon the mortgage lender, mortgage correspondent lender or mortgage broker licensee and any mortgage loan originator licensee sponsored by such mortgage lender, mortgage correspondent lender or mortgage broker or, in the case of a mortgage loan originator licensee sponsored by an exempt registrant, upon such mortgage loan originator licensee faithfully performing any and all written agreements or commitments with or for the benefit of borrowers and prospective borrowers, truly and faithfully accounting for all funds received from a borrower or prospective borrower by the licensee in the licensee's capacity as a mortgage lender, mortgage correspondent lender, mortgage broker or mortgage loan originator, and conducting such mortgage business consistent with the provisions of sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-534a and 36a-534b, as amended by this act. Any borrower or prospective borrower who may be damaged by failure to perform any written agreements or commitments, or by the wrongful conversion of funds paid by a borrower or prospective borrower to a licensee, may proceed on such bond against the principal or surety thereon, or both, to recover damages. Any borrower or prospective borrower who may be damaged by a mortgage lender, mortgage correspondent lender, mortgage broker or mortgage loan originator licensee's failure to satisfy a judgment against the licensee arising from the making or brokering of a nonprime home loan, as defined in section 36a-760, may proceed on such bond against the principal or surety thereon, or both, to recover the amount of the judgment. The commissioner may proceed on such bond against the principal or surety thereon, or both, to collect any civil penalty imposed upon a licensee pursuant to subsection (a) of section 36a-50 and any unpaid costs of examination of a licensee as determined pursuant to section 36a-65, as amended by this act, and, on and after April 1, 2019, any restitution imposed pursuant to subsection (c) of section 36a-50 and unpaid assessment as determined pursuant to section 36a-65, as amended by this act, as applicable. The proceeds of the bond, even if

commingled with other assets of the principal, shall be deemed by operation of law to be held in trust for the benefit of such claimants against the principal in the event of bankruptcy of the principal and shall be immune from attachment by creditors and judgment creditors. The bond shall run concurrently with the period of the license for the main office and the aggregate liability under the bond shall not exceed the penal sum of the bond. The principal shall notify the commissioner of the commencement of an action on the bond. When an action is commenced on a principal's bond, the commissioner may require the filing of a new bond and immediately on recovery on any action on the bond, the principal shall file a new bond.

(c) The surety company shall have the right to cancel the bond at any time by a written notice to the principal stating the date cancellation shall take effect, **[**. Such notice**]** provided the surety company notifies the commissioner in writing not less than thirty days prior to the effective date of cancellation. If the bond is issued electronically on the system, written notice of cancellation may be provided by the surety company to the principal and the commissioner through the system at least thirty days prior to the date of cancellation. Any notice of cancellation not provided through the system shall be sent by certified mail to the principal and the commissioner at least thirty days prior to the date of cancellation. A surety bond shall not be cancelled unless the surety company notifies the commissioner in writing not less than thirty days prior to the effective date of cancellation. After receipt of such notification from the surety company, the commissioner shall give written notice to the principal of the date such bond cancellation shall take effect and such notice shall be deemed notice to each mortgage loan originator licensee sponsored by such principal. The commissioner shall automatically suspend the licenses of a mortgage lender, mortgage correspondent lender or mortgage broker on such date and inactivate the licenses of the mortgage loan originators sponsored by such lender, correspondent lender or broker. In the case of a cancellation of an exempt registrant's bond, the commissioner shall inactivate the licenses

of the mortgage loan originators sponsored by such exempt registrant. No automatic suspension or inactivation shall occur if, prior to the date that the bond cancellation shall take effect, (1) the principal submits a letter of reinstatement of the bond from the surety company or a new bond, (2) the mortgage lender, mortgage correspondent lender or mortgage broker licensee has ceased business and has surrendered all licenses in accordance with subsection (a) of section 36a-490, as amended by this act, or (3) in the case of a mortgage loan originator licensee, the sponsorship with the mortgage lender, mortgage correspondent lender or mortgage broker who was automatically suspended pursuant to this section or, with the exempt registrant who failed to provide the bond required by this section, has been terminated and a new sponsor has been requested and approved. After a mortgage lender, mortgage correspondent lender or mortgage broker license has been automatically suspended pursuant to this section, the commissioner shall (A) give [such] the licensee notice of the automatic suspension, pending proceedings for revocation or refusal to renew pursuant to section 36a-494, as amended by this act, and an opportunity for a hearing on such action in accordance with section 36a-51, as amended by this act, and (B) require such licensee to take or refrain from taking such action as [in the opinion of] the commissioner [will] deems necessary to effectuate the purposes of this section. The commissioner may provide information to an exempt registrant concerning actions taken by the commissioner pursuant to this subsection against any mortgage loan originator licensee that was sponsored and bonded by such exempt registrant.

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

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

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

(3) An exempt registrant under subsection (d) of section 36a-487, as amended by this act, who is exempt from licensure under subdivision (1), (2) or (3) of subsection (a) of section 36a-487, as amended by this act, shall file a bond in a penal sum of one hundred thousand dollars the first time such exempt registrant sponsors a mortgage loan originator.

(4) An exempt registrant under subsection (d) of section 36a-487, as amended by this act, who is exempt from licensure under subsection (b) of section 36a-487, as amended by this act, shall file a bond in a penal sum of fifty thousand dollars the first time such exempt registrant sponsors a mortgage loan originator.

(5) **[**An exempt registrant under subsection (d) of section 36a-487, who is**]** Persons exempt from licensure under subdivision (4) of subsection (a) of section 36a-487, as amended by this act, shall file a bond in a penal sum as set forth in section 36a-671d, as amended by this act.

(6) (A) For mortgage lender and mortgage correspondent lender licensees and persons sponsoring and bonding at least one mortgage loan originator as an exempt registrant under subsection (d) of section 36a-487, as amended by this act, and who are exempt from licensing under subdivision (1), (2) or (3) of subsection (a) of section 36a-487, as amended by this act, if: (i) The aggregate dollar amount of all residential mortgage loans originated by such licensee at all licensed locations or by the exempt registrant during the preceding four quarters ending June thirtieth is less than thirty million dollars, the penal sum of the bond shall be one hundred thousand dollars; (ii) the aggregate dollar amount of all residential mortgage loans originated by such licensee at all licensed locations or by the exempt registrant during the preceding four quarters ending June thirtieth is thirty

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

(B) For mortgage broker licensees and persons who are sponsoring and bonding at least one mortgage loan originator as an exempt registrant under subsection (d) of section 36a-487, as amended by this act, and who are exempt from licensing under subsection (b) or (c) of section 36a-487, as amended by this act, if: (i) The aggregate dollar amount of all residential mortgage loans originated by such licensee at all licensed locations or by the exempt registrant during the preceding four quarters ending June thirtieth is less than thirty million dollars, the penal sum of the bond shall be fifty thousand dollars; (ii) the aggregate dollar amount of all residential mortgage loans originated by such licensee at all licensed locations or by the exempt registrant during the preceding four quarters ending June thirtieth is thirty million dollars or more but less than fifty million dollars, the penal sum of the bond shall be one hundred thousand dollars; and (iii) the aggregate dollar amount of all residential mortgage loans originated by such licensee at all licensed locations or by the exempt registrant during the preceding four quarters ending June thirtieth is fifty million dollars or more, the penal sum of the bond shall be one hundred fifty thousand dollars.

(7) For purposes of this subsection, the aggregate dollar amount of

all residential mortgage loans originated by such licensee or exempt registrant includes the aggregate dollar amount of all closed residential mortgage loans that the licensee or exempt registrant originated, brokered or made, as applicable.

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

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

Sec. 14. Section 36a-493 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) Each mortgage lender, mortgage correspondent lender and mortgage broker licensee<u>, and each bona fide nonprofit organization exempt from licensure under subdivision (2) of subsection (b) of section 36a-487, as amended by this act,</u> shall maintain adequate records of each residential mortgage loan transaction at the office named in the license, or, if requested by the commissioner, shall make such records available at such office or send such records to the commissioner by registered or certified mail, return receipt requested, or by any express delivery carrier that provides a dated delivery receipt, not later than five business days after requested by the commissioner to do so. Upon request, the commissioner may grant a licensee <u>or exempt bona fide nonprofit organization</u> additional time to make such records available or send them to the commissioner. Such records shall provide the following information: (1) A copy of any disclosures required under part III of chapter 669; (2) whether the licensee <u>or exempt bona fide nonprofit organization</u> acted as a

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

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

(c) For each loan transaction in which a licensee or exempt bona fide

nonprofit organization acts as a mortgage lender, mortgage correspondent lender or mortgage broker but does not service the loan, the licensee or exempt bona fide nonprofit organization shall retain: (1) The records of such loan transaction for not less than two years from the date of the transaction or such longer period as may be required by any other provision of law, and (2) copies of the note, Closing Disclosure or other settlement statement, or such other records as are sufficient to verify the mortgage lender's or mortgage correspondent lender's compliance with section 36a-498a, as amended by this act, for not less than five years from the date of the transaction.

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

(e) Any person who furnishes to a licensee or an exempt bona fide nonprofit organization any records required to be maintained under this section or any information necessary to complete such records

may charge a fee to the licensee or exempt bona fide nonprofit organization in an amount not to exceed fifty dollars.

Sec. 15. Section 36a-494 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) (1) The commissioner may suspend, revoke or refuse to renew any mortgage lender, mortgage correspondent lender or mortgage broker license or take any other action, in accordance with the provisions of section 36a-51, as amended by this act, for any reason which would be sufficient grounds for the commissioner to deny an application for such license under sections 36a-485 to **[**36a-498f**]** 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as amended by this act, or if the commissioner finds that the licensee, any control person of the licensee, the qualified individual or branch manager, **[**with supervisory authority,**]** trustee, employee or agent of such licensee has done any of the following: (A) Made any material misstatement in the application; (B) committed any fraud, misappropriated funds or misrepresented, concealed, suppressed, intentionally omitted or otherwise intentionally failed to disclose any of the material particulars of any residential mortgage loan transaction, including disclosures required by subdivision (6) of subsection (a) of section 36a-493, as amended by this act, or part III of chapter 669 or regulations adopted pursuant thereto, to anyone entitled to such information; (C) violated any of the provisions of this title or of any regulation or order adopted or issued pursuant thereto **[**, and**]** pertaining to any such person, or any other law or regulation applicable to the conduct of its business; or (D) failed to perform any agreement with a licensee or a borrower. For purposes of this subdivision, "agent" includes any settlement agent used by the licensee and "settlement agent" means the person specified in any Closing Disclosure or other settlement statement, provided such settlement agent has been selected by the licensee. Any settlement agent whose name appears on the licensee's list of approved settlement agents shall

be deemed selected by the licensee even if the settlement agent is selected from such list by the borrower.

(2) The commissioner may suspend, revoke or refuse to renew any mortgage loan originator license or any loan processor or underwriter license or take any other action, in accordance with the provisions of section 36a-51, as amended by this act, for any reason which would be sufficient grounds for the commissioner to deny an application for such license under sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as amended by this act, or if the commissioner finds that the licensee has committed any fraud, misappropriated funds, misrepresented, concealed, suppressed, intentionally omitted or otherwise intentionally failed to disclose any of the material particulars of any residential mortgage loan transaction or has violated any of the provisions of this title or of any [regulations] regulation or order adopted or issued pursuant [to such title] thereto pertaining to any such person, or any other law or regulation applicable to the conduct of such licensee's business.

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

(b) Whenever it appears to the commissioner that (1) any person has violated, is violating or is about to violate any of the provisions of sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as amended by this act, or any regulation adopted pursuant thereto, (2) any person is, was, or would be a cause of the violation of any such provisions or regulation due to an act or omission such person knew or should have known would contribute to such violation, or (3) any licensee has failed to perform any agreement with a borrower, committed any fraud, misappropriated funds or misrepresented, concealed, suppressed, intentionally omitted or otherwise intentionally failed to disclose any of the material particulars of any residential mortgage loan transaction, including disclosures required by subdivision (6) of subsection (a) of section 36a-493, as amended by this act, or part III of chapter 669 or regulations adopted pursuant thereto, to anyone entitled to such information, the commissioner may take action against such person or licensee in accordance with sections 36a-50 and 36a-52.

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

sections of the general statutes, regulations or orders alleged to have been violated; (iv) a short and plain statement of the matters asserted; and (v) a statement indicating that such individual may file a written request for a hearing on the matters asserted not later than fourteen days after receipt of the notice. If the commissioner finds that the protection of borrowers requires immediate action, the commissioner may suspend any such individual from office and require such individual to take or refrain from taking such action as in the opinion of the commissioner will effectuate the purposes of this subsection, by incorporating a finding to that effect in such notice. The suspension or prohibition shall become effective upon receipt of such notice and, unless stayed by a court, shall remain in effect until the entry of a permanent order or the dismissal of the matters asserted**]** in accordance with section 5 of this act.

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

(d) The commissioner may issue a temporary order to cease business under a license if the commissioner determines that such license was issued erroneously. **[**The commissioner shall give the licensee an opportunity for a hearing on such action in accordance with section 36a-52. Such temporary order shall become effective upon receipt by the licensee and, unless set aside or modified by a court, shall remain in effect until the effective date of a permanent order or dismissal of the matters asserted in the notice.**]** Such temporary order shall be issued in accordance with subsection (j) of section 36a-24b and

section 36a-52.

Sec. 16. Section 36a-496 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

No person engaged in the business of making residential mortgage loans in this state, whether licensed in accordance with the provisions of sections 36a-485 to **[**36a-498a**]** 36a-498e, inclusive, as amended by this act, 36a-534a and 36a-534b, as amended by this act, or exempt from licensing, shall accept applications or referral of applicants from, or pay a fee to, any mortgage broker or mortgage loan originator who is required to be licensed under said sections but was not, as of the time of the performance of such mortgage broker's or mortgage loan originator's services in connection with loans made or to be made by the mortgage lender or mortgage correspondent lender, licensed to act as such by the commissioner, if the mortgage lender or mortgage correspondent lender has actual knowledge that the mortgage broker or mortgage loan originator was not licensed by the commissioner.

Sec. 17. Section 36a-498 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) Except as provided in subsection (c) of this section, every advance fee paid or given, directly or indirectly, to a mortgage lender, mortgage correspondent lender or mortgage broker required to be licensed pursuant to sections 36a-485 to **[**36a-498f**]** 36a-498e, inclusive, as amended by this act, 36a-534a and 36a-534b, as amended by this act, shall be refundable.

(b) No mortgage loan originator required to be licensed pursuant to sections 36a-485 to **[**36a-498f**]** 36a-498e, inclusive, as amended by this act, 36a-534a and 36a-534b, as amended by this act, shall accept payment of any advance fee except an advance fee on behalf of a mortgage lender, mortgage correspondent lender or mortgage broker licensee. Nothing in this subsection shall be construed as prohibiting the mortgage lender, mortgage correspondent lender or mortgage

1838 broker licensee from paying a mortgage loan originator all or part of
1839 an advance fee, provided such advance fee paid is not refundable
1840 under this section.

1841 (c) Subsection (a) of this section shall not apply if: (1) The person
1842 providing the advance fee and the mortgage lender, mortgage
1843 correspondent lender or mortgage broker agree in writing that the
1844 advance fee shall not be refundable, in whole or in part; and (2) the
1845 written agreement complies in all respects with the provisions of
1846 subsection (d) of this section.

1847 (d) An agreement under subsection (c) of this section shall meet all
1848 of the following requirements to be valid and enforceable: (1) The
1849 agreement shall be dated, signed by both parties, and be executed
1850 prior to the payment of any advance fee; (2) the agreement shall
1851 expressly state the total advance fee required to be paid and any
1852 amount of the advance fee that shall not be refundable; (3) the
1853 agreement shall clearly and conspicuously state any conditions under
1854 which the advance fee will be retained by the mortgage lender,
1855 mortgage correspondent lender or mortgage broker; (4) the term
1856 "nonrefundable" shall be used to describe each advance fee or portion
1857 thereof to which the term is applicable, and shall appear in boldface
1858 type in the agreement each time it is used; and (5) the form of the
1859 agreement shall (A) be separate from any other forms, contracts, or
1860 applications utilized by the mortgage lender, mortgage correspondent
1861 lender or mortgage broker, (B) contain a heading in a size equal to at
1862 least ten-point boldface type that shall title the form "AGREEMENT
1863 CONCERNING NONREFUNDABILITY OF ADVANCE FEE", (C)
1864 provide for a duplicate copy which shall be given to the person paying
1865 the advance fee at the time of payment of the advance fee, and (D)
1866 include such other specifications as the commissioner may by
1867 regulation prescribe.

1868 (e) An agreement under subsection (c) of this section that does not
1869 meet the requirements of subsection (d) of this section shall be
1870 voidable at the election of the person paying the advance fee.

(f) (1) No mortgage lender, mortgage correspondent lender or mortgage broker required to be licensed pursuant to sections 36a-485 to **[**36a-498f**]** 36a-498e, inclusive, as amended by this act, 36a-534a and 36a-534b, as amended by this act, shall enter into an agreement with or otherwise require any person to pay the mortgage lender, mortgage correspondent lender or mortgage broker for any fee, commission or other valuable consideration lost as a result of such person failing to consummate a residential mortgage loan, provided the mortgage lender, mortgage correspondent lender or mortgage broker may collect such fee, commission or consideration as an advance fee subject to the requirements of this section.

(2) No mortgage broker required to be licensed pursuant to sections 36a-485 to **[**36a-498f**]** 36a-498e, inclusive, as amended by this act, 36a-534a and 36a-534b, as amended by this act, shall enter into an agreement with or otherwise require any person to pay the mortgage broker any fee, commission or other valuable consideration for the prepayment of the principal of a residential mortgage loan by such person before the date on which the principal is due.

(g) (1) For the purposes of this subsection:

(A) "Unfair or deceptive act or practice" means (i) the failure to clearly and conspicuously state in the initial phase of the solicitation that the solicitor is not affiliated with the mortgage lender, mortgage correspondent lender or mortgage broker with which the consumer initially applied, (ii) the failure to clearly and conspicuously state in the initial phase of the solicitation that the solicitation is based on personal information about the consumer that was purchased, directly or indirectly, from a consumer reporting agency without the knowledge or permission of the mortgage lender, mortgage correspondent lender or mortgage broker with which the consumer initially applied, (iii) the failure in the initial solicitation to comply with the provisions of the federal Fair Credit Reporting Act relating to prescreening solicitations that use consumer reports, including the requirement to make a firm offer of credit to the consumer, or (iv)

1904 knowingly or negligently using information from a mortgage trigger
1905 lead (I) to solicit consumers who have opted out of prescreened offers
1906 of credit under the federal Fair Credit Reporting Act, or (II) to place
1907 telephone calls to consumers who have placed their contact
1908 information on a federal or state Do Not Call list; and

1909 (B) "Mortgage trigger lead" means a consumer report obtained
1910 pursuant to Section 604(c)(1)(B) of the federal Fair Credit Reporting
1911 Act, 15 USC 1681b, where the issuance of the report is triggered by an
1912 inquiry made with a consumer reporting agency in response to an
1913 application for credit. "Mortgage trigger lead" does not include a
1914 consumer report obtained by a mortgage lender or mortgage
1915 correspondent lender that holds or services existing indebtedness of
1916 the applicant who is the subject of the report.

1917 (2) No mortgage lender, mortgage correspondent lender, mortgage
1918 broker or mortgage loan originator shall engage in an unfair or
1919 deceptive act or practice in soliciting an application for a residential
1920 mortgage loan when such solicitation is based, in whole or in part, on
1921 information contained in a mortgage trigger lead. Any violation of this
1922 subsection shall be deemed an unfair or deceptive trade practice under
1923 subsection (a) of section 42-110b.

1924 (h) No mortgage lender or mortgage correspondent lender shall
1925 include in a residential mortgage loan for which an application is
1926 received by such lender on or after October 1, 2009, a provision that
1927 increases the interest rate as a result of a default other than a failure to
1928 comply with a provision to maintain an automatic electronic payment
1929 feature where such maintenance provision has been provided in return
1930 for an interest rate reduction and the increase is no greater than such
1931 reduction.

1932 Sec. 18. Subsection (a) of section 36a-498a of the general statutes is
1933 repealed and the following is substituted in lieu thereof (*Effective*
1934 *October 1, 2018*):

(a) No mortgage lender licensee or mortgage correspondent lender licensee under section 36a-489, as amended by this act, and no person exempt from licensure under **[**subdivision (1)**]** subdivisions (1) to (3), inclusive, of subsection (a) and subdivisions (1) **[**,**]** and (4) **[**and (5)**]** of subsection (b) of section 36a-487, as amended by this act, making a first mortgage loan may charge, impose or cause to be paid, directly or indirectly, prepaid finance charges that exceed in the aggregate, the greater of five per cent of the principal amount of the loan or two thousand dollars. If the proceeds of the loan are used to refinance an existing loan, the aggregate of the prepaid finance charges for the current refinancing and any previous financings by such licensee or exempt person or affiliate of such licensee or exempt person within two years of the current refinancing shall not exceed the greater of five per cent of the principal amount of the initial loan or two thousand dollars. The provisions of this section shall not prohibit such licensee or exempt person from charging, imposing or causing to be paid, directly or indirectly, prepaid finance charges in addition to those permitted by this section in connection with any additional proceeds received by the borrower in the refinancing, provided such prepaid finance charges on the additional proceeds shall not exceed five per cent of the additional proceeds.

Sec. 19. Section 36a-498d of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) (1) The unique identifier of any mortgage loan originator or loan processor or underwriter licensed under section 36a-489, as amended by this act, shall be clearly shown on all residential mortgage loan application forms. **[**,**]**

(2) The unique identifier of any mortgage lender, mortgage correspondent lender, mortgage broker or lead generator licensed under section 36a-489, as amended by this act, shall be clearly shown on all solicitations or advertisements, including business cards or web sites, and any other documents as established by rule, regulation or order of the commissioner and shall be clearly stated in all audio

solicitations or advertisements.

(3) The unique identifier of a mortgage loan originator or loan processor or underwriter licensed under section 36a-489, as amended by this act, shall be clearly shown on all solicitations and advertisements, including business cards and web sites, and any other documents as established by rule, regulation or order of the commissioner, and shall be clearly stated in all audio solicitations and advertisements when disseminated by: (A) A mortgage loan originator or loan processor or underwriter regarding such individual's own services, or (B) the sponsor of such mortgage loan originator or loan processor or underwriter if such solicitation or advertisement identifies the services of a particular mortgage loan originator or loan processor or underwriter.

(b) The advertising of any person licensed under section 36a-489, as amended by this act: (1) Shall not include any statement that such person is endorsed in any way by this state, except that such advertising may include a statement that such person is licensed in this state; (2) shall not include any statement or claim that is false, deceptive or misleading; (3) shall otherwise conform to the requirements of sections 36a-485 to 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as amended by this act, any regulations issued thereunder and any other applicable law; and (4) shall be retained for two years from the date of its use.

Sec. 20. Section 36a-498e of the 2018 supplement to the general statutes, as amended by section 9 of public act 17-233 and section 24 of public act 17-236, is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

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

(1) Employ any scheme, device or artifice to defraud or mislead borrowers or lenders or to defraud any person;

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

(3) Obtain property by fraud or misrepresentation;

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

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

(6) Conduct any business as a mortgage lender, mortgage correspondent lender, mortgage broker, lead generator, mortgage loan originator or loan processor or underwriter without holding a valid license as required under sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as amended by this act, or assist or [aide] aid and abet any person in the conduct of business as a mortgage lender, mortgage correspondent lender, mortgage broker, mortgage loan originator or loan processor or underwriter without a valid license as required under said sections;

(7) Fail to make disclosures as required by sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as amended by this act, and any other applicable state or federal law including regulations thereunder;

(8) Fail to comply with sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as amended by this act, or rules or regulations adopted under said sections or fail to comply with any other state or federal law, including the rules and regulations thereunder, applicable to any business authorized or conducted under said sections;

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

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

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

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

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

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

(b) (1) No person, other than an individual, who is required to be licensed and is subject to sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-534a and 36a-534b, as amended by this act, and no qualifying individual or branch manager shall fail to establish, enforce and maintain policies and procedures reasonably

designed to achieve compliance with subsection (a) of this section.

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

(3) No violation of this subsection shall be found unless the failure to establish, enforce and maintain policies and procedures resulted in conduct in violation of sections 36a-485 to **[**36a-498f**]** 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a **[**to**]** and 36a-534b, inclusive, as amended by this act, or rules or regulations adopted under said sections or any other state or federal law, including the rules and regulations thereunder, applicable to any business authorized or conducted under said sections.

Sec. 21. Section 36a-498g of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

If any provision or application of section 36a-21, sections 36a-485 to **[**36a-498f**]** 36a-498e, inclusive, as amended by this act, or sections 36a-498h, 36a-534a and 36a-534b, as amended by this act, to any person or circumstance is held invalid by a court of this state, the remainder of said sections or the application of such provision to other persons or circumstances shall not be affected.

Sec. 22. Section 36a-534b of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) (1) In addition to any other duties imposed upon the commissioner by law, the commissioner shall require mortgage lenders, mortgage correspondent lenders, mortgage brokers, lead generators, mortgage loan originators and loan processors or underwriters to be licensed and registered through the system. In

order to carry out this requirement, the commissioner shall participate in the system and permit the system to process applications for mortgage lender, mortgage correspondent lender, mortgage broker, lead generator, mortgage loan originator and loan processor or underwriter licenses in this state and receive and maintain records related to such licenses that are allowed or required to be maintained by the commissioner. For this purpose, the commissioner may establish requirements as necessary for participation in the system, including: (A) Background checks for criminal history through (i) fingerprint or other databases, (ii) civil or administrative records, or (iii) credit history or any other information as deemed necessary by the system; (B) the payment of fees to apply for or renew licenses through the system; (C) the setting or resetting of renewal or reporting dates; and (D) the requirements for amending or surrendering a license or any other such activities as the commissioner deems necessary for participation in the system. For the purpose of participating in the system, the commissioner may waive or modify, in whole or in part, by regulation or order, any requirement of this section and sections 36a-485 to **[**36a-498f**]** 36a-498e, inclusive, as amended by this act, 36a-498h, and 36a-534a and establish new requirements as reasonably necessary to participate in the system. For the purposes of implementing an orderly and efficient licensing process, the commissioner may adopt licensing regulations, in accordance with the provisions of chapter 54, and interim procedures for licensing and acceptance of applications. For previously licensed individuals, the commissioner may establish expedited review and licensing procedures.

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

(3) The commissioner may establish relationships or enter into contracts with the system or other entities designated by the system to

collect and maintain records and process transaction fees or other fees related to licensees or other persons subject to sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as amended by this act.

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

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

(6) Mortgage lenders, mortgage correspondent lenders, mortgage brokers, lead generators, mortgage loan originators and loan processors or underwriters may challenge information entered into the system by the commissioner. Such challenge shall (A) be made in writing to the commissioner, (B) set forth the specific information being challenged, and (C) include any evidence which supports the challenge. Challenges shall be limited to the factual accuracy of information within the system. If the commissioner determines that the information entered into the system is factually inaccurate, the commissioner shall take prompt action to correct such information. Nothing in this subdivision shall be construed to permit a challenge under this section to the merits or factual basis of any administrative action taken by the commissioner pursuant to this title.

(b) Any licensing or license-related filings shall be submitted exclusively through the system, except as directed by the commissioner.

(c) Any person making any filing or submission of any information on the system shall do so in accordance with the procedures and requirements of the system and pay the applicable fees or charges to the system. Each mortgage lender, mortgage correspondent lender, mortgage broker, lead generator, mortgage loan originator and loan processor or underwriter licensee and each exempt registrant, to the extent required by the system, shall timely submit to the system accurate reports of condition that shall be in such form and shall contain such information as the system may require. Failure by a licensee to submit a timely and accurate report of condition shall constitute a violation of this provision. Failure of an exempt registrant to timely and accurately submit a report of condition shall form a basis to inactivate the licenses of all sponsored mortgage loan originators or loan processor or underwriters. To the extent that the system does not require submission of reports of condition by individual mortgage loan originator or loan processor or underwriter licensees, such individual licensees shall timely and accurately report all required information in their possession to their sponsor for purposes of their sponsor's reporting obligation. Failure of an individual licensee to timely and accurately report required information in such licensee's possession to such licensee's sponsor shall constitute a violation of this provision.

Sec. 23. Section 36a-535 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

As used in sections 36a-535 to **[**36a-546**]** <u>36a-547</u>, inclusive, <u>as amended by this act,</u> unless the context otherwise requires:

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

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

(2) "Sales finance company" means any person engaging in this state in the business, in whole or in part, of (A) acquiring retail installment contracts or installment loan contracts from the holders thereof, by purchase, discount or pledge, or by loan or advance to the holder of either on the security thereof, or otherwise, or (B) **[**acquiring retail installment loan contracts or installment loan contracts as described in subparagraph (A) of this subsection and subsequently conveying, assigning or otherwise transferring any interest in such contract to another person, but continuing to receive payments of principal and interest from a retail buyer under such contract**]** receiving payments of principal and interest from a retail buyer under a retail installment contract or installment loan contract whether such person owns such contract or has conveyed, assigned or otherwise transferred any interest in such contract to another person. "Sales finance company" does not include a bank, out-of-state bank, Connecticut credit union, federal credit union, or out-of-state credit union, if so engaged;

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

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

(5) "Branch office" means a location other than the main office at which a licensee or any person on behalf of a licensee acts as a sales finance company;

(6) "Main office" has the same meaning as provided in section 36a-485, as amended by this act; and

(7) "Unique identifier" has the same meaning as provided in section 36a-485, as amended by this act.

Sec. 24. Section 36a-536 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

No person, unless excluded from the definition of a "sales finance company" as provided in section 36a-535, as amended by this act, shall (1) engage in the business of a sales finance company unless **[**licensed as provided in sections 36a-535 to 36a-546, inclusive**]** such person has obtained a license for its main office and for each branch office where such business is conducted in accordance with the provisions of sections 36a-535 to 36a-547, inclusive, as amended by this act, and (2) conduct any activity that is subject to licensure pursuant to sections 36a-535 to 36a-547, inclusive, as amended by this act, at any office located outside of the United States. A licensee under **[**said**]** sections 36a-535 to 36a-547, inclusive, as amended by this act, shall not be required to obtain any other license in this state in order to perform any act permitted or required to be performed by such licensee under said sections.

Sec. 25. Section 36a-537 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) **[**The application for a license as a sales finance company shall be on a form prescribed by the commissioner, in writing and under oath, together with such exhibits and other pertinent information as the commissioner may require. The application shall include (1) the history of criminal convictions of the applicant; and the partners, if the applicant is a partnership; the members, if the applicant is a limited liability company or association; or the officers, directors and principal employees if the applicant is a corporation; and (2) sufficient information pertaining to the history of criminal convictions, in a form acceptable to the commissioner, on such applicant, partners, directors, members, officers, and principal employees as the commissioner deems necessary to make findings under section 36a-541. The commissioner, in accordance with section 29-17a, may conduct a state and national criminal history records check of the applicant and of each partner, member, officer, director and principal employee of the applicant.**]** An application for a license as a sales finance company or for renewal of such license shall be made and processed on the system

2252 pursuant to section 36a-24b, in the form prescribed by the
2253 commissioner. Each such form shall contain content as set forth by
2254 instruction or procedure of the commissioner and may be changed or
2255 updated as necessary by the commissioner in order to carry out the
2256 purposes of sections 36a-535 to 36a-547, inclusive, as amended by this
2257 act. The applicant shall, at a minimum, furnish to the system
2258 information concerning the identity of the applicant, any control
2259 person of the applicant, the qualified individual and any branch
2260 manager responsible for the actions of the licensee, including, but not
2261 limited to, information related to such person's personal history and
2262 experience, and any administrative, civil or criminal findings by any
2263 governmental jurisdiction.

2264 (b) As part of an application the commissioner may (1) in
2265 accordance with section 29-17a, conduct a state or national criminal
2266 history records check of the applicant, any control person of the
2267 applicant, the qualified individual or any branch manager; and (2) in
2268 accordance with section 36a-24b, (A) require the submission of
2269 fingerprints of the applicant, any control person of the applicant, the
2270 qualified individual or any branch manager to the Federal Bureau of
2271 Investigation or other state, national or international criminal
2272 databases, and (B) investigate the financial condition of any such
2273 person and require authorization of any such person for the system
2274 and the commissioner to obtain an independent credit report from a
2275 consumer reporting agency, as described in Section 603(p) of the Fair
2276 Credit Reporting Act, 15 USC 1681a, as amended from time to time.
2277 The commissioner may deem an application for a license as a sales
2278 finance company abandoned if the applicant fails to respond to any
2279 request for information required under sections 36a-535 to [36a-546]
2280 36a-547, inclusive, as amended by this act, or any regulations adopted
2281 pursuant to said sections 36a-535 to [36a-546] 36a-547, inclusive, as
2282 amended by this act. The commissioner shall notify the applicant [, in
2283 writing,] on the system that if such information is not submitted not
2284 later than sixty days after such request, the application shall be
2285 deemed abandoned. An application filing fee paid prior to the date an

application is deemed abandoned pursuant to this section shall not be refunded. Abandonment of an application pursuant to this section shall not preclude the applicant from submitting a new application for a license under sections 36a-535 to **[**36a-546**]** 36a-547, inclusive, as amended by this act.

Sec. 26. Section 36a-539 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) Each **[**person applying to the commissioner**]** applicant for a sales finance company license shall pay to the system any required fees or charges and a license fee of **[**eight**]** four hundred dollars. **[**, provided if such application is filed not earlier than one year before the date such license will expire, such person shall pay a license fee of four hundred dollars.**]** Each such license **[**issued pursuant to sections 36a-535 to 36a-546, inclusive,**]** shall expire at the close of business on **[**September thirtieth of the odd-numbered year following its issuance**]** December thirty-first of the year in which the license was approved, unless such license is renewed, **[**provided**]** except that any such license **[**that is renewed effective July 1, 2003,**]** approved on or after November first shall expire **[**on September 30, 2005. Whenever an application for a license is filed under this section by any person who was a licensee under sections 36a-535 to 36a-546, inclusive, and whose license expired less than sixty days prior to the date such application was filed, such application shall be accompanied by a one-hundred-dollar processing fee in addition to the application fee. Not more than one place of business shall be maintained under the same license, but the commissioner may issue more than one license to the same licensee upon receipt of an application and the payment of the appropriate license fee**]** at the close of business on December thirty-first of the year following the year in which it is approved. An application for renewal of a license shall be filed between November first and December thirty-first of the year in which such license expires. Each applicant for renewal of a license shall pay to the system any required fees or

charges and a renewal fee of four hundred dollars.

(b) [If the commissioner determines that a check filed with the commissioner to pay a fee under subsection (a) of this section has been dishonored, the commissioner shall automatically suspend the license. The commissioner shall give the licensee notice of the automatic suspension pending proceedings for revocation and an opportunity for a hearing on such action in accordance with section 36a-51.] In accordance with section 36a-24b, the commissioner may automatically suspend any license if the licensee has received a deficiency on the system indicating that a required payment was Returned-ACH or returned pursuant to any other term as may be utilized by the system to indicate that payment was not accepted. After a license has been automatically suspended pursuant to this subsection, the commissioner shall (1) give the licensee notice of the automatic suspension pending proceedings for revocation or refusal to renew pursuant to section 36a-543, as amended by this act, and an opportunity for a hearing on such action in accordance with section 36a-51, as amended by this act, and (2) require such licensee to take or refrain from taking action as the commissioner deems necessary to effectuate the purposes of this section.

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

(d) No person who is required to be licensed and who is subject to the provisions of sections 36a-535 to [36a-546] 36a-547, inclusive, as amended by this act, and no control person shall, directly or indirectly: (1) Employ any scheme, device or artifice to defraud or mislead any person in connection with a retail installment contract or a retail installment loan; (2) engage in any unfair or deceptive practice toward any person in connection with a retail installment contract or a retail installment loan; (3) obtain property by fraud or misrepresentation; (4)

solicit, advertise or offer rates or other financing terms for a retail installment contract or a retail installment loan unless those rates or terms are actually available at the time of soliciting, advertising or offering such rates or terms; (5) fail to comply with the provisions of sections 36a-535 to **[**36a-546**]** 36a-547, inclusive, as amended by this act, or the rules or regulations adopted under said sections, or fail to comply with any other state or federal law, including the rules and regulations thereunder; (6) make, in any manner, any false or deceptive statement or representation, including with regard to rates or other financing terms or conditions or engage in bait and switch advertising; (7) negligently make any false statement or knowingly and wilfully make any omission of material fact in connection with any information or reports filed with a governmental agency or the system, or in connection with any investigation conducted by the commissioner or another governmental agency; (8) make any payment, threat or promise to any person for the purposes of influencing the independent judgment of the person in connection with the business of a sales finance company; (9) fail to truthfully account for moneys belonging to a party to a retail installment contract or retail installment loan; or (10) fail to establish, enforce and maintain policies and procedures for supervising employees, agents and office operations that are reasonably designed to achieve compliance with applicable laws and regulations concerning sales finance companies.

Sec. 27. Section 36a-540 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) Each license shall specify the location at which the business is to be conducted. **[**Each license shall be maintained at the location for which it was issued and shall be available for public inspection.**]** Such license shall not be transferable or assignable. **[**Any change of location of a licensee shall require only prior written notice to the commissioner. No licensee shall use any name other than the name specified on the license issued by the commissioner.**]** Any change in any control person of the licensee shall be the subject of an advance

change notice filed on the system not later than sixty days prior to the effective date of such change and no such change shall occur without the commissioner's approval.

(b) No licensee may use any name other than its legal name or a fictitious name approved by the commissioner, provided such licensee may not use its legal name if the commissioner disapproves use of such name. No licensee shall use any name or address other than the name and address specified on the license issued by the commissioner. A licensee may change the name of the licensee or address of the office specified on the most recent filing with the system if at least thirty calendar days prior to such change, the licensee files such change with the system and the commissioner does not disapprove such change, in writing, or request further information from the licensee within such thirty-day period.

(c) The commissioner may automatically suspend any license for a violation of subsection (a) or (b) of this section. After the license has been automatically suspended pursuant to this subsection, the commissioner shall (1) give the licensee notice of the automatic suspension, pending proceedings for revocation of or refusal to renew the license pursuant to section 36a-543, as amended by this act, and an opportunity for a hearing in accordance with section 36a-51, as amended by this act, and (2) require the licensee to take or refrain from taking action as the commissioner deems necessary to effectuate the purpose of this section.

(d) Not later than fifteen days after the date a licensee ceases to engage in this state in the business of a sales finance company for any reason, including a business decision to terminate operations in this state, license revocation, bankruptcy or voluntary dissolution, such licensee shall surrender to the commissioner, [in person or by registered or certified mail] in accordance with subsection (c) of section 36a-51, as amended by this act, its license for each location in which such licensee has ceased to engage in such business.

Sec. 28. Section 36a-541 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) If the commissioner finds, upon the filing of an application for a license as a sales finance company, that the financial responsibility, character, reputation, integrity and general fitness of the applicant, [and of the partners thereof if the applicant is a partnership, of the members if the applicant is a limited liability company or association, and of the officers, directors and principal employees if the applicant is a corporation,] the applicant's control persons, qualified individual and any branch manager are such as to warrant belief that the business will be operated soundly and efficiently, in the public interest and consistent with the purposes of sections 36a-535 to [36a-546] 36a-547, inclusive, as amended by this act, the commissioner may thereupon issue the applicant the license. If the commissioner fails to make such findings, or if the commissioner finds that the applicant has made any material misstatement in the application, the commissioner shall not issue a license, and shall notify the applicant of the denial and the reasons for such denial. The commissioner may deny an application if the commissioner finds that the applicant or [any partner, member, officer, director or principal employee of the applicant] the applicant's control persons, qualified individual or any branch manager has been convicted of any misdemeanor involving any aspect of the sales finance business, or any felony. Any denial of an application by the commissioner shall, when applicable, be subject to the provisions of section 46a-80. [Withdrawal of an application for a license shall become effective upon receipt by the commissioner of a notice of intent to withdraw such application. The commissioner may deny a license up to the date one year after the date the withdrawal became effective.]

(b) The minimum standards for renewal of a sales finance license shall include the following: (1) The applicant continues to meet the minimum standards under subsection (a) of this section; (2) the applicant has paid all required fees for renewal of the license; and (3) the applicant has paid all outstanding examination fees or other

moneys due to the commissioner. If the commissioner finds that requirements for license renewal set forth in this subsection are not met, the applicant's license shall expire. The commissioner may adopt procedures for the reinstatement of expired licenses consistent with the standards established by the system.

(c) Each license shall remain in force and effect until the license has been surrendered, revoked or suspended or has expired in accordance with the provisions of sections 36a-535 to 36a-547, inclusive, as amended by this act.

Sec. 29. Section 36a-542 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

[(a) Each person licensed as a sales finance company may renew such license by filing with the commissioner on or before September first of the year in which the license expires or, in the case of a license that expires on June 30, 2003, on or before June 1, 2003, a renewal application on a form prescribed by the commissioner under oath, together with such exhibits and other pertinent information as the commissioner may require. The license fee shall be eight hundred dollars, provided the license fee for renewal of a license that expires on June 30, 2003, shall be nine hundred dollars. Any renewal application filed with the commissioner under this section after September first, or in the case of a license that expires on June 30, 2003, after June 1, 2003, shall be accompanied by a one-hundred-dollar late fee and any such filing shall be deemed to be timely and sufficient for purposes of subsection (b) of section 4-182.

(b) If the commissioner determines that a check filed with the commissioner to pay a fee under subsection (a) of this section for a renewal application has been dishonored, the commissioner shall automatically suspend the license or a renewal license that has been issued but is not yet effective. The commissioner shall give the licensee notice of the automatic suspension pending proceedings for revocation or refusal to renew and an opportunity for a hearing on such actions in

accordance with section 36a-51.]

(a) Except as otherwise specified in subsections (a) and (b) of section 36a-540, as amended by this act, each sales finance company applicant or licensee, and each control person, qualified individual or branch manager of such applicant or licensee shall file on the system or, if the information cannot be filed on the system, notify the commissioner, in writing, of any change in the information such applicant, licensee, control person, qualified individual or branch manager most recently submitted to the system in connection with a sales finance company application or license not later than fifteen days from the date such applicant, licensee, control person, qualified individual or branch manager had reason to know of the change.

(b) A sales finance company licensee shall file on the system or, if the information cannot be filed on the system, notify the commissioner, in writing, of the occurrence of any of the following developments not later than fifteen days after the date the licensee had reason to know of the occurrence of any such development:

(1) Filing of a bankruptcy petition by the licensee or the consummation of a corporate restructuring of the licensee;

(2) Filing of a criminal indictment against the licensee in any way related to the sales finance activities of the licensee, or receipt of notification of the filing of any criminal felony indictment or felony conviction of any control person, branch manager or qualified individual of the licensee;

(3) Receiving notification of the initiation of license denial, cease and desist, suspension or revocation procedures, or other formal or informal action by any governmental agency against the licensee or any control person, branch managers or qualified individual of the licensee and the reasons therefor;

(4) Receiving notification of the initiation of any action against the licensee or any control person, branch manager or qualified individual

of the licensee by the Attorney General or the attorney general of any other state and the reasons therefor; or

(5) Receiving notification of the filing for bankruptcy of any control person, branch manager or qualified individual of the licensee.

(c) Any person filing or submitting any information on the system shall do so in accordance with the procedures and requirements of the system and shall pay the applicable fees or charges to the system. Each sales finance company licensee, to the extent required by the system, shall timely submit to the system accurate reports of condition that shall be in such form and shall contain such information as the system may require. Failure by a licensee to submit a timely and accurate report of condition shall constitute a violation of this provision.

(d) The unique identifier of any person licensed under section 36a-541, as amended by this act, shall be clearly shown on all solicitations and advertisements, including business cards and web sites, and any other documents as established by rule, regulation or order of the commissioner, and shall be clearly stated in all audio solicitations and advertisements. The solicitations or advertisements of any person licensed under section 36a-541, as amended by this act: (1) Shall not include any statement that such person is endorsed in any way by this state, except that such solicitations and advertisements may include a statement that such person is licensed in this state; (2) shall not include any statement or claim that is deceptive, false or misleading; (3) shall otherwise conform to the requirements of sections 36a-535 to 36a-547, inclusive, as amended by this act, any regulations issued thereunder and any other applicable law; and (4) shall be retained for two years from the date of use of such solicitation or advertisement.

Sec. 30. Section 36a-543 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) The commissioner may suspend, revoke or refuse to renew any sales finance company license or take any other action, in accordance

with section 36a-51, as amended by this act, if any fact or condition exists which, if it had existed at the time of the original application for such license, would have warranted the commissioner's denial of such license or if the commissioner finds that [: (1) The] the licensee [, knowingly] or any control person of the licensee, qualified individual or branch manager with supervisory authority, trustee, employee or agent of such licensee has done any of the following: (1) Knowingly or without the exercise of due care to prevent such violation, has violated any provision of [sections 36a-535 to 36a-546, inclusive, or of any other law regulating] this title, or of any regulation or order adopted or issued pursuant thereto pertaining to such person, or any other law or regulation applicable to the conduct of such licensee's installment sales financing [, or has] business; (2) failed to comply with any demand or requirement [,] made by the commissioner under and within the commissioner's authority; [of sections 36a-535 to 36a-546, inclusive; or (2) there has been] (3) made any material misstatement [or failure to give a true reply to a question] in the application [for] or in any filing made in connection with the license; [or (3) the licensee has] (4) defrauded any retail buyer to the buyer's damage; or (5) wilfully failed to perform any written agreement with any retail buyer. [; or (4) any fact or condition exists which, if it had existed at the time of the original application for such license, would have warranted the commissioner's denial of such license originally; or (5) in the case of a licensee other than a natural person, (A) any officer, director, trustee, member or partner of such licensee has been guilty of any act or omission which would be cause for revoking or suspending a license of such party as an individual; or (B) any other agent or employee of such licensee has been guilty of such act or omission and the licensee has approved or had knowledge thereof and, after such approval or knowledge, has retained the benefit, proceeds, profit or advantage of such act or omission or otherwise ratified it.]

(b) The commissioner in the commissioner's discretion may revoke or suspend only the particular license with respect to which grounds for revocation or suspension are of general application to all locations,

or if to more than one location, operated by such licensee, the commissioner shall revoke or suspend all of the licenses issued to such licensee or those licenses to which the grounds for revocation or suspension apply, as the case may be.

(c) No suspension, revocation or surrender of any license shall impair or affect the obligation of any installment contract, obligation or credit agreement lawfully acquired previously thereto by the licensee.

(d) Whenever it appears to the commissioner that (1) any person has violated, is violating or is about to violate any provision of sections 36a-535 to [36a-546] 36a-547, inclusive, as amended by this act, within the jurisdiction of the commissioner or any regulation adopted under said sections, [or that any] (2) any person is, was or would be a cause of the violation of any such provision or regulation due to an act or omission such person knew or should have known would contribute to such violation; or (3) any licensee has defrauded any retail buyer to the buyer's damage or wilfully failed to perform any written agreement with any retail buyer, the commissioner may take action against such person or such licensee in accordance with sections 36a-50 and 36a-52.

(e) The commissioner, in accordance with section 5 of this act, may order a licensee to remove any individual conducting business under sections 36a-535 to 36a-547, inclusive, as amended by this act, from office and from employment or retention as an independent contractor in the sales finance business in this state.

(f) The commissioner may issue a temporary order to cease business under a license if the commissioner determines that such license was issued erroneously. Such temporary order shall be issued in accordance with subsection (j) of section 36a-24b.

Sec. 31. Subdivision (4) of subsection (a) of section 36a-557 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(4) A person who is a passive buyer of a small loan. For purposes of this subdivision, "passive buyer" means a person who: (A) Has acquired a small loan for investment purposes from a person who is either licensed or exempt from licensure under subdivisions (1) to (3), inclusive, of **[**this**]** subsection (b) of this section; (B) will receive the principal and interest and any other moneys due under the small loan through a person who is either licensed or exempt from licensure under subdivisions (1) to (3), inclusive, of **[**this**]** subsection (b) of this section; and (C) has had and will have no communications of any kind with the Connecticut borrower regarding the small loan it has acquired;

Sec. 32. Subsection (c) of section 36a-557 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(c) Loans made by an exempt person described in subsection (b) of this section shall be exempt from the provisions of sections 36a-555 to 36a-573, inclusive, as amended by this act, including, without limitation, the provisions applicable to licensed persons, even if: (1) The exempt person utilizes the services of a person exempt from licensing or required to be licensed pursuant to section 36a-556 in connection with the small loans that are made or offered by the exempt person described in subsection (b) of this section; and (2) a person exempt from licensing or required to be licensed pursuant to section 36a-556 engages in activities intended to assist a prospective Connecticut borrower or a Connecticut borrower in obtaining a small loan that is made or to be made by an exempt person described in subsection (b) of this section. Nothing in this subsection shall be construed as exempting persons required to be licensed pursuant to section 36a-556 from the requirements to obtain and maintain a license or from the provisions of sections 36a-562 to 36a-573, inclusive, as amended by this act. Notwithstanding the foregoing, no person licensed or required to be licensed under section 36a-556 shall engage in any of the activities described in subsection (a) of section 36a-556 for

any small loan that has a disclosed APR in excess of thirty-six per cent if that small loan contains any condition or provision inconsistent with the requirements of subsections (d) to (g), inclusive, of section 36a-558, as amended by this act.

Sec. 33. Subdivision (3) of section 36a-560 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(3) Take any (A) confession of judgment, (B) power of attorney, (C) note or promise to pay that does not state the actual amount of the loan, the time period for which the loan is made **[**of**]** and the charges for such loan, or (D) instrument related to the loan in which blanks are left to be filled after the loan is made;

Sec. 34. Section 36a-562 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

In each case where a license is required by section 36a-556, the licensee shall have a main office license and may have a branch office license. All offices shall be located in the United States. Each main office shall have a qualified individual, who shall be responsible for the actions of the licensee and for supervising all aspects of the licensee's small loan business. Each branch shall have a branch manager, who shall be responsible for the actions of the licensee and for supervising all aspects of the branch's small loan business.

Sec. 35. Section 36a-564 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) Each applicant for a small loan license shall pay to the system any required fees or charges and a license fee of four hundred dollars. Each such license shall expire at the close of business on December thirty-first of the year in which the license was approved, unless such license is renewed, and provided any such license that is approved on or after November first shall expire at the close of business on December thirty-first of the year following the year in which it is

approved. An application for renewal of a license shall be filed between November first and December thirty-first of the year in which the license expires. Each applicant for renewal of a small loan license shall pay to the system any required fees or charges and a renewal fee of four hundred dollars.

(b) In accordance with section **[**36a-27b**]** 36a-24b, the commissioner **[**shall**]** may automatically suspend any license if such person receives a deficiency on the system indicating that a required payment was Returned-ACH or returned pursuant to any other term as may be utilized by the system to indicate that payment was not accepted. After the license has been automatically suspended pursuant to this subsection, the commissioner shall (1) give **[**such**]** the licensee notice of the automatic suspension pending proceedings for revocation or refusal to renew pursuant to section 36a-570, as amended by this act, and an opportunity for a hearing on such action in accordance with section 36a-51, as amended by this act, and (2) require such licensee to take or refrain from taking such action **[**that, in the opinion of the commissioner, will**]** as the commissioner deems necessary to effectuate the purposes of this section.

(c) No abatement of the license fee shall be made if an application is denied or withdrawn prior to the issuance of the license or if the license is surrendered, revoked or suspended prior to the expiration of the period for which the license was issued. All fees required by this section shall be nonrefundable.

Sec. 36. Subsections (e) and (f) of section 36a-565 of the general statutes are repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(e) The minimum standards for renewal of a small loan license shall include the following: (1) The applicant continues to meet the minimum standards under **[**subsection (a)**]** subsections (a) and (d) of this section; (2) the applicant has paid all required fees for renewal of the license; and (3) the applicant has paid any outstanding examination

fees or other moneys due to the commissioner. The license of a small loan lender failing to satisfy the minimum standards for license renewal shall expire. The commissioner may adopt procedures for the reinstatement of expired licenses consistent with the standards established by the system.

(f) [(1) Withdrawal of an application for a license shall become effective upon the commissioner's acceptance on the system of a withdrawal request. The commissioner may deny a license up to the date one year after the date the withdrawal became effective.] Surrender of a license shall be governed by subsection (c) of section 36a-51, as amended by this act. Not later than fifteen days after the date a licensee ceases to engage in this state in the business of a small loan lender for any reason, including a business decision to terminate operations in this state, license revocation, bankruptcy or voluntary dissolution, such licensee shall request surrender of the license on the system for each location in which such licensee has ceased to engage in such business.

[(2) If the license expires due to the licensee's failure to renew, the commissioner may institute a revocation or suspension proceeding or issue an order suspending or revoking such license pursuant to section 36a-570 not later than one year after the date of such expiration.]

Sec. 37. Section 36a-566 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) No license issued under section 36a-556 shall be assignable or transferable. Any [proposed] change in [the] any control [persons] person shall be the subject of an advance change notice filed on the system at least thirty days prior to the effective date of such change and [any] no such change [to the control persons] shall [not] occur without the commissioner's approval.

(b) No licensee may use any name other than its legal name or a fictitious name approved by the commissioner, provided such licensee

may not use its legal name if the commissioner disapproves of such name. No licensee shall engage in any activity requiring a small loan license under any other name or at any other place of business than that named in the license. Any proposed change in a licensee's name or to the licensee's place of business shall be the subject of an advance change notice filed on the system at least thirty days prior to the effective date of such change and [any] no such change to the licensee's name or place of business shall [not] be made without the commissioner's approval of such change.

(c) The commissioner may automatically suspend any license for a violation of this section or upon a failure of the licensee to designate a qualified individual or branch manager who meets the requirements set forth in section 36a-562, as amended by this act, not later than thirty-days after such position becomes vacant. After a license has been automatically suspended pursuant to this subsection, the commissioner shall (1) give the licensee notice of the automatic suspension, pending proceedings for revocation of or refusal to renew the license pursuant to section 36a-570, as amended by this act, and an opportunity for a hearing in accordance with section 36a-51, as amended by this act, and (2) require the licensee to take or refrain from taking action as the commissioner deems necessary to effectuate the purpose of this section.

Sec. 38. Section 36a-567 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) [A] Except as otherwise specified in section 36a-566, as amended by this act, each small loan license applicant or licensee, and each control person, qualified individual and branch manager of the applicant or licensee shall file any change in the information most recently submitted to the system by such licensee, control person, qualified individual or branch manager in connection with the application or license, [with the system] or, if the information cannot be filed on the system, [directly] notify the commissioner, in writing, of such change in the information not later than fifteen days after the date

the applicant, licensee, control person, qualified individual or branch manager has reason to know of such change.

(b) A licensee shall file with the system or, if the information cannot be filed on the system, [directly] notify the commissioner, in writing, of the occurrence of any of the following developments not later than fifteen days after the licensee had reason to know of the occurrence: (1) Filing for bankruptcy or the consummation of a corporate restructuring of the licensee; (2) filing of a criminal indictment against the licensee in any way related to the activities of the licensee or receiving notification of the filing of any criminal felony indictment or felony conviction of any of the licensee's control persons or qualified individual or branch manager; (3) receiving notification of the institution of a license denial, cease and desist, suspension or revocation procedures, or other formal or informal action by any governmental agency against the licensee or any control person, branch manager or qualified individual of the licensee and the reasons therefor; (4) receiving notification of the initiation of any action by the Attorney General or the attorney general of any other state and the reasons therefor; (5) receiving notification of a material adverse action against the licensee or any control person, branch manager or qualified individual of the licensee with respect to any existing line of credit or warehouse credit agreement; (6) receiving notification of any of the licensee's control persons or qualified individual or branch manager filing or having filed for bankruptcy; or (7) a decrease in the available funds required by section 36a-565, as amended by this act.

Sec. 39. Subsection (b) of section 36a-568 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(b) The advertising of a licensee: (1) Shall not include any statement that [it] such licensee is endorsed in any way by this state, except it may include a statement that [it] such licensee is licensed in this state; (2) shall not include any statement or claim which is deceptive, false or misleading; (3) shall be retained for [one year] two years from the date

of its use; and (4) shall otherwise conform to the requirements of sections 36a-555 to 36a-573, inclusive, as amended by this act, and any regulations issued thereunder.

Sec. 40. Section 36a-570 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) The commissioner may suspend, revoke or refuse to renew any license issued under sections 36a-555 to 36a-573, inclusive, as amended by this act, or take any other action, in accordance with the provisions of section 36a-51, as amended by this act, for any reason that would be sufficient grounds for the commissioner to deny an application for such license under sections 36a-555 to 36a-573, inclusive, as amended by this act, or if the commissioner finds that the licensee or any control person of the licensee, qualified individual or branch manager with supervisory authority, trustee, employee or agent of such licensee has done any of the following: (1) Made any material misstatement in the application; (2) committed any fraud, misappropriated funds or misrepresented, concealed, suppressed, intentionally omitted or otherwise intentionally failed to disclose any of the material particulars of any small loan transaction to anyone entitled to such information, including, but not limited to, any disclosures required by part III of chapter 669 or regulations adopted pursuant thereto; (3) violated any of the provisions of this title **[**, any regulations**]** or any regulation or order adopted or issued pursuant thereto pertaining to any such person, or any other law or regulation applicable to the conduct of **[**its**]** such licensee's small loan business; or (4) failed to perform any agreement with a licensee or a borrower.

(b) Whenever it appears to the commissioner that (1) any person has violated, is violating or is about to violate any of the provisions of sections 36a-555 to 36a-573, inclusive, as amended by this act, or any regulation adopted pursuant thereto, (2) any person is, was or would be a cause of the violation of any such provision or regulation due to an act or omission such person knew or should have known would contribute to such violation, or (3) any licensee has failed to perform

any agreement with a borrower, committed any fraud, misappropriated funds or misrepresented, concealed, suppressed, intentionally omitted or otherwise intentionally failed to disclose any of the material particulars of any small loan transaction to anyone entitled to such information, including disclosures required by part III of chapter 669 or regulations adopted pursuant thereto, the commissioner may take action against such person or licensee in accordance with sections 36a-50 and 36a-52.

(c) **[**(1)**]** The commissioner may order a licensee to remove any individual conducting business under sections 36a-555 to 36a-573, inclusive, as amended by this act, from office and from employment or retention as an independent contractor in the small loan business in this state **[**whenever the commissioner finds as the result of an investigation that such individual: (A) Has violated any of said sections or any regulations adopted pursuant thereto or any order issued thereunder, or (B) for any reason that would be sufficient grounds for the commissioner to deny a license under section 36a-565, by sending a notice to such individual by registered or certified mail, return receipt requested or by any express delivery carrier that provides a dated delivery receipt. The notice shall be deemed received by such individual on the earlier of the date of actual receipt or seven days after mailing or sending. Any such notice shall include: (i) A statement of the time, place and nature of the hearing; (ii) a statement of the legal authority and jurisdiction under which the hearing is to be held; (iii) a reference to the particular sections of the general statutes, regulations or orders alleged to have been violated; (iv) a short and plain statement of the matters asserted; and (v) a statement indicating that such individual may file a written request for a hearing on the matters asserted not later than fourteen days after receipt of the notice. If the commissioner finds that the protection of borrowers requires immediate action, the commissioner may suspend any such individual from office and require such individual to take or refrain from taking such action as, in the opinion of the commissioner, will effectuate the purposes of this subsection, by incorporating a finding to that effect in

such notice. The suspension or prohibition shall become effective upon receipt of such notice and, unless stayed by a court, shall remain in effect until the entry of a permanent order or the dismissal of the matters asserted**]** in accordance with section 5 of this act.

[(2) If a hearing is requested within the time specified in the notice, the commissioner shall hold a hearing upon the matters asserted in the notice unless such individual fails to appear at the hearing. After the hearing, if the commissioner finds that any of the grounds set forth in subparagraph (A) or (B) of subdivision (1) of this subsection exist with respect to such individual, the commissioner may order a licensee to remove such individual from office and from any employment in the small loan business in this state. If such individual fails to appear at the hearing, the commissioner may order the removal of such individual from office and from employment in the small loan business in this state.**]**

(d) The commissioner may issue a temporary order to cease business under a license if the commissioner determines that such license was issued erroneously. **[**The commissioner shall give the licensee an opportunity for a hearing on such action in accordance with section 36a-52. Such temporary order shall become effective upon receipt by the licensee and, unless set aside or modified by a court, shall remain in effect until the effective date of a permanent order or dismissal of the matters asserted in the notice.**]** Such temporary order shall be issued in accordance with subsection (j) of section 36a-24b.

Sec. 41. Section 36a-573 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

The commissioner may adopt such regulations, in accordance with chapter 54, as the commissioner deems necessary to administer and enforce the provisions of this section and sections 36a-555 to **[**36a-572**]** 36a-570, inclusive, as amended by this act.

Sec. 42. Section 36a-580 of the 2018 supplement to the general

statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) For purposes of this chapter:

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

(2) "Branch office" means a location other than the main office at which a licensee or any person on behalf of a licensee engages in the business of cashing checks, drafts or money orders for consideration;

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

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

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

(6) "Main office" has the same meaning as provided in section 36a-485, as amended by this act.

(7) "Unique identifier" has the same meaning as provided in section 36a-485, as amended by this act.

(b) The provisions of this section and sections 36a-581 to 36a-589, inclusive, as amended by this act, shall not apply to: (1) Checks, drafts or money orders cashed without consideration or charge; (2) checks, drafts or money orders cashed as an incident to the conduct of any other lawful business where not more than fifty cents is charged for

cashing such check, draft or money order; or (3) any institution subject to and under the general supervision of any agency of the United States or any Connecticut bank or Connecticut credit union.

Sec. 43. Section 36a-581 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) Except as provided for in section 36a-580, as amended by this act, no person shall engage in the business of cashing checks, drafts or money orders for consideration without obtaining a general facility license **[**to operate a general facility or a license to operate a limited facility**]** for its main office and a general or limited facility license for each branch office location where such business is to be conducted. No person shall conduct any activity that is subject to licensure pursuant to sections 36a-580 to 36a-589, inclusive, as amended by this act, at any office outside of the United States.

(b) Each licensee of a limited facility shall continuously maintain at least one operating general facility. A licensee of a limited facility shall not pay any compensation or consideration to any employer.

(c) An application for a check cashing license or renewal of such license shall be **[**in writing, under oath and on a**]** made and processed on the system pursuant to section 36a-24b, in the form provided by the commissioner. Each such form shall contain content as set forth by instruction or procedure of the commissioner and may be changed or updated as necessary by the commissioner in order to carry out the purposes of sections 36a-580 to 36a-589, inclusive, as amended by this act. The **[**application**]** applicant shall**,** **[**set forth: (1) The name and address of the applicant; (2) if the applicant is a firm or partnership, the names and addresses of each member of the firm or partnership; (3) if the applicant is a corporation, the names and addresses of each officer, director, authorized agent and each shareholder owning ten per cent or more of the outstanding stock of such corporation; (4) if the applicant is a limited liability company, the names and addresses of

each member and authorized agent of such limited liability company; (5) (A) the history of criminal convictions of the applicant; the members, if the applicant is a firm or partnership; the officers, directors, authorized agent and each shareholder owning ten per cent or more of the outstanding stock of the applicant, if the applicant is a corporation, and (B) sufficient information pertaining to the history of criminal convictions in a form acceptable to the commissioner on such applicant, members, officers, directors, authorized agent and shareholders as the commissioner deems necessary to make the findings under subsection (e) of this section; (6) each location where the check cashing business is to be conducted and the type of facility that will be operated at that location; (7) the business plan, which shall include the proposed days and hours of operation; (8) the amount of liquid assets available for each location which shall not be less than the amount specified in subdivision (7) of subsection (e) of this section; (9) for each limited facility, a copy of the executed contract evidencing the proposed arrangement between the applicant and the employer; and (10) any other information the commissioner may require. The commissioner, in accordance with section 29-17a, may conduct a state and national criminal history records check of the applicant and of each member, officer, director, authorized agent and shareholder owning ten per cent or more of the outstanding stock of the applicant**]** <u>at minimum, furnish to the system information concerning the identity of the applicant, any control person of the applicant, the qualified individual and any branch manager responsible for the actions of the licensee, including, but not limited to, information related to such person's personal history and experience, and any administrative, civil or criminal findings by any governmental jurisdiction relating to such person. Each application for an initial license shall also include: (1) Each location where the check cashing business is to be conducted and the type of facility that will be operated at that location; (2) the business plan of each location, which shall include the proposed days and hours of operation; (3) the amount of liquid assets available for each location, which shall not be less than the amount specified in subdivision (4) of subsection (e) of this section; (4) for each limited</u>

facility, a copy of the executed contract evidencing the proposed arrangement between the applicant and the employer; and (5) any other information that the commissioner may require. As part of an application, the commissioner may (A) in accordance with section 29-17a, conduct a state or national criminal history records check of the applicant, any control person of the applicant, the qualified individual and any branch manager, and (B) in accordance with section 36a-24b, (i) require the submission of fingerprints of the applicant, any control person of the applicant, the qualified individual and any branch manager to the Federal Bureau of Investigation or other state, national or international criminal databases, and (ii) investigate the financial condition of each such person and require authorization of each such person for the system and the commissioner to obtain an independent credit report from a consumer reporting agency, as described in Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a, as amended from time to time.

(d) **[**A licensee shall not change the name or the location specified on its license unless, prior to such change in name or location, the licensee files an application with the commissioner accompanied by the applicable name change fee or location transfer fee specified in section 36a-582 and receives the approval of the commissioner. A licensee of a limited facility shall not change its approved days and hours of operation unless, prior to any such change, the licensee files an application with and receives the approval of the commissioner. No licensee shall use any name other than the name specified on the license issued by the commissioner.**]** (1) No licensee may use any name other than its legal name or a fictitious name approved by the commissioner, provided such licensee may not use its legal name if the commissioner disapproves use of such name. No licensee shall use any name or address other than the name and address specified on the license issued by the commissioner. A licensee may change the name of the licensee or address of the office specified on the most recent filing with the system if, at least thirty calendar days prior to such change, the licensee files such change with the system and the

commissioner does not disapprove such change, in writing, or request further information from the licensee within such thirty-day period.

(2) A licensee of a limited facility shall not change its approved days and hours of operation, unless the licensee files an amendment on the system at least thirty days prior to the effective date of such change and receives the approval of the commissioner.

(e) Upon the filing of the required application, [and] the applicable license fee and [location fees] any other required fees or charges, the commissioner shall investigate the facts and may issue a license if the commissioner finds that (1) the applicant [is] and the applicant's control persons, qualified individual and any branch managers are in all respects properly qualified and of good character, including, but not limited to, financial character, (2) [if the applicant is a firm or partnership, each member of the firm or partnership is in all respects properly qualified and of good character, (3) if the applicant is a corporation, each officer, director, authorized agent and each shareholder owning ten per cent or more of the outstanding stock of such corporation is in all respects properly qualified and of good character, (4) if the applicant is a limited liability company, each member and authorized agent is in all respects properly qualified and of good character, (5)] granting such license would not be against the public interest, [(6)] (3) the applicant has a feasible plan for conducting business, [(7)] (4) the applicant has available and shall continuously maintain liquid assets of at least ten thousand dollars for each general facility location and at least two thousand five hundred dollars for each limited facility location specified in the application, and [(8)] (5) the name of the applicant is not likely to cause a consumer to reasonably believe that such applicant is in any way endorsed by or affiliated with this state. If the commissioner fails to make such findings or if the commissioner finds that the applicant has made any material misstatement in the application, the commissioner shall not issue a license and shall notify the applicant of the denial and the reasons for such denial. The commissioner may deny an application if

the commissioner finds that the applicant [or any member, officer, director or authorized agent or shareholder owning ten per cent or more of the outstanding stock of the applicant] or any control person, qualified individual or branch manager of the applicant has been convicted of any misdemeanor involving any aspect of the check cashing services business, or any felony. Any denial of an application by the commissioner shall, when applicable, be subject to the provisions of section 46a-80.

(f) [An applicant or licensee shall promptly notify the commissioner, in writing, of any change in the information provided in its initial or renewal application for licensure or most recent renewal of such license.] Except as otherwise specified in subdivision (1) of subsection (a) of section 36a-583, as amended by this act, and subdivision (1) of subsection (d) of this section, each check cashing applicant or licensee and each individual designated as a control person, qualified individual or branch manager of such applicant or licensee shall file on the system any change in the information such licensee, applicant, control person, qualified individual or branch manager most recently submitted to the system in connection with the application or license, or, if the information cannot be filed on the system, notify the commissioner, in writing, not later than fifteen days after the date such applicant, licensee, control person, qualified individual or branch manager had reason to know of the change. A check cashing licensee shall file with the system or, if the information cannot be filed on the system, notify the commissioner, in writing, of the occurrence of any of the following developments not later than fifteen days after the date the licensee had reason to know of the development:

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

(2) Filing of a criminal indictment against the licensee in any way related to the check cashing activities of the licensee, or receiving notification of the filing of any criminal felony indictment or felony conviction of any control person, branch manager or qualified

individual of the licensee;

(3) Receiving notification of the institution of license denial, cease and desist, suspension or revocation procedures, or other formal or informal action by any governmental agency against the licensee or any control person, branch manager or qualified individual of the licensee and the reasons therefor;

(4) Receiving notification of the initiation of any action against the licensee or any control person, branch manager or qualified individual of the licensee by the Attorney General or the attorney general of any other state and the reasons therefor;

(5) Receiving notification of filing for bankruptcy of any control person, branch manager or qualified individual of the licensee; or

(6) Any decrease in the amount of liquid assets available for each location below the minimum amount required pursuant to subdivision (4) of subsection (e) of this section.

(g) The commissioner may deem an application for a license for a general facility or limited facility abandoned if the applicant fails to respond to any request for information required under sections 36a-580 to 36a-589, inclusive, as amended by this act, or any regulations adopted pursuant to said sections 36a-580 to 36a-589, inclusive, as amended by this act. The commissioner shall notify the applicant **[**, in writing,**]** on the system that if such information is not submitted not later than sixty days after such request, the application shall be deemed abandoned. An application filing fee paid prior to the date an application is deemed abandoned pursuant to this subsection shall not be refunded. Abandonment of an application pursuant to this subsection shall not preclude the applicant from submitting a new application for a license under sections **[**36a-560**]** 36a-580 to 36a-589, inclusive, as amended by this act.

(h) The minimum standards for renewal of a check cashing license shall include the following: (1) The applicant continues to meet the

minimum standards under subsection (c) of this section; (2) the applicant has paid all required fees for renewal of the license; and (3) the applicant has paid any outstanding examination fees or other moneys due to the commissioner. The license of a check cashing licensee failing to satisfy the minimum standards for license renewal shall expire. The commissioner may adopt procedures for the reinstatement of expired licenses consistent with the standards established by the system. Each license shall remain in force and effect until the license has been surrendered, revoked or suspended or has expired in accordance with the provisions of sections 36a-580 to 36a-589, inclusive, as amended by this act.

Sec. 44. Section 36a-582 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) Each applicant for a check cashing license shall pay to the **[**commissioner**]** system any required fees or charges and a nonrefundable initial license fee of **[**two**]** one thousand one hundred dollars. **[**and a nonrefundable location fee of two hundred dollars for each location, except that if such application is filed not earlier than one year before the date such license will expire, the applicant shall pay to the commissioner a nonrefundable initial license fee of one thousand dollars and a nonrefundable location fee of one hundred dollars for each location. Each licensee shall pay to the commissioner a nonrefundable (1) name change fee of one hundred dollars for each application to change a name, and (2) location transfer fee of one hundred dollars for each application to transfer a location.**]** Each license issued pursuant to section 36a-581, as amended by this act, shall expire at the close of business on **[**September thirtieth of the odd-numbered year following its issuance unless such license is renewed, provided any license that is renewed effective July 1, 2007, shall expire on September 30, 2009, unless renewed. Each licensee shall, on or before September first of the year in which the license expires, pay to the commissioner a renewal license fee of one thousand five hundred dollars and a renewal location fee for each location of one hundred

3159 dollars for the succeeding two years, commencing October first. In the
3160 case of a license that expires on June 30, 2007, each licensee shall, on or
3161 before June 1, 2007, pay to the commissioner a renewal license fee of
3162 one thousand six hundred eighty-eight dollars and a renewal location
3163 fee of one hundred thirteen dollars. Any renewal application filed with
3164 the commissioner after September first, or in the case of a license that
3165 expires on June 30, 2007, after June 1, 2007, shall be accompanied by a
3166 one-hundred-dollar late fee and any such filing shall be deemed to be
3167 timely and sufficient for purposes of subsection (b) of section 4-182.
3168 Each licensee shall file with the commissioner, not later than
3169 September first of each even-numbered year, the information required
3170 by subdivision (8) of subsection (c) of section 36a-581.**]** December
3171 thirty-first of the year in which the license is approved, unless such
3172 license is renewed, except that any such license approved on or after
3173 November first shall expire at the close of business on December
3174 thirty-first of the year following the year in which it is approved. An
3175 application for renewal of a license shall be filed between November
3176 first and December thirty-first of the year in which such license
3177 expires. Each applicant for the renewal of such license shall pay to the
3178 system any required fees or charges and a nonrefundable renewal fee
3179 of eight hundred dollars.

3180 (b) **[**If the commissioner determines that a check filed with the
3181 commissioner to pay a license or location fee has been dishonored, the
3182 commissioner shall automatically suspend the license or approval or a
3183 renewal license that has been issued but is not yet effective. The
3184 commissioner shall give the licensee notice of the automatic
3185 suspension pending proceedings for revocation or refusal to renew
3186 such license and an opportunity for a hearing on such actions in
3187 accordance with section 36a-51.**]** The commissioner may, in accordance
3188 with section 36a-24b, automatically suspend the license of any licensee
3189 who has received a deficiency on the system indicating that a required
3190 payment was Returned-ACH or returned pursuant to any other term
3191 as may be utilized by the system to indicate that payment was not
3192 accepted. After a license has been automatically suspended pursuant

to this subsection, the commissioner shall (1) give the licensee notice of such automatic suspension pending proceedings for revocation of or refusal to renew the license pursuant to section 36a-587, as amended by this act, and an opportunity for a hearing in accordance with section 36a-51, as amended by this act, and (2) require the licensee to take or refrain from taking action as the commissioner deems necessary to effectuate the purpose of this section.

(c) Each **[**applicant or**]** licensee shall pay the expenses of any examination or other investigation under sections 36a-580 to 36a-589, inclusive, as amended by this act.

(d) No abatement of **[**the license or location fee**]** any fee required by this section shall be made if the application is denied or withdrawn prior to issuance of the license or if the license is surrendered, cancelled, revoked or suspended prior to the expiration of the period for which it was issued.

Sec. 45. Section 36a-583 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) (1) **[**The license for each facility shall be conspicuously posted in that facility during the hours of operation. Such**]** A license issued under section 36a-581, as amended by this act, shall not be transferable or assignable. A change in any control person shall be the subject of an advance change notice filed on the system at least sixty days prior to the effective date of such change and no such change shall not occur without the commissioner's approval.

(2) The commissioner may automatically suspend any license for a violation of subdivision (1) of this subsection or for a violation of subdivision (1) of subsection (d) of section 36a-581, as amended by this act. After a license has been automatically suspended pursuant to this subsection, the commissioner shall (A) give the licensee notice of the automatic suspension, pending proceedings for revocation of or refusal to renew the license pursuant to section 36a-587, as amended

by this act, and an opportunity for a hearing in accordance with section 36a-51, as amended by this act, and (B) require the licensee to take or refrain from taking action as the commissioner deems necessary to effectuate the purpose of this section.

(b) Not later than fifteen days after the date a licensee ceases to engage in this state in the business of cashing checks, drafts or money orders for consideration at a general facility or limited facility for any reason, including, but not limited to, a business decision to terminate operations in this state, license revocation, bankruptcy or voluntary dissolution, such licensee shall surrender, **[**to the commissioner in person or by registered or certified mail**]** in accordance with subsection (c) of section 36a-51, as amended by this act, its license for each location in which such licensee has ceased to engage in such business.

Sec. 46. Subsection (c) of section 36a-584 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(c) Not later than January 15, **[**2006**]** 2019, and quarterly thereafter, each check cashing licensee shall submit a report to the commissioner that specifies the number and type of checks cashed by such licensee **[**and the number of checks cashed**]** that exceed **[**two**]** six thousand **[**five hundred**]** dollars during the previous calendar quarter, unless no such activity occurred in the previous quarter, in which case the licensee shall file a written statement to that effect. Each check cashing licensee shall, to the extent required by the system, timely submit to the system accurate reports of condition that shall be in such form and contain such information as the system may require. Failure by a licensee to submit timely and accurate reports shall constitute a violation of this provision. Any person making any filing or submission of any information on the system shall do so in accordance with the procedures and requirements of the system and pay the applicable fees or charges to the system.

Sec. 47. Section 36a-586 of the 2018 supplement to the general

3256 statutes is repealed and the following is substituted in lieu thereof
3257 (*Effective October 1, 2018*):

3258 (a) Each check cashing licensee shall use and maintain at a general
3259 facility in this state, in the form satisfactory to the commissioner, such
3260 books, records and accounts as will enable the commissioner to
3261 determine whether the licensee is complying with the provisions of
3262 sections 36a-580 to 36a-589, inclusive, as amended by this act. Each
3263 licensee shall retain such books, records and accounts for not less than
3264 the periods of time specified in regulations adopted by the
3265 commissioner in accordance with section 36a-588.

3266 (b) Before a check cashing licensee deposits with any financial
3267 institution a check, draft or money order cashed by such licensee, the
3268 item shall be endorsed with the actual name under which the licensee
3269 is doing business and **[**must**]** have the words "licensed check cashing
3270 service" legibly written or stamped immediately after or below such
3271 name.

3272 (c) Each check cashing licensee shall comply with the applicable
3273 provisions of the Currency and Foreign Transactions Reporting Act, 31
3274 USC Section 5311 et seq., as from time to time amended, and any
3275 regulations adopted under such provisions, as from time to time
3276 amended.

3277 (d) No person required to be licensed and who is subject to the
3278 provisions of sections 36a-580 to 36a-589, inclusive, as amended by this
3279 act, and no control person shall, directly or indirectly: (1) Employ any
3280 scheme, device or artifice to defraud or mislead any person in
3281 connection with a check cashing transaction; (2) engage in any unfair
3282 or deceptive practice toward any person in connection with a check
3283 cashing transaction; (3) obtain property by fraud or misrepresentation;
3284 (4) fail to comply with the provisions of sections 36a-580 to 36a-589,
3285 inclusive, as amended by this act, or the rules or regulations adopted
3286 under said sections, or fail to comply with any other state or federal
3287 law, including the rules and regulations thereunder; (5) make, in any

3288 manner, any false or deceptive statement or representation in
3289 connection with a check cashing transaction or engage in bait and
3290 switch advertising; (6) negligently make any false statement or
3291 knowingly and wilfully make any omission of material fact in
3292 connection with any information or reports filed with a governmental
3293 agency or the system, or in connection with any investigation
3294 conducted by the commissioner or another governmental agency; (7)
3295 collect, charge, attempt to collect or charge or use or propose any
3296 agreement purporting to collect or charge any fee prohibited by
3297 sections 36a-580 to 36a-589, inclusive, as amended by this act; (8) fail to
3298 truthfully account for moneys belonging to a party to a check cashing
3299 transaction; (9) fail to comply with any demand or requirement made
3300 by the commissioner under and within the authority of sections 36a-
3301 580 to 36a-589, inclusive, as amended by this act; or (10) fail to
3302 establish, enforce and maintain policies and procedures for
3303 supervising employees, agents and office operations that are
3304 reasonably designed to achieve compliance with applicable check
3305 cashing laws and regulations.

3306 (e) The unique identifier of any person licensed under section 36a-
3307 581, as amended by this act, shall be clearly shown on all solicitations
3308 and advertisements, including business cards and web sites, and any
3309 other documents as established by rule, regulation or order of the
3310 commissioner, and shall be clearly stated in all audio solicitations and
3311 advertisements. The solicitations or advertisements of any person
3312 licensed under section 36a-581, as amended by this act: (1) Shall not
3313 include any statement that such person is endorsed in any way by this
3314 state, except that such solicitations and advertisements may include a
3315 statement that such person is licensed in this state; (2) shall not include
3316 any statement or claim that is deceptive, false or misleading; (3) shall
3317 otherwise conform to the requirements of sections 36a-580 to 36a-589,
3318 inclusive, as amended by this act, any regulations issued thereunder
3319 and any other applicable law; and (4) shall be retained for two years
3320 from the date of use of such solicitation or advertisement.

Sec. 48. Section 36a-587 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) The commissioner may suspend, revoke or refuse to renew any license issued pursuant to section 36a-581, as amended by this act, or take any other action, in accordance with the provisions of section 36a-51, as amended by this act, for any reason which would be sufficient grounds for the commissioner to deny an application for a license under sections 36a-580 to 36a-589, inclusive, as amended by this act, or if the commissioner finds that the licensee or any **[**owner, director, officer, member, partner, shareholder**]** control person of the licensee, qualified individual or branch manager with supervisory authority, trustee, employee or agent of such licensee has done any of the following: (1) Made any material misstatement in the application; (2) committed any fraud, engaged in dishonest activities or made any misrepresentation; (3) violated any **[**provision of sections 36a-580 to 36a-589, inclusive,**]** provision of this title or any regulation **[**promulgated under said sections**]** or order adopted or issued pursuant thereto pertaining to such person, or any other law or regulation applicable to the conduct of such licensee's check cashing business; or (4) demonstrated incompetency or untrustworthiness to act as a licensed check cashing service.

(b) Whenever it appears to the commissioner that (1) any person has violated, is violating or is about to violate any of the provisions of sections 36a-580 to 36a-589, inclusive, as amended by this act, or any regulation adopted pursuant to said sections, **[**or**]** (2) any person is, was or would be a cause of the violation of any such provision or regulation due to an act or omission such person knew or should have known would contribute to such violation; or (3) any licensee or any **[**owner, director, officer, member, partner, shareholder**]** control person of the licensee, qualified individual or branch manager with supervisory authority, trustee, employee or agent of such licensee has committed any fraud, engaged in dishonest activities or made any misrepresentation, the commissioner may take action against such

person or licensee in accordance with sections 36a-50 and 36a-52.

(c) The commissioner may order a licensee to remove any individual conducting business under sections 36a-580 to 36a-589, inclusive, as amended by this act, from office and from employment or retention as an independent contractor in the check cashing business in this state in accordance with section 5 of this act.

(d) The commissioner may issue a temporary order to cease business under a license if the commissioner determines that such license was issued erroneously. Such temporary order shall be issued in accordance with subsection (j) of section 36a-24b.

Sec. 49. Section 36a-596 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

As used in sections 36a-595 to 36a-612, inclusive, as amended by this act:

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

(2) "Authorized delegate" means a person designated by a person licensed pursuant to sections 36a-595 to 36a-612, inclusive, as amended by this act, to provide money transmission services on behalf of such licensed person.

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

(4) "Electronic payment instrument" means a card or other tangible object for the transmission of money or monetary value or payment of money which contains a microprocessor chip, magnetic stripe, or other means for the storage of information, that is prefunded and for which the value is decremented upon each use, but does not include a card or other tangible object that is redeemable by the issuer in the issuer's

goods or services.

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

(6) "Licensee" means any person licensed or required to be licensed pursuant to sections 36a-595 to 36a-612, inclusive, as amended by this act.

(7) "Main office" has the same meaning as provided in section 36a-485, as amended by this act.

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

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

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

[(10)**]** (11) "Payment instrument" means a check, draft, money order,

travelers check or electronic payment instrument that evidences either an obligation for the transmission of money or monetary value or payment of money, or the purchase or the deposit of funds for the purchase of such check, draft, money order, travelers check or electronic payment instrument.

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

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

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

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

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

(17) "Unique identifier" has the same meaning as provided in section 36a-485, as amended by this act.

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

Sec. 50. Subsection (a) of section 36a-597 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) No person shall engage in the business of money transmission in this state, or advertise or solicit such services, without a main office license issued by the commissioner as provided in sections 36a-595 to 36a-612, inclusive, as amended by this act, except as an authorized

delegate of a person that has been issued a license by the commissioner and in accordance with section 36a-607, as amended by this act. No person shall conduct activity subject to licensure under sections 36a-595 to 36a-612, inclusive, as amended by this act, or conduct any activity permitted without a license in the capacity of an authorized delegate in accordance with section 36a-607, as amended by this act, at any office located outside of the United States. A person engaged in the business of money transmission is acting in this state under this section if such person: (1) Has a place of business located in this state, (2) receives money or monetary value in this state or from a person located in this state, (3) transmits money or monetary value from a location in this state or to a person located in this state, (4) issues stored value or payment instruments that are sold in this state, or (5) sells stored value or payment instruments in this state. **[**The licensee shall promptly notify the commissioner, in writing, of the termination of the contract between such licensee and authorized delegate.**]**

Sec. 51. Section 36a-598 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) Each application for an initial or renewal license required under sections 36a-595 to 36a-612, inclusive, as amended by this act, shall be made **[**in writing and under oath to the commissioner in such form as the commissioner may prescribe. The application shall include:

(1) The exact name of the applicant and, if incorporated, the date of incorporation and the state where incorporated;

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

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

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

(5) The name and residence address of the individual, if the applicant is an individual; the partners, if the applicant is a partnership; the directors, trustees, principal officers, and any shareholder owning ten per cent or more of each class of its securities, if the applicant is a corporation or association; or the members, if the applicant is a limited liability company;] and processed on the system pursuant to section 36a-24b, in the form prescribed by the commissioner. Each such form shall contain content as set forth by instruction or procedure of the commissioner and may be changed or updated as necessary by the commissioner in order to carry out the purposes of sections 36a-595 to 36a-612, inclusive, as amended by this act. The applicant shall, at a minimum, furnish to the system information concerning the identity of the applicant, any control person of the applicant, the qualified individual and any branch manager responsible for the actions of the licensee, including, but not limited to, information related to such person's personal history and experience and any administrative, civil or criminal findings by any governmental jurisdiction. As part of an application, the commissioner may (1) in accordance with section 29-17a, conduct a state or national criminal history records check of the applicant, any control person of the applicant, the qualified individual and any branch manager, and (2) in accordance with section 36a-24b (A) require the submission of fingerprints of any such person to the Federal Bureau of Investigation or other state, national or international criminal databases, and (B) investigate the financial condition of any such person and require authorization from any such person for the system and the commissioner to obtain an independent credit report from a consumer reporting agency, as described in Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a, as amended from time to time. An application for an initial license shall also include:

3542 [(6) (A)] (1) A copy of the applicant's audited financial statements
3543 for the most recent fiscal year. [, (B) if] If the applicant is a wholly-
3544 owned subsidiary of another corporation, [(i)] the applicant shall
3545 include the most recent audited consolidated annual financial
3546 statements of the parent corporation or the applicant's most recent
3547 audited consolidated annual financial statement, and [(ii)] the most
3548 recent audited unconsolidated financial statement of the applicant,
3549 including its balance sheet and receipts and disbursements for the
3550 preceding year. [, (C) if] If the applicant is publicly traded, the
3551 applicant shall include a copy of the most recent 10-K report that such
3552 applicant filed with the Securities Exchange Commission or, if the
3553 applicant is a wholly-owned subsidiary of a publicly traded company,
3554 a copy of the parent company's most recent 10-K report that was filed
3555 with the Securities and Exchange Commission. [, and (D) if] If the
3556 applicant or parent company of a wholly-owned subsidiary applicant
3557 is publicly traded on a foreign exchange, the applicant shall include a
3558 copy of documentation similar to the 10-K report [filed pursuant to
3559 subparagraph (C) of this subdivision] that was filed with the
3560 applicable securities regulator;

3561 [(7)] (2) A list of the applicant's permissible investments, the book
3562 and market values of such investments, and the dollar amount of the
3563 applicant's aggregate outstanding money transmissions (A) as of the
3564 date of the financial statement filed in accordance with subdivision
3565 [(6)] (1) of this subsection; and (B) as of a date no earlier than thirty
3566 business days prior to the filing of the application;

3567 [(8) (A) The history of criminal convictions of the individual, if the
3568 applicant is an individual; the partners, if the applicant is a
3569 partnership; the directors, trustees, principal officers and any
3570 shareholder owning ten per cent or more of each class of its securities
3571 if the applicant is a corporation or association; or the members, if the
3572 applicant is a limited liability company, and (B) sufficient information
3573 pertaining to the history of criminal convictions, in a form acceptable
3574 to the commissioner, on such individual or the partners, directors,

trustees, principal officers, members and any shareholder owning ten per cent or more of each class of the applicant's securities;]

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

(B) A list of the investments maintained in accordance with subsection (d) of section 36a-602, if applicable, and the book and market values of any such investments (i) as of the date of the financial statement filed in accordance with subdivision [(6)] (1) of this subsection; and (ii) as of a date no earlier than thirty business days prior to the filing of the application;

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

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

[(12)] (6) For each authorized delegate, a sample of the contract evidencing the proposed arrangement between the applicant and the authorized delegate; and

[(13)] (7) Any other information the commissioner may require.

(b) [The commissioner, in accordance with section 29-17a, may conduct a state and national criminal history records check of the individual applicant and of each partner, director, trustee, principal officer, member and shareholder owning ten per cent or more of each class of the securities of the applicant.] The commissioner may deem an application for a license to engage in the business of money transmission in this state abandoned if the applicant fails to respond to any request for information required under sections 36a-595 to 36a-612, inclusive, as amended by this act, or any regulations adopted pursuant to said sections. The commissioner shall notify the applicant [, in

3605 writing,] on the system that if the applicant fails to submit such
3606 information not later than sixty days after such request, the application
3607 shall be deemed abandoned. An application filing fee paid prior to the
3608 date an application is deemed abandoned pursuant to this subsection
3609 shall not be refunded. Abandonment of an application pursuant to this
3610 subsection shall not preclude the applicant from submitting a new
3611 application for a license under sections 36a-595 to 36a-612, inclusive, as
3612 amended by this act.

3613 (c) [An] Except as otherwise specified in subsections (d) and (e) of
3614 this section, each applicant, [or] licensee, control person and qualified
3615 individual shall [notify the commissioner, in writing, of] file with the
3616 system any change in the information [provided in the application for
3617 license or most recent renewal of such license] most recently submitted
3618 to the system by such licensee, control person or qualified individual
3619 in connection with the application or license, or, if the information
3620 cannot be filed on the system, notify the commissioner, in writing, of
3621 such change in the information not later than fifteen days after the date
3622 the applicant, [or] licensee, control person or qualified individual has
3623 reason to know of such change.

3624 (d) [A licensee shall not change the name specified on its license
3625 unless, prior to such change in name, the licensee files an application
3626 with the commissioner accompanied by the name change fee specified
3627 in subsection (a) of section 36a-599 and receives the approval of the
3628 commissioner.] (1) A money transmission license shall not be
3629 transferable or assignable. Any change in any control person shall be
3630 the subject of an advance change notice filed on the system at least
3631 sixty days prior to the effective date of such change and no such
3632 change shall occur without the commissioner's approval.

3633 (2) No licensee may use any name other than its legal name or a
3634 fictitious name approved by the commissioner, provided such licensee
3635 may not use its legal name if the commissioner disapproves use of
3636 such name. No licensee shall use any name or address other than the
3637 name and address specified on the license issued by the commissioner.

A licensee may change the name of the licensee or the address of the office specified on the most recent filing with the system if, at least thirty calendar days prior to such change, the licensee files such change with the system and provides a bond rider, endorsement or addendum, as applicable, to the surety bond on file with the commissioner that reflects the new name or address, and the commissioner does not disapprove such change, in writing, or request further information within such thirty-day period.

(3) The commissioner may automatically suspend any license for a violation of this subsection. After a license has been automatically suspended pursuant to this subsection, the commissioner shall (A) give the licensee notice of the automatic suspension, pending proceedings for revocation of or refusal to renew the license pursuant to section 36a-608, as amended by this act, and an opportunity for a hearing in accordance with section 36a-51, as amended by this act, and (B) require the licensee to take or refrain from taking action as the commissioner deems necessary to effectuate the purpose of this section.

(e) A licensee shall file with the system or, if the information cannot be filed on the system, provide a written notice to the commissioner not later than one business day after the licensee has reason to know of the occurrence of any of the following events:

(1) The filing of a petition by or against the licensee under the United States Bankruptcy Code for bankruptcy or reorganization or the filing of a petition under the United States Bankruptcy Code for bankruptcy or reorganization by any control person, qualified individual or authorized delegate of the licensee;

(2) The filing of a petition by or against the licensee for receivership, the commencement of any other judicial or administrative proceeding for its dissolution or reorganization, or the making of a general assignment for the benefit of its creditors;

3669 (3) The commencement of a proceeding to revoke or suspend its
3670 license to engage in money transmission in another state or a foreign
3671 country, or other formal or informal regulatory action by any
3672 governmental agency against the licensee or any control person,
3673 qualified individual or authorized delegate of the licensee and the
3674 reasons therefor;

3675 (4) The commencement of any action by the Attorney General or the
3676 attorney general of any other state against the licensee or any control
3677 person, qualified individual or authorized delegate of the licensee and
3678 the reasons therefor;

3679 (5) The cancellation or other impairment of the licensee's bond or
3680 other security, including notice of claims filed against the licensee's
3681 bond or other security;

3682 (6) A conviction or indictment of the licensee or of **[**a partner,
3683 director, trustee, principal officer, member or shareholder owning ten
3684 per cent or more of each class of the licensee's securities**]** any control
3685 person or qualified individual of the licensee for a misdemeanor
3686 involving the money transmission business or a felony; or

3687 (7) A conviction or indictment of an authorized delegate for a
3688 misdemeanor involving the money transmission business or a felony.

3689 Sec. 52. Section 36a-599 of the general statutes is repealed and the
3690 following is substituted in lieu thereof (*Effective October 1, 2018*):

3691 (a) **[**Each application for an initial license shall be accompanied by a
3692 nonrefundable investigation fee of six hundred twenty-five dollars and
3693 a nonrefundable license fee of two thousand two hundred fifty dollars,
3694 except that if such application is filed not earlier than one year before
3695 the date such license will expire, the applicant shall pay a
3696 nonrefundable investigation fee of six hundred twenty-five dollars and
3697 a nonrefundable license fee of one thousand two hundred fifty dollars.
3698 Each application for a renewal license shall be accompanied by a
3699 nonrefundable license fee of two thousand two hundred fifty dollars.

Each licensee shall pay to the commissioner a nonrefundable name change fee of two hundred dollars for each application to change a name. No licensee shall use any name other than the name specified on the license issued by the commissioner.] Each applicant for a money transmission license shall pay to the system any required fees or charges and a license fee of one thousand eight hundred seventy-five dollars. Each such license shall expire at the close of business on December thirty-first of the year in which the license was approved, unless such license is renewed, except that any such license approved on or after November first shall expire at the close of business on December thirty-first of the year following the year in which it is approved. An application for renewal of a license shall be filed between November first and December thirty-first of the year in which the license expires. Each applicant for renewal of a money transmission license shall pay to the system any required fees or charges and a renewal fee of one thousand one hundred twenty-five dollars.

(b) [A license issued pursuant to sections 36a-595 to 36a-612, inclusive, shall expire at the close of business on September thirtieth of the odd-numbered year following its issuance, unless renewed or earlier surrendered, suspended or revoked pursuant to said sections.] Not later than fifteen days after the date a licensee ceases to engage in the business of money transmission in this state for any reason, including a business decision to terminate operations in this state, license revocation, bankruptcy or voluntary dissolution, such licensee shall [provide written notice of surrender and] request surrender [to the commissioner its] of the license in accordance with subsection (c) of section 36a-51, as amended by this act, for each location [in which] where such licensee has ceased to engage in such business. The [written notice of surrender] licensee shall also identify, in writing, to the commissioner the location where the records of the licensee will be stored and the name, address and telephone number of an individual authorized to provide access to the records. The surrender of a license does not reduce or eliminate the licensee's civil or criminal liability

arising from acts or omissions occurring prior to the surrender of the license, including any administrative actions undertaken by the commissioner to revoke or suspend a license, assess a civil penalty, order restitution or exercise any other authority provided to the commissioner.

(c) Each license shall remain in force and effect until the license has been surrendered, revoked or suspended or has expired in accordance with the provisions of sections 36a-595 to 36a-612, inclusive, as amended by this act. No abatement of the license fee shall be made if the applicant is denied or withdrawn prior to issuance of the license or if the license is surrendered, revoked or suspended prior to the expiration of the period for which it was issued. All fees required by this section shall be nonrefundable.

Sec. 53. Section 36a-600 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) Upon the filing of an application for an initial license, and the payment of **[**the fees for investigation and license**]** required fees, the commissioner shall investigate the financial condition and responsibility, financial and business experience, character and general fitness of the applicant, and the applicant's control persons and qualified individual. The commissioner may issue a license if the commissioner finds that:

(1) The applicant's financial condition is sound;

(2) The applicant's business will be conducted honestly, fairly, equitably, carefully and efficiently within the purposes and intent of sections 36a-595 to 36a-612, inclusive, as amended by this act, and in a manner commanding the confidence and trust of the community;

(3) **[**(A) If the applicant is an individual, such individual is in all respects properly qualified and of good character, (B) if the applicant is a partnership, each partner is in all respects properly qualified and of good character, (C) if the applicant is a corporation or association, each

3765 president, chairperson of the executive committee, senior officer
3766 responsible for the corporation's business, chief financial officer or any
3767 other person who performs similar functions as determined by the
3768 commissioner, director, trustee and each shareholder owning ten per
3769 cent or more of each class of the securities of such corporation is in all
3770 respects properly qualified and of good character, or (D) if the
3771 applicant is a limited liability company, each member is in all respects
3772 properly qualified and of good character] The applicant's control
3773 persons and qualified individual are in all respects properly qualified
3774 and of good character as demonstrated by a showing of qualities,
3775 including, but not limited to, financial responsibility;

3776 (4) The applicant is in compliance with the provisions of sections
3777 36a-602 to 36a-604, inclusive, as amended by this act;

3778 (5) No person on behalf of the applicant knowingly has made any
3779 incorrect statement of a material fact in the application, or in any
3780 report or statement made pursuant to sections 36a-595 to 36a-612,
3781 inclusive, as amended by this act;

3782 (6) No person on behalf of the applicant knowingly has omitted to
3783 state any material fact necessary to give the commissioner any
3784 information lawfully required by the commissioner; and

3785 (7) The applicant has paid the investigation fee and license fee
3786 required under section 36a-599, as amended by this act.

3787 (b) The commissioner may deny an application if the commissioner
3788 finds that the applicant or [any of its partners, directors, trustees,
3789 principal officers or shareholders owning ten per cent or more of the
3790 shares of the applicant or members] the applicant's control persons or
3791 qualified individual (1) [are] is listed on the specially designated
3792 nationals and blocked persons list prepared by the United States
3793 Department of the Treasury, or (2) [have] has been convicted of any
3794 misdemeanor involving any aspect of the money transmission
3795 business or any felony. Any denial of an application by the

3796 commissioner shall, when applicable, be subject to the provisions of
3797 section 46a-80.

3798 (c) Notwithstanding the provisions of this section, the commissioner
3799 may deny any application of a person who will or may engage in the
3800 business of transmitting monetary value in the form of virtual
3801 currency if, in the commissioner's discretion, the issuance of such a
3802 license would represent undue risk of financial loss to consumers,
3803 considering the applicant's proposed business model.

3804 (d) The commissioner may, in the commissioner's discretion, place
3805 additional requirements, restrictions or conditions upon the license of
3806 any applicant who will or may engage in the business of transmitting
3807 monetary value in the form of virtual currency, including the amount
3808 of surety bond required by section 36a-602, as amended by this act.

3809 Sec. 54. Section 36a-601 of the general statutes is repealed and the
3810 following is substituted in lieu thereof (*Effective October 1, 2018*):

3811 (a) **[**A license may be renewed for the ensuing twenty-four-month
3812 period upon the filing of an application containing all information
3813 required by section 36a-598. Such renewal application shall be filed on
3814 or before September first of the year in which the license expires. Any
3815 renewal application filed with the commissioner after September first
3816 shall be accompanied by a one-hundred-dollar late fee and any such
3817 filing shall be deemed to be timely and sufficient for purposes of
3818 subsection (b) of section 4-182. If an application for a renewal license
3819 has been filed with the commissioner on or before the date the license
3820 expires, the license sought to be renewed shall continue in full force
3821 and effect until the issuance by the commissioner of the renewal
3822 license applied for or until the commissioner has notified the licensee
3823 in writing of the commissioner's refusal to issue such renewal license
3824 together with the grounds upon which such refusal is based. The
3825 commissioner may refuse to issue a renewal license on any ground on
3826 which the commissioner might refuse to issue an initial license.**]** The
3827 minimum standards for renewal of a license shall include the

3828 following: (1) The applicant continues to meet the minimum standards
3829 under section 36a-600, as amended by this act; (2) the applicant has
3830 paid all required fees for renewal of the license; and (3) the applicant
3831 has paid any outstanding examination fees or other moneys due to the
3832 commissioner. The license of a money transmitter failing to satisfy the
3833 minimum standards for license renewal shall expire. The
3834 commissioner may adopt procedures for the reinstatement of expired
3835 licenses consistent with the standards established by the system.

3836 (b) **[**If the commissioner determines that a check filed with the
3837 commissioner to pay an investigation or license fee has been
3838 dishonored or if made by ACH, has been returned, the commissioner
3839 shall automatically suspend a renewal license that has been issued but
3840 is not yet effective. The commissioner shall give the licensee notice of
3841 the automatic suspension pending proceedings for refusal to renew
3842 such license and an opportunity for a hearing on such actions in
3843 accordance with section 36a-51.**]** In accordance with section 36a-24b,
3844 the commissioner may automatically suspend any license if such
3845 person receives a deficiency on the system indicating that a required
3846 payment was Returned-ACH or returned pursuant to any other term
3847 as may be utilized by the system to indicate that payment was not
3848 accepted. After a license has been automatically suspended pursuant
3849 to this subsection, the commissioner shall (1) give the licensee notice of
3850 the automatic suspension pending proceedings for revocation or
3851 refusal to renew pursuant to section 36a-608, as amended by this act,
3852 and an opportunity for a hearing on such action in accordance with
3853 section 36a-51, as amended by this act, and (2) require the licensee to
3854 take or refrain from taking such action as the commissioner deems
3855 necessary to effectuate the purposes of this section.

3856 Sec. 55. Subsection (c) of section 36a-602 of the general statutes is
3857 repealed and the following is substituted in lieu thereof (*Effective*
3858 *October 1, 2018*):

3859 (c) The surety company may cancel the bond at any time by a
3860 written notice to the licensee and the commissioner, stating the date

cancellation shall take effect. **[**Such**]** If the bond is issued electronically on the system, such written notice may be provided by the surety company to the licensee and the commissioner through the system at least thirty days prior to the date of cancellation. Any notice of cancellation not provided through the system shall be sent by certified mail to the licensee and the commissioner at least thirty days prior to the date of cancellation. A surety bond shall not be cancelled unless the surety company notifies the commissioner in writing not less than thirty days prior to the effective date of cancellation. After receipt of such notification from the surety company, the commissioner shall give written notice to the licensee of the date such bond cancellation shall take effect. The commissioner shall automatically suspend the license on such date, unless the licensee, prior to such date, submits (1) a letter of reinstatement of the bond from the surety company, (2) a new bond, (3) evidence that all of the principal sum of such surety bond has been invested as provided in subsection (d) of this section, (4) a new bond that replaces the surety bond in part and evidence that the remaining part of the principal sum of such surety bond has been invested as provided in subsection (d) of this section, or (5) evidence that the licensee has ceased business and has surrendered the license. After a license has been automatically suspended, the commissioner shall (A) give the licensee notice of the automatic suspension pending proceedings for revocation or refusal to renew such license and an opportunity for a hearing on such actions in accordance with section 36a-51, as amended by this act, and (B) require the licensee to take or refrain from taking such action as **[**in the opinion of**]** the commissioner **[**will**]** deems necessary to effectuate the purposes of this section.

Sec. 56. Section 36a-605 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

In connection with the examination of a licensee under section 36a-17, as amended by this act, the commissioner may also examine the authorized delegates of such licensee. **[**The commissioner, in lieu of conducting an examination, may accept the report of examination of

any other state or federal supervisory agency or any organization affiliated with or representing such supervisory agency with respect to the examination or other supervision of any person subject to the provisions of sections 36a-595 to 36a-612, inclusive, or a report prepared by an independent accounting firm, and reports so accepted are considered for purposes of sections 36a-595 to 36a-612, inclusive, as an official examination report of the commissioner.**]**

Sec. 57. Section 36a-606 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

[(a) On or before the thirtieth day of April each year, each licensee shall file with the commissioner:**]**

[(1) (A)**]** (a) Any person making any filing or submission of any information on the system shall do so in accordance with the procedures and requirements of the system and pay the applicable fees or charges to the system. Licensees shall complete any reports of condition and any reports relating to authorized delegates required by the system. Any such report shall be timely and accurately filed on the system in accordance with the due dates and formats required by the system.

(b) Each licensee shall file with the commissioner not later than ninety days from the licensee's fiscal year end:

(1) A copy of audited financial statements for the most recent fiscal year. **[**, (B) if**]** If the licensee is a wholly-owned subsidiary of another corporation, **[**(i)**]** it shall file (A) the most recent audited consolidated annual financial statements of the parent corporation or the licensee's most recent audited consolidated annual financial statement, and **[**(ii)**]** (B) the most recent audited unconsolidated financial statement of the licensee, including its balance sheet and receipts and disbursements for the preceding year. **[**, (C) if**]** If the licensee is publicly traded, it shall file a copy of the most recent 10-K report that was filed with the Securities and Exchange Commission or, if the licensee is a wholly-

owned subsidiary of a publicly-traded company, a copy of the parent company's most recent 10-K report that was filed with said commission. **[**, and (D) if a**]** If the licensee or parent company of a wholly-owned subsidiary licensee is publicly traded on a foreign exchange, it shall file a copy of documentation similar to the 10-K report **[**filed pursuant to subparagraph (C) of this subdivision**]** that was filed with the applicable securities regulator;

(2) **[**A**]** To the extent it is not already captured by a report of condition, a list of permissible investments, the book and market value of such investments, and the dollar amount of the licensee's aggregate outstanding money transmissions; and

(3) **[**A**]** To the extent it is not already captured by a report of condition, a list of investments maintained in accordance with subsection (d) of section 36a-602, if applicable, the book and market values of such investments and the dollar amount of the licensee's aggregate outstanding money transmissions in this state.

[(b)**]** (c) The lists and other information filed as provided in subdivisions (2) and (3) of subsection **[**(a)**]** (b) of this section shall be as of the same date as the financial statement filed in accordance with subdivision (1) of subsection **[**(a)**]** (b) of this section.

[(c)**]** (d) The commissioner may require of any licensee such additional reports, under oath, certified, or otherwise, concerning such licensee's business in this state as the commissioner may consider necessary for the enforcement of sections 36a-595 to 36a-612, inclusive, as amended by this act. Any licensee that fails to timely and accurately furnish any report required by this section shall be in violation of this section.

Sec. 58. Subsection (a) of section 36a-607 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) A licensee may conduct its business at one or more locations

within this state as follows:

(1) The business may be conducted by the licensee or through or by means of such authorized delegates as the licensee may periodically designate or appoint on the system in such form and manner as required by the commissioner. The licensee shall pay any associated processing fees imposed by the system. The licensee shall notify the commissioner on the system of all authorized delegates that act on its behalf. An authorized delegate may not engage in the business of money transmission in this state on behalf of a licensee through or by means of any person who is not identified on the system as an authorized delegate of the licensee.

(2) No license under sections 36a-595 to 36a-612, inclusive, as amended by this act, shall be required of any authorized delegate.

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

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

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

(6) An authorized delegate shall remit all money owing to the

licensee in accordance with the terms of the contract between the licensee and the authorized delegate.

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

Sec. 59. Section 36a-608 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) The commissioner shall make such investigations as the commissioner considers necessary to determine whether any licensee or any other person has violated, is violating or is about to violate any of the provisions of sections 36a-595 to 36a-612, inclusive, as amended by this act, or whether any licensee has acted in such manner as otherwise would justify the suspension or revocation of the license or a refusal to renew the license. The provisions of section 36a-17, as amended by this act, shall apply to such investigation. For purposes of this section, "unsafe or unsound practice" means a practice or conduct by a licensee or an authorized delegate that is likely to result in a material loss, insolvency or dissipation of the licensee's assets or otherwise materially prejudice the interests of purchasers.

(b) The commissioner may suspend, **[**or**]** revoke or refuse to renew a license or take any other action, in accordance with section 36a-51, as amended by this act, (1) on any ground on which the commissioner might **[**refuse to issue**]** deny an initial license, (2) for any violation **[**of sections 36a-595 to 36a-612, inclusive,**]** by the licensee, or by the licensee's control persons, qualified individual, trustee, employee or agent, including, but not limited to, the licensee's authorized delegates, of any provision of this title or of any regulation or order adopted **[**under said sections, for noncompliance with an order that the commissioner may issue under said sections to a licensee,**]** or issued pursuant thereto pertaining to such person, or any other law or regulation applicable to the conduct of such licensee's money transmission business, (3) for failure of the licensee to pay a judgment

4019 ordered by any court within or outside this state within thirty days
4020 after the judgment becomes final or within thirty days after expiration
4021 or termination of a stay of execution of the judgment, (4) for engaging
4022 in fraud, intentional misrepresentation or gross negligence, or (5) for
4023 engaging in an unsafe or unsound practice.

4024 (c) Whenever it appears to the commissioner that (1) any person has
4025 violated, is violating or is about to violate any provision of sections
4026 36a-595 to 36a-612, inclusive, as amended by this act, or any regulation
4027 adopted under said sections, (2) any person is, was or would be a
4028 cause of the violation of any such provision or regulation due to an act
4029 or omission such person knew or should have known would
4030 contribute to such violation, or (3) any licensee has failed to pay a
4031 judgment ordered by any court within or outside of this state thirty
4032 days after the date on which the judgment becomes final or thirty days
4033 after the date of the expiration or termination of a stay of execution of
4034 the judgment, or engaged in fraud, intentional misrepresentation or
4035 gross negligence, or engaged in an unsafe or unsound practice, the
4036 commissioner may take action against such person in accordance with
4037 sections 36a-50 and 36a-52.

4038 (d) The commissioner may order a licensee to terminate its
4039 relationship with any authorized delegate if the commissioner finds
4040 that: (1) The authorized delegate violated any provision of sections
4041 36a-595 to 36a-612, inclusive, as amended by this act, or any regulation
4042 adopted under said sections or any other law or regulation applicable
4043 to the conduct of its business; (2) the authorized delegate failed to
4044 cooperate with an examination or investigation by the commissioner;
4045 (3) the authorized delegate engaged in fraud, intentional
4046 misrepresentation, or gross negligence or misappropriated funds; (4)
4047 the authorized delegate has been convicted of a violation of a state or
4048 federal anti-money laundering statute; (5) the competence, experience,
4049 character or general fitness of the authorized delegate or **[**a manager,
4050 partner, director, trustee, principal officer, member or shareholder
4051 owning ten per cent or more of each class of the authorized delegate's

4052 securities**]** any control person of the authorized delegate demonstrates
4053 that it would not be in the public interest to permit such authorized
4054 delegate to engage in the business of money transmission in this state
4055 on behalf of a licensee; (6) the authorized delegate is engaging in an
4056 unsafe or unsound practice; or (7) the authorized delegate is convicted
4057 of any act involving fraud or dishonesty.

4058 (e) The commissioner may order a licensee to remove any
4059 individual conducting business under sections 36a-595 to 36a-612,
4060 inclusive, as amended by this act, from office and from employment or
4061 retention as an independent contractor in the money transmission
4062 business in this state in accordance with section 5 of this act.

4063 (f) The commissioner may issue a temporary order to cease business
4064 under a license if the commissioner determines that such license was
4065 issued erroneously. Such temporary order shall be issued in
4066 accordance with subsection (j) of section 36a-24b.

4067 Sec. 60. Section 36a-611 of the general statutes is repealed and the
4068 following is substituted in lieu thereof (*Effective October 1, 2018*):

4069 (a) Each licensee **[**, as defined in section 36a-596,**]** shall maintain and
4070 prepare such records as will enable the **[**Banking Commissioner**]**
4071 commissioner to determine whether the licensee and any of its
4072 authorized delegates are complying with the provisions of sections
4073 36a-595 to **[**36a-609**]** 36a-612, inclusive, as amended by this act, **[**this
4074 section, and section 36a-612**]** at the office named in the license, or, if
4075 requested by the commissioner, shall make such records available at
4076 such office or send such records to the commissioner by registered or
4077 certified mail, return receipt requested, or by any express delivery
4078 carrier that provides a dated delivery receipt, not later than five
4079 business days after such request by the commissioner. Upon request,
4080 the commissioner may grant a licensee additional time to make such
4081 records available or send such records to the commissioner.

4082 (b) Each licensee shall maintain the following records for at least

4083 five years:

4084 (1) A record of each payment instrument or stored-value obligation
4085 sold within this state;

4086 (2) A general ledger posted at least monthly containing all asset,
4087 liability, capital, income and expense accounts;

4088 (3) Bank statements and bank reconciliation records;

4089 (4) Records of outstanding money transmissions in this state;

4090 (5) Records of each payment instrument and stored value obligation
4091 paid during the previous five years;

4092 (6) A list of the last known names and addresses of all of the
4093 licensee's authorized delegates; and

4094 (7) Any other records the commissioner may require.

4095 (c) The unique identifier of any person licensed under section 36a-
4096 600, as amended by this act, shall be clearly shown on all solicitations
4097 and advertisements, including business cards and web sites, and any
4098 other documents as established by rule, regulation or order of the
4099 commissioner, and shall be clearly stated in all audio solicitations and
4100 advertisements. The solicitations or advertisements of any person
4101 licensed under section 36a-600, as amended by this act, (1) shall not
4102 include any statement that such person is endorsed in any way by this
4103 state, except that such solicitations and advertisements may include a
4104 statement that such person is licensed in this state; (2) shall not include
4105 any statement or claim that is deceptive, false or misleading; (3) shall
4106 otherwise conform to the requirements of sections 36a-595 to 36a-612,
4107 inclusive, as amended by this act, any regulations issued thereunder
4108 and any other applicable law; and (4) shall be retained for two years
4109 from the date of use of such solicitation or advertising.

4110 Sec. 61. Section 36a-612 of the general statutes is repealed and the

following is substituted in lieu thereof (*Effective October 1, 2018*):

A licensee **[**, as defined in section 36a-596,**]** shall notify the **[**Banking Commissioner in writing**]** commissioner on the system not later than fifteen days after the date of any change in the list of the licensee's authorized delegates or locations where the licensee or the licensee's authorized delegates engage in the business of money transmission in this state. Such notice shall state the name and address of each location and authorized delegate removed or added to the licensee's list.

Sec. 62. Section 36a-655 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

As used in sections 36a-655 to 36a-665, inclusive:

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

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

(3) "Branch office" means a location other than the main office at which a licensee or any other person on behalf of a licensee engages in the business of debt adjustment.

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

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

4139 **[**(5)**]** (6) "Debtor" means any individual who has incurred
4140 indebtedness or owes a debt for personal, family or household
4141 purposes.

4142 (7) "Main office" has the same meaning as provided in section 36a-
4143 485, as amended by this act.

4144 (8) "Unique identifier" has the same meaning as provided in section
4145 36a-485, as amended by this act.

4146 Sec. 63. Section 36a-656 of the general statutes is repealed and the
4147 following is substituted in lieu thereof (*Effective October 1, 2018*):

4148 (a) No person shall engage in the business of debt adjustment in this
4149 state **[**without a debt adjuster license. Any person desiring to obtain
4150 such a license shall file with the commissioner an application under
4151 oath, setting forth such information as the commissioner may require.
4152 Each applicant for a license and each licensee shall notify the
4153 commissioner of any change in the applicant's business from that
4154 stated in the application for the license**]** unless such person has first
4155 obtained a license for the main office and for each branch office where
4156 such business is conducted in accordance with the provisions of
4157 sections 36a-655 to 36a-665, inclusive, as amended by this act. No
4158 person shall conduct any activity that is subject to licensure pursuant
4159 to sections 36a-655 to 36a-665, inclusive, as amended by this act, at any
4160 office located outside of the United States.

4161 (b) An application for a debt adjuster license or renewal of such
4162 license shall be **[**in writing on a form provided by the commissioner
4163 and shall include (1) the history of criminal convictions of the
4164 applicant; the partners, if the applicant is a partnership; the members,
4165 if the applicant is a limited liability company or association; or the
4166 officers, directors and principal employees if the applicant is a
4167 corporation, and (2) sufficient information pertaining to the history of
4168 criminal convictions, in a form acceptable to the commissioner, on such
4169 applicant, partners, members, officers, directors and principal

employees as the commissioner deems necessary to make the findings under subsection (c) of this section. The commissioner, in accordance with section 29-17a, may conduct a state and national criminal history records check of the applicant and of each partner, member, officer, director and principal employee of the applicant.] processed on the system pursuant to section 36a-24b, in the form prescribed by the commissioner. Each such form shall contain content as set forth by instruction or procedure of the commissioner and may be changed or updated as necessary by the commissioner in order to carry out the purposes of sections 36a-655 to 36a-665, inclusive, as amended by this act. The applicant shall, at a minimum, furnish to the system information concerning the identity of the applicant, any control person of the applicant, the qualified individual and any branch manager responsible for the actions of the licensee, including, but not limited to, information related to such person's personal history and experience and any administrative, civil or criminal findings by any governmental jurisdiction. As part of an application, the commissioner may (1) in accordance with section 29-17a, conduct a state or national criminal history records check of the applicant, any control person of the applicant, the qualified individual and any branch manager, and (2) in accordance with section 36a-24b (A) require the submission of fingerprints of the applicant, any control person of the applicant, the qualified individual and any branch manager to the Federal Bureau of Investigation or other state, national or international criminal databases, and (B) investigate the financial condition of any such person and require authorization from any such person for the system and the commissioner to obtain an independent credit report from a consumer reporting agency, as described in Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a, as amended from time to time.

(c) (1) If the commissioner finds, upon the filing of an application for a debt adjuster license, that: [(1)] (A) The financial responsibility, character, reputation, integrity and general fitness of the applicant [and of the partners thereof if the applicant is a partnership, of the members if the applicant is a limited liability company or association,

and of the officers, directors and principal employees if the applicant is a corporation,] and any control person, qualified individual and branch manager of the applicant are such as to warrant belief that the business will be operated soundly and efficiently, in the public interest and consistent with the purposes of sections 36a-655 to 36a-665, inclusive, as amended by this act, [; and (2)] (B) the applicant is solvent and no proceeding in bankruptcy, receivership or assignment for the benefit of creditors has been commenced against the applicant, (C) the applicant has the bond required pursuant to section 36a-664, as amended by this act, the commissioner may thereupon issue the applicant a debt adjuster license. If the commissioner fails to make such findings, the commissioner shall not issue a license and shall notify the applicant of the reasons for such denial. The commissioner may deny an application if the commissioner finds that the applicant or any [partner, member, officer, director or principal employee of the applicant] control person, qualified individual or branch manager of the applicant has been convicted of any misdemeanor involving any aspect of the debt adjuster business, or any felony or has made a material misstatement in the application. Any denial of an application by the commissioner shall, when applicable, be subject to the provisions of section 46a-80. [Withdrawal of an application for a license shall become effective upon receipt by the commissioner of a notice of intent to withdraw such application. The commissioner may deny a license up to the date one year after the effective date of withdrawal.]

(2) The minimum standards for renewal of a debt adjuster license shall include the following: (A) The applicant continues to meet the minimum standards under subdivision (1) of this subsection; (B) the applicant has paid all required fees for renewal of the license; and (C) the applicant has paid any outstanding examination fees or other moneys due to the commissioner. The license of a debt adjuster that fails to satisfy the minimum standards for license renewal shall expire. The commissioner may adopt procedures for the reinstatement of expired licenses consistent with the standards established by the

system.

(d) Each applicant for [an original] a debt adjuster license [that is a bona fide nonprofit organization shall, at the time of making such application, pay to the commissioner an application fee of two hundred fifty dollars. Each applicant for an original or a renewal of a debt adjuster license that is not a bona fide nonprofit organization shall, at the time of making such application, pay to the commissioner an application fee of one thousand six hundred dollars or, in the case of an application that is filed not earlier than the date one year before the date of expiration of such license, a license fee of eight hundred dollars. Each such license shall expire at the close of business on September thirtieth of the odd-numbered year following its issuance unless such license is renewed. Each licensee shall, on or before September first of the year in which the license expires, file such renewal application as the commissioner may require] shall pay to the system any required fees or charges and a license fee in the amount of (1) two hundred fifty dollars if such applicant is a bona fide nonprofit organization, and (2) eight hundred dollars if such applicant is not a bona fide nonprofit organization. Each such license shall expire at the close of business on December thirty-first of the year in which the license was approved, unless such license is renewed, and provided any such license approved on or after November first shall expire at the close of business on December thirty-first of the year following the year in which it is approved. An application for renewal of a license shall be filed between November first and December thirty-first of the year in which the license expires. Each applicant for renewal of a debt adjuster license shall pay to the system any required fees or charges and, if not a bona fide nonprofit organization, a license fee of eight hundred dollars.

(e) [If the commissioner determines that a check filed with the commissioner to pay an application fee has been dishonored, the commissioner shall automatically suspend the license or a renewal license that has been issued but is not yet effective. The commissioner

shall give the licensee notice of the automatic suspension pending proceedings for revocation or refusal to renew and an opportunity for a hearing on such actions in accordance with section 36a-51.] In accordance with section 36a-24b, the commissioner may automatically suspend any license if such person receives a deficiency on the system indicating that a required payment was Returned-ACH or returned pursuant to any other term as may be utilized by the system to indicate that payment was not accepted. After a license has been automatically suspended pursuant to this subsection, the commissioner shall (1) give the licensee notice of the automatic suspension pending proceedings for revocation or refusal to renew pursuant to section 36a-657, as amended by this act, and an opportunity for a hearing on such action in accordance with section 36a-51, as amended by this act, and (2) require such licensee to take or refrain from taking such action as the commissioner deems necessary to effectuate the purposes of this section.

(f) No abatement of the license fee shall be made if the application is denied or withdrawn prior to the issuance of the license or if the license is surrendered, revoked or suspended prior to the expiration of the period for which it was issued. [The fee] All fees required by subsection (d) of this section shall be nonrefundable.

(g) The commissioner may deem an application for a license to engage in the business of debt adjustment abandoned if the applicant fails to respond to any request for information required under sections 36a-655 to 36a-665, inclusive, as amended by this act, or any regulations adopted pursuant to said sections 36a-655 to 36a-665, inclusive, as amended by this act. The commissioner shall notify the applicant [, in writing,] on the system that if the applicant fails to submit such information not later than sixty days after the date on which such request for information was made, the application shall be deemed abandoned. In the event an application is deemed abandoned, any application filing fee paid prior to the date on which the application was filed is deemed abandoned and shall not be refunded.

Abandonment of an application pursuant to this subsection shall not preclude the applicant from submitting a new application for a license under sections 36a-655 to 36a-665, inclusive, as amended by this act.

(h) Every debt adjuster license shall remain in force and effect until the license has been surrendered, revoked or suspended or has expired in accordance with the provisions of sections 36a-655 to 36a-665, inclusive, as amended by this act. Not later than fifteen days after the date a licensee ceases to engage in the business of a debt adjuster in this state for any reason, including a business decision to terminate operations in this state, license revocation, bankruptcy or voluntary dissolution, such licensee shall surrender to the commissioner its license for each location in which such licensee has ceased to engage in such business in accordance with subsection (c) of section 36a-51, as amended by this act.

Sec. 64. Section 36a-657 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) The commissioner may suspend, revoke or refuse to renew any license or take any other action, in accordance with the provisions of section 36a-51, as amended by this act, for any reason which would be sufficient grounds for the commissioner to deny an application for a license under sections 36a-655 to 36a-665, inclusive, as amended by this act, or if the commissioner finds that the licensee or any **[**proprietor, director, officer, member, partner, shareholder**]** control person, qualified individual, branch manager, trustee, employee or agent of such licensee has done any of the following: (1) Made any material misstatement in the application; (2) committed any fraud or misappropriated funds; (3) violated any of the provisions of **[**sections 36a-655 to 36a-665, inclusive, or any other law or regulation**]** this title or of any regulation or order adopted or issued pursuant thereto pertaining to any person or any other law or regulation applicable to the conduct of **[**its**]** such licensee's debt adjustment business; or (4) failed to perform any agreement with a debtor.

(b) Whenever it appears to the commissioner that (1) any person has violated, is violating or is about to violate the provisions of sections 36a-655 to 36a-665, inclusive, as amended by this act, or any regulation adopted thereunder; (2) any person is, was or would be the cause of the violation of any such provision or regulation due to an act or omission such person knew or should have known would contribute to such violation; or (3) any licensee or any **[**proprietor, director, officer, member, partner, shareholder**]** control person, qualified individual, branch manager, trustee, employee or agent of such licensee has committed any fraud, misappropriated funds or failed to perform any agreement with a debtor, the commissioner may take action against such person or licensee in accordance with sections 36a-50 and 36a-52.

(c) The commissioner may order a licensee to remove any individual conducting business under sections 36a-655 to 36a-665, inclusive, as amended by this act, from office and from employment or retention as an independent contractor in the debt adjuster business in this state in accordance with section 5 of this act.

(d) The commissioner may issue a temporary order to cease business under a license if the commissioner determines that such license was issued erroneously. Such temporary order shall be issued in accordance with subsection (j) of section 36a-24b.

Sec. 65. Section 36a-658 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) Each license shall state the location at which the business is to be conducted and shall state fully the name of the licensee. If the licensee desires to engage in the business of debt adjustment in more than one location, the licensee shall procure a license for each location where the business is to be conducted. **[**Each license shall be maintained at the location for which the license was issued and shall be available for public inspection. Such**]** A license issued under section 36a-656, as amended by this act, shall not be transferable or assignable. **[**, provided

4368 any change of location of a licensee shall require only prior written
4369 notice to the commissioner.] Any change in any control person shall be
4370 the subject of an advance change notice filed on the system at least
4371 sixty days prior to the effective date of such change and no such
4372 change shall occur without the commissioner's approval.

4373 (b) No licensee shall use any name or address other than the name
4374 and address stated on the license issued by the commissioner. No
4375 licensee may use any name other than its legal name or a fictitious
4376 name approved by the commissioner, provided such licensee may not
4377 use its legal name if the commissioner disapproves use of such name.
4378 A licensee may change the name of the licensee or address of the office
4379 specified on the most recent filing with the system if (1) at least thirty
4380 calendar days prior to such change, the licensee files such change with
4381 the system and provides to the commissioner a bond rider,
4382 endorsement or addendum, as applicable; and (2) the commissioner
4383 does not disapprove such change, in writing, or request further
4384 information from the licensee within such thirty-day period.

4385 (c) The commissioner may automatically suspend any license for a
4386 violation of subsection (a) or (b) of this section. After a license has been
4387 automatically suspended pursuant to this subsection, the
4388 commissioner shall (1) give the licensee notice of such automatic
4389 suspension pending proceedings for revocation of or refusal to renew
4390 the license pursuant to section 36a-657, as amended by this act, and an
4391 opportunity for a hearing in accordance with section 36a-51, as
4392 amended by this act, and (2) require the licensee to take or refrain from
4393 taking action as the commissioner deems necessary to effectuate the
4394 purpose of this section.

4395 (d) Not later than fifteen days after the date a licensee ceases to
4396 engage in this state in the business of debt adjustment for any reason,
4397 including a business decision to terminate operations in this state,
4398 license revocation, bankruptcy or voluntary dissolution, such licensee
4399 shall surrender to the commissioner [in person or by registered or
4400 certified mail] its license for each location in which such licensee has

4401 ceased to engage in such business in accordance with subsection (c) of
4402 section 36a-51, as amended by this act.

4403 (e) Except as otherwise specified in subsections (a) and (b) of this
4404 section, each debt adjuster applicant or licensee, and each control
4405 person, qualified individual or branch manager of such applicant or
4406 licensee shall file on the system or, if the information cannot be filed on
4407 the system, notify the commissioner, in writing, of any change in the
4408 information such applicant, licensee, control person, qualified
4409 individual or branch manager most recently submitted to the system in
4410 connection with the application or license not later than fifteen days
4411 after the date such applicant, licensee, control person, qualified
4412 individual or branch manager had reason to know of the change.

4413 (f) A debt adjuster licensee shall file on the system or, if the
4414 information cannot be filed on the system, notify the commissioner, in
4415 writing, of the occurrence of any of the following developments not
4416 later than fifteen days after the date the licensee had reason to know of
4417 the occurrence of any of the following developments:

4418 (1) Filing for bankruptcy or the consummation of a corporate
4419 restructuring of the licensee;

4420 (2) Filing of a criminal indictment against the licensee in any way
4421 related to the debt adjuster activities of the licensee, or receiving
4422 notification of the filing of any criminal felony indictment or felony
4423 conviction of any control person, branch manager or qualified
4424 individual of the licensee;

4425 (3) Receiving notification of the institution of license denial, cease
4426 and desist, suspension or revocation procedures, or other formal or
4427 informal action by any governmental agency against the licensee or
4428 any control person, branch manager or qualified individual of the
4429 licensee and the reasons therefor;

4430 (4) Receiving notification of the initiation of any action against the
4431 licensee or any control person, branch manager or qualified individual

of the licensee by the Attorney General or the attorney general of any other state and the reasons therefor; or

(5) Receiving notification of filing for bankruptcy of any control person, branch manager or qualified individual of the licensee.

(g) Any person filing or submitting any information on the system shall do so in accordance with the procedures and requirements of the system and shall pay the applicable fees or charges to the system. Each debt adjuster licensee, to the extent required by the system, shall timely submit to the system accurate reports of condition that shall be in such form and shall contain such information as the system may require. Failure by a licensee to submit a timely and accurate report of condition shall constitute a violation of this provision.

(h) The unique identifier of any person licensed under section 36a-656, as amended by this act, shall be clearly shown on all solicitations and advertisements, including business cards and web sites, and any other documents as established by rule, regulation or order of the commissioner, and shall be clearly stated in all audio solicitations and advertisements. The solicitations or advertisements of any person licensed under section 36a-656, as amended by this act: (1) Shall not include any statement that such person is endorsed in any way by this state, except that such solicitations and advertisements may include a statement that such person is licensed in this state; (2) shall not include any statement or claim that is deceptive, false or misleading; (3) shall otherwise conform to the requirements of sections 36a-655 to 36a-665, inclusive, as amended by this act, any regulations issued thereunder and any other applicable law; and (4) shall be retained for two years from the date of use of such solicitation or advertisement.

Sec. 66. Section 36a-664 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) (1) Except as provided in subdivision (2) of this subsection, no such license, and no renewal thereof, shall be granted unless the

4463 applicant has filed a surety bond with the commissioner written by a
4464 surety authorized to write such bonds in this state, provided any
4465 applicant that files applications for licenses for more than one location
4466 shall file a single bond. Except as provided in this subdivision, for
4467 every applicant, the principal amount of the bond shall be the greater
4468 of (A) forty thousand dollars, or (B) (i) twice the amount of the average
4469 daily balance of the payments received by the applicant from
4470 Connecticut debtors in connection with the applicant's debt adjustment
4471 activity during the preceding twelve months ending **[**July thirty-first**]**
4472 June thirtieth of each year, or (ii) in the case of an applicant that has
4473 acquired the business of a predecessor debt adjuster, the lesser of the
4474 amount of the predecessor's debt adjustment activity during such
4475 preceding period or one million dollars. The commissioner may
4476 require a larger bond if the commissioner determines that a licensee
4477 has engaged in a pattern of conduct resulting in bona fide consumer
4478 complaints of misconduct and that such increased bond is necessary
4479 for the protection of consumers, or may increase or decrease the
4480 amount of the bond based upon the applicant's or licensee's financial
4481 condition, business plan and the actual or estimated aggregate amount
4482 of payments and fees paid by Connecticut debtors to such applicant.
4483 **[**Each**]** To the extent not captured on a required report of condition on
4484 the system, each licensee shall submit to the commissioner, by
4485 September first of each year, in a form and manner as may be
4486 prescribed by the commissioner, a report containing information on
4487 the average daily balance of the payments received by the licensee
4488 from Connecticut debtors during the preceding twelve months ending
4489 **[**July thirty-first**]** June thirtieth of each such year. **[**The report shall be
4490 subscribed and affirmed as true by the licensee and shall be in a form
4491 prescribed by the commissioner.**]**

4492 (2) If a licensee or applicant for renewal of a license establishes that
4493 such licensee or applicant is unable to comply with the bond required
4494 by subdivision (1) of this subsection, it shall file a bond for the highest
4495 principal amount it can obtain, provided such amount shall be a
4496 minimum of forty thousand dollars, and the licensee or applicant for

4497 renewal shall, in lieu of the balance of the required amount of the
4498 bond, deposit a sum equal to the amount of the bond required by
4499 subdivision (1) of this subsection, less the amount of the bond filed
4500 with the commissioner, in cash or cash equivalents, with such bank,
4501 out-of-state bank that has a branch in this state, Connecticut credit
4502 union or federal credit union as such applicant or licensee may
4503 designate and the commissioner may approve, and subject to such
4504 conditions as the commissioner deems necessary for the protection of
4505 consumers and in the public interest. No licensee or applicant shall
4506 make such deposit until the depository institution and the licensee or
4507 applicant executes a deposit agreement satisfactory to the
4508 commissioner. The deposit agreement shall pledge the amount
4509 deposited to the commissioner and provide that the depository
4510 institution shall not release any of the moneys pledged without the
4511 authorization of the commissioner. The amount deposited shall secure
4512 the same obligation as would a surety bond filed under this section
4513 and shall be held at such banks or credit unions to cover claims during
4514 the period the license remains in full force and effect and the
4515 succeeding two years after such license has been surrendered, revoked
4516 or suspended or has expired. The licensee or applicant may collect
4517 interest on such deposit in accordance with its deposit agreement. The
4518 deposits made pursuant to this section shall be deemed, by operation
4519 of law, to be held in trust for the benefit of any debtor, who may be
4520 damaged by failure of a licensee or applicant to perform any written
4521 agreements or by the wrongful conversion of funds paid to a licensee
4522 in the event of the bankruptcy of the licensee, and shall be immune
4523 from attachment by creditors or judgment creditors.

4524 (3) The form of any surety bond submitted pursuant to this section
4525 shall be approved by the Attorney General. Any surety bond filed
4526 under this section shall be conditioned upon the licensee faithfully
4527 performing any and all written agreements with debtors, truly and
4528 faithfully accounting for all funds received by the licensee in the
4529 licensee's capacity as a debt adjuster, and conducting such business
4530 consistent with the provisions of sections 36a-655 to 36a-665, inclusive,

as amended by this act. Any debtor who may be damaged by failure to perform any written agreements, or by the wrongful conversion of funds paid to a licensee, may proceed on any such surety bond against the principal or surety thereon, or both, to recover damages. The commissioner may proceed on any such surety bond against the principal or surety thereon, or both, to collect any civil penalty imposed upon the licensee pursuant to subsection (a) of section 36a-50. On and after April 1, 2019, the commissioner may also proceed on any restitution imposed pursuant to subsection (c) of section 36a-50, and any unpaid costs of examination and unpaid assessment as determined pursuant to section 36a-65, as amended by this act, as applicable. The proceeds of any bond, even if commingled with other assets of the licensee, shall be deemed by operation of law to be held in trust for the benefit of such claimants against the licensee in the event of bankruptcy of the licensee and shall be immune from attachment by creditors and judgment creditors. Any bond required by this section shall be maintained during the entire period of the license granted to the applicant, and the aggregate liability under any such bond shall not exceed the principal amount of the bond or the limit of liability.

(b) The surety shall have the right to cancel any bond filed under subsection (a) of this section at any time by a written notice to the licensee and the commissioner, stating the date cancellation shall take effect. **[**Such notice**]** If such bond is issued electronically on the system, written notice of cancellation may be provided by the surety to the principal and the commissioner through the system at least thirty days prior to the date of cancellation. Any notice of cancellation not provided through the system shall be sent by certified mail to the licensee and the commissioner at least thirty days prior to the date of cancellation. No such bond shall be cancelled unless the surety notifies the commissioner in writing not less than thirty days prior to the effective date of cancellation. After receipt of such notification from the surety, the commissioner shall give written notice to the licensee of the date such bond cancellation shall take effect. The commissioner shall automatically suspend the license on such date, unless prior to such

date the licensee submits a letter of reinstatement of the bond from the surety or a new bond or the licensee has surrendered the license. After a license has been automatically suspended, the commissioner shall (1) give the licensee notice of the automatic suspension pending proceedings for revocation or refusal to renew and an opportunity for a hearing on such actions in accordance with section 36a-51, as amended by this act, and (2) require the licensee to take or refrain from taking such action as **[**in the opinion of**]** the commissioner **[**will**]** deems necessary to effectuate the purposes of this section.

(c) No licensee shall use, attempt to use or make reference to, either directly or indirectly, any word or phrase which states or implies that the licensee is endorsed, sponsored, recommended or bonded by the state.

Sec. 67. Section 36a-671 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) As used in this section and sections 36a-671a to 36a-671f, inclusive, as amended by this act:

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

(2) "Branch office" means a location other than the main office at which a licensee or any person on behalf of a licensee engages or offers to engage in debt negotiation.

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

[(3)**]** (4) "Debt negotiation" means, for or with the expectation of a fee, commission or other valuable consideration, assisting a debtor in negotiating or attempting to negotiate on behalf of a debtor the terms of a debtor's obligations with one or more mortgagees or creditors of the debtor, including the negotiation of short sales of residential

property or foreclosure rescue services.

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

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

(7) "Main office" has the same meaning as provided in section 36a-485, as amended by this act.

[(6)] (8) "Mortgagee" means the original lender under a mortgage loan secured by residential property or its agents, successors or assigns.

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

[(8)] (10) "Residential property" means a one-to-four family owner-occupied real property.

[(9)] (11) "Short sale" means the sale of residential property by a mortgagor for an amount less than the outstanding balance owed on the loan secured by such property where, prior to the sale, the mortgagee or an assignee of the mortgagee agrees to accept less than the outstanding loan balance in full or partial satisfaction of the mortgage debt and the proceeds of the sale are paid to the mortgagee

or an assignee of the mortgagee.

(12) "Unique identifier" has the same meaning as provided in section 36a-485, as amended by this act.

(b) No person shall engage or offer to engage in debt negotiation in this state [without a license issued under this section for each location where debt negotiation will be conducted. Any person desiring to obtain such a license shall file with the commissioner an application under oath, setting forth such information as the commissioner may require. Each applicant for a license and each licensee shall notify the commissioner of any change in the applicant's business from that stated in the application for the license] unless such person has first obtained a license for its main office and for each branch office where such business is conducted in accordance with the provisions of sections 36a-671 to 36a-671f, inclusive, as amended by this act. No person shall conduct any activity that is subject to licensure pursuant to sections 36a-671 to 36a-671f, inclusive, as amended by this act, at any office located outside of the United States. A person is engaging in debt negotiation in this state if such person: (1) Has a place of business located within this state; (2) has a place of business located outside of this state and the debtor is a resident of this state who negotiates or agrees to the terms of the services in person, by mail, by telephone or via the Internet; or (3) has its place of business located outside of this state and the services concern a debt that is secured by property located within this state.

(c) An application for an original or renewal debt negotiation license shall be [in writing on a form provided by the commissioner and shall include (1) the history of criminal convictions of the (A) applicant, (B) partners, if the applicant is a partnership, (C) members, if the applicant is a limited liability company or association, or (D) officers, directors and principal employees, if the applicant is a corporation; and (2) sufficient information pertaining to the history of criminal convictions, in a form acceptable to the commissioner, on such applicant, partners, members, officers, directors and principal employees as the

commissioner deems necessary to make the findings under subsection (d) of this section. The commissioner, in accordance with section 29-17a, may conduct a state and national criminal history records check of the applicant and of each partner, member, officer, director and principal employee of the applicant] made and processed on the system pursuant to section 36a-24b, in the form prescribed by the commissioner. Each such form shall contain content as set forth by instruction or procedure of the commissioner and may be changed or updated as necessary by the commissioner in order to carry out the purposes of sections 36a-671 to 36a-671f, inclusive, as amended by this act. The applicant shall, at a minimum, furnish to the system information concerning the identity of the applicant, any control person of the applicant, the qualified individual and any branch manager responsible for the actions of the applicant, including, but not limited to, information related to such person's personal history and experience, and any administrative, civil or criminal findings by any governmental jurisdiction. As part of the application, the commissioner may (1) in accordance with section 29-17a, conduct a state or national criminal history records check of the applicant, any control person of the applicant, the qualified individual or any branch manager, and (2) in accordance with section 36a-24b (A) require the submission of fingerprints of the applicant, any control person of the applicant, the qualified individual or any branch manager to the Federal Bureau of Investigation or other state, national or international criminal databases, and (B) investigate the financial condition of any such person and require authorization from any such person for the system and the commissioner to obtain an independent credit report from a consumer reporting agency, as described in Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a, as amended from time to time. The commissioner may deem an application for a debt negotiation license abandoned if the applicant fails to respond to any request for information required under sections 36a-671 to [36a-671e] 36a-671f, inclusive, as amended by this act, or any regulations adopted pursuant to said sections 36a-671 to [36a-671e] 36a-671f, inclusive, as amended by this act. The commissioner shall notify the applicant [, in

writing,] on the system that if the applicant fails to submit such information not later than sixty days after the date on which such request for information was made, the application shall be deemed abandoned. An application filing fee paid prior to the date an application is deemed abandoned pursuant to this subsection shall not be refunded. Abandonment of an application pursuant to this subsection shall not preclude the applicant from submitting a new application for a license under sections 36a-671 to [36a-671e] 36a-671f, inclusive, as amended by this act.

(d) (1) If the commissioner finds, upon the filing of an application for a debt negotiation license, that: [(1)] (A) The financial responsibility, character, reputation, integrity and general fitness of the [(A)] applicant [, (B) partners thereof, if the applicant is a partnership, (C) members, if the applicant is a limited liability company or association, and (D) officers, directors and principal employees, if the applicant is a corporation,] and any control person, qualified individual and branch manager of the applicant are such as to warrant belief that the business will be operated soundly and efficiently, in the public interest and consistent with the purposes of sections 36a-671 to 36a-671f, inclusive, as amended by this act; [and (2)] (B) the applicant is solvent and no proceeding in bankruptcy, receivership or assignment for the benefit of creditors has been commenced against the applicant; [,] and (C) the applicant has the bond required by section 36a-671d, as amended by this act, the commissioner may thereupon issue the applicant a debt negotiation license. [Such debt negotiation license shall not be transferable. Any change of location of a licensee shall require prior written notice to the commissioner. No licensee shall use any name unless such name has been approved by the commissioner.] If the commissioner fails to make such findings, the commissioner shall not issue a license and shall notify the applicant of the reasons for such denial. The commissioner may deny an application if the commissioner finds that the applicant or any [partner, member, officer, director or principal employee] control person, qualified individual or branch manager of the applicant has been convicted of any

4727 misdemeanor involving any aspect of the debt negotiation business or
4728 any felony or has made a material misstatement in the application.
4729 Any denial of an application by the commissioner shall, when
4730 applicable, be subject to the provisions of section 46a-80. **[**Withdrawal
4731 of an application for a license shall become effective upon receipt by
4732 the commissioner of a notice of intent to withdraw such application.
4733 The commissioner may deny a license up to the date one year after the
4734 effective date of withdrawal.**]**

4735 (2) The minimum standards for renewal of a debt negotiation
4736 license shall include the following: (A) The applicant continues to meet
4737 the minimum standards for license issuance under subdivision (1) of
4738 this subsection; (B) the applicant has paid all required fees for renewal
4739 of the license; and (C) the applicant has paid any outstanding
4740 examination fees or other moneys due to the commissioner.

4741 (e) **[**Each applicant for an original or renewal debt negotiation
4742 license shall, at the time of making such application, pay to the
4743 commissioner an application fee of one thousand six hundred dollars,
4744 provided, if such application is filed not earlier than one year before
4745 the date such license will expire, such person shall pay a license fee of
4746 eight hundred dollars. Each such license shall expire at the close of
4747 business on September thirtieth of the odd-numbered year following
4748 its issuance unless such license is renewed. Each licensee shall, on or
4749 before September first of the year in which the license expires, file such
4750 renewal application as the commissioner may require. Whenever an
4751 application for a license is filed under this section by any person who
4752 was a licensee under this section and whose license expired less than
4753 sixty days prior to the date such application was filed, such application
4754 shall be accompanied by a one-hundred-dollar processing fee in
4755 addition to the application fee.**]** Each applicant for a debt negotiation
4756 license shall pay to the system any required fees or charges and a
4757 license fee of eight hundred dollars. Each such license shall expire at
4758 the close of business on December thirty-first of the year in which the
4759 license was approved, unless such license is renewed, except that any

4760 such license approved on or after November first shall expire at the
4761 close of business on December thirty-first of the year following the
4762 year in which it is approved. An application for renewal of a license
4763 shall be filed between November first and December thirty-first of the
4764 year in which the license expires. Each applicant for renewal of a debt
4765 negotiation license shall pay to the system any required fees or charges
4766 and a renewal fee of eight hundred dollars.

4767 (f) **[**If the commissioner determines that a check filed with the
4768 commissioner to pay an application fee has been dishonored, the
4769 commissioner shall automatically suspend the license or a renewal
4770 license that has been issued but is not yet effective. The commissioner
4771 shall give the licensee notice of the automatic suspension pending
4772 proceedings for revocation or refusal to renew and an opportunity for
4773 a hearing on such actions in accordance with section 36a-51.**]** The
4774 commissioner may automatically suspend a license if the licensee
4775 receives a deficiency on the system indicating that a required payment
4776 was Returned-ACH or returned pursuant to such other term as may be
4777 utilized by the system to indicate that the payment was not accepted.
4778 After a license has been automatically suspended pursuant to this
4779 section, the commissioner shall (1) give the licensee notice of the
4780 automatic suspension, pending proceedings for revocation or refusal
4781 to renew pursuant to section 36a-671a, as amended by this act, and an
4782 opportunity for a hearing on such action in accordance with section
4783 36a-51, as amended by this act, and (2) require such licensee to take or
4784 refrain from taking such action as the commissioner deems necessary
4785 to effectuate the purposes of this section.

4786 (g) No abatement of the license fee shall be made if the application
4787 is denied or withdrawn prior to issuance of the license or if the license
4788 is surrendered, revoked or suspended prior to the expiration of the
4789 period for which it was issued. **[**The fee**]** All fees required by
4790 subsection (e) of this section shall be nonrefundable.

4791 (h) The license shall not be transferable or assignable. Any change in
4792 any control person of the licensee shall be the subject of an advance

change notice filed on the system at least sixty days prior to the effective date of such change and no such change shall occur without the commissioner's approval.

(i) No licensee may use any name other than its legal name or a fictitious name approved by the commissioner, provided such licensee may not use its legal name if the commissioner disapproves use of such name. No licensee shall use any name or address other than the name and address specified on the license issued by the commissioner. A licensee may change the name of the licensee or the address of the office specified on the most recent filing with the system if, at least thirty calendar days prior to such change, the licensee files such change with the system and provides to the commissioner a bond rider, endorsement or addendum, as applicable, and the commissioner does not disapprove such change, in writing, or request further information within such thirty-day period.

(j) The commissioner may automatically suspend any license for a violation of subsection (h) or (i) of this section. After a license has been automatically suspended pursuant to this subsection, the commissioner shall (1) give the licensee notice of the automatic suspension, pending proceedings for revocation of or refusal to renew the license pursuant to section 36a-671a, as amended by this act, and an opportunity for a hearing in accordance with section 36a-51, as amended by this act, and (2) require the licensee to take or refrain from taking action as the commissioner deems necessary to effectuate the purpose of this section.

(k) Not later than fifteen days after the date a licensee ceases to engage in the business of debt negotiation in this state for any reason, including, but not limited to, a business decision to terminate operations in this state, bankruptcy or voluntary dissolution, such licensee shall surrender to the commissioner its license for each location in which such licensee has ceased to engage in such business in accordance with subsection (c) of section 36a-51, as amended by this act.

(l) Except as otherwise specified in subsections (h) and (i) of this section, each debt negotiation applicant or licensee, and each individual designated as a control person, qualified individual or branch manager of such applicant or licensee, shall file on the system any change in the information most recently submitted to the system by such applicant, licensee, control person, qualified individual or branch manager in connection with the application or license, or, if the information cannot be filed on the system, notify the commissioner of such change, in writing, not later than fifteen days from the date such applicant, licensee, control person, qualified individual or branch manager had reason to know of the change. A debt negotiation licensee shall file with the system or, if the information cannot be filed on the system, notify the commissioner, in writing, not later than fifteen days after the date the licensee had reason to know of the occurrence of any of the following events:

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

(2) Filing of a criminal indictment against the licensee for activities related to debt negotiation, or receiving notification of the filing of any criminal felony indictment or felony conviction of any control person, branch manager or qualified individual of the licensee;

(3) Receiving notification of the institution of license denial, cease and desist, suspension or revocation procedures, or other formal or informal regulatory action by any governmental agency against the licensee or any control person, branch manager or qualified individual of the licensee and the reasons therefor;

(4) Receiving notification of the initiation of any action against the licensee or any control person, branch manager or qualified individual of the licensee by the Attorney General or the attorney general of any other state and the reasons therefor; or

(5) Receiving notification of filing for bankruptcy of any control

4857 person, branch manager or qualified individual of the licensee.

4858 (m) Any person making any filing or submission of any information
4859 on the system shall do so in accordance with the procedures and
4860 requirements of the system and pay the applicable fees or charges to
4861 the system. Each debt negotiation licensee shall, to the extent required
4862 by the system, timely submit to the system accurate reports of
4863 condition that shall be in such form and shall contain such information
4864 as the system may require. Failure by a licensee to submit a timely and
4865 accurate report of condition shall constitute a violation of this
4866 provision.

4867 (n) The unique identifier of any person licensed under section 36a-
4868 671, as amended by this act, shall be clearly shown on all solicitations
4869 and advertisements, including business cards and web sites, and any
4870 other documents as established by rule, regulation or order of the
4871 commissioner, and shall be clearly stated in all audio solicitations and
4872 advertisements. The solicitations and advertisements of any person
4873 licensed under section 36a-671, as amended by this act: (1) Shall not
4874 include any statement that such person is endorsed in any way by this
4875 state, except that such solicitations and advertisements may include a
4876 statement that such person is licensed in this state; (2) shall not include
4877 any statement or claim that is deceptive, false or misleading; (3) shall
4878 otherwise conform to the requirements of sections 36a-671 to 36a-671f,
4879 inclusive, as amended by this act, any regulations issued thereunder
4880 and any other applicable law; and (4) shall be retained for two years
4881 from the date of use of such solicitation or advertisement.

4882 Sec. 68. Section 36a-671a of the general statutes is repealed and the
4883 following is substituted in lieu thereof (*Effective October 1, 2018*):

4884 (a) The commissioner may suspend, revoke or refuse to renew any
4885 license or take any other action, in accordance with the provisions of
4886 section 36a-51, as amended by this act, for any reason that would be
4887 sufficient grounds for the commissioner to deny an application for a
4888 license under sections 36a-671 to **[**36a-671e**]** 36a-671f, inclusive, as

amended by this act, or if the commissioner finds that the licensee or any [proprietor, director, officer, member, partner, shareholder] control person, qualified individual, branch manager, trustee, employee or agent of such licensee has done any of the following: (1) Made any material misstatement in the application; (2) committed any fraud or misappropriated funds; (3) violated any [of the provisions of sections 36a-671 to 36a-671e, inclusive] provision of this title or of any regulation or order adopted or issued pursuant thereto pertaining to such person, or any other law or regulation applicable to the conduct of [its] such licensee's debt negotiation business; or (4) failed to perform any agreement with a debtor.

(b) Whenever it appears to the commissioner that (1) any person has violated, is violating or is about to violate the provisions of sections 36a-671 to [36a-671e] 36a-671f, inclusive, as amended by this act, or any regulation adopted thereunder; (2) any person is, was or would be a cause of the violation of any such provision or regulation due to an act or omission such person knew or should have known would contribute to such violation; or (3) any licensee or any [proprietor, director, officer, member, partner, shareholder] control person, qualified individual, branch manager, trustee, employee or agent of such licensee has committed any fraud, misappropriated funds or failed to perform any agreement with a debtor, the commissioner may take action against such person or licensee in accordance with sections 36a-50 and 36a-52. For purposes of sections 36a-671 to [36a-671e] 36a-671f, inclusive, as amended by this act, each engagement and each offer to engage in debt negotiation shall constitute a separate violation.

(c) Upon complaint, the commissioner may review any fees or charges assessed by a person engaging or offering to engage in debt negotiation services and order the reduction of such fees or charges or repayment of such amount of the fees or charges that the commissioner deems excessive, taking into consideration the fees that other persons performing similar debt negotiation services charge for such services and the benefit to the consumer of such services. In

conducting an investigation pursuant to this subsection, the commissioner shall have the same authority as specified in section 36a-17, as amended by this act.

(d) The commissioner may order a licensee to remove any individual conducting business under sections 36a-671 to 36a-671f, inclusive, as amended by this act, from office and from employment or retention as an independent contractor in the debt negotiation business in this state in accordance with section 5 of this act.

(e) The commissioner may issue a temporary order to cease business under a license if the commissioner determines that such license was issued erroneously. Such temporary order shall be issued in accordance with subsection (j) of section 36a-24b.

Sec. 69. Section 36a-671d of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) (1) No debt negotiation license, and no renewal thereof, shall be granted unless the applicant has filed the surety bond required by this section, which bond shall be written by a surety authorized to write such bonds in this state.

(2) No application for a debt negotiation license for a main office, and no renewal of such a license, shall be granted unless the applicant has filed a single surety bond with the commissioner in an aggregate amount of fifty thousand dollars, or such other amount required by subdivision (4) of this subsection. No application for a debt negotiation license branch office, and no renewal of such a license, shall be granted unless the applicant has identified such branch office as a bonded location by addendum to the main office surety bond required by this section.

(3) Each debt negotiation licensee shall file a single surety bond that complies with the requirements of this section in connection with the main office license with the commissioner in an aggregate amount of fifty thousand dollars or such other amount required in subdivision (4)

of this subsection, which bond shall identify any licensed branch office as a bonded location on such bond by addendum.

(4) In the case of a debt negotiation licensee engaging or offering to engage in the business of negotiating residential mortgage loans on behalf of mortgagors, such debt negotiation licensee shall file a bond in the penal sum amount set forth in subsection (e) of this section based on the aggregate dollar amount of the residential mortgage loans negotiated or offered to be negotiated by its sponsored mortgage loan originator licensees. The principal on a bond required by this subdivision shall **[**annually**]** file quarterly reports on the system reflecting residential mortgage loan volume in accordance with subsection (g) of this section and subsection (m) of section 36a-671, as amended by this act, to confirm that it maintains the required penal sum in the amount required by this subdivision.

(5) **[**Not later than September 1, 2012, and each September first thereafter, a**]** Each debt negotiation licensee shall file with the commissioner such information as the commissioner may require to confirm that the penal sum of the bond remains consistent with the amount required by this section. The principal shall file, **[**not later than September first of the applicable year, or on such other date**]** as the commissioner may require, **[**pursuant to subsection (g) of this section,**]** any bond rider or endorsement to the surety bond on file with the commissioner to reflect any changes necessary to maintain the surety bond coverage required by this section.

(b) The form of any surety bond submitted pursuant to subsection (a) of this section shall be approved by the Attorney General. Any surety bond filed under subsection (a) of this section shall be conditioned upon the debt negotiation licensee and any sponsored mortgage loan originator licensee faithfully performing any and all written agreements or commitments with or for the benefit of debtors and mortgagors, as applicable, truly and faithfully accounting for all funds received from a debtor or mortgagor by the principal or a mortgage loan originator sponsored by the principal in the principal's

capacity as debt negotiation licensee, and conducting such business consistent with the provisions of sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-534a, 36a-534b, as amended by this act, and 36a-671 to [36a-671e] 36a-671f, inclusive, as amended by this act. Any debtor or mortgagor who may be damaged by a failure to perform any written agreements, by the wrongful conversion of funds paid by a debtor or mortgagor to a debt negotiation licensee or mortgage loan originator licensee, or by conduct inconsistent with the provisions of sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-534a, 36a-534b, as amended by this act, and 36a-671 to [36a-671e] 36a-671f, inclusive, as amended by this act, may proceed on any such surety bond against the principal or surety thereon, or both, to recover damages. The commissioner may proceed on any such surety bond against the principal or surety thereon, or both, to collect any civil penalty imposed upon the licensee pursuant to subsection (a) of section 36a-50 and any unpaid costs of examination of a licensee as determined pursuant to section 36a-65, as amended by this act, and effective April 1, 2019, any restitution imposed pursuant to subsection (c) of section 36a-50 and unpaid assessment as determined pursuant to section 36a-65, as amended by this act, as applicable. The proceeds of any bond, even if commingled with other assets of the principal, shall be deemed by operation of law to be held in trust for the benefit of such claimants against the principal in the event of bankruptcy of the principal and shall be immune from attachment by creditors and judgment creditors. Any bond required by this section shall be maintained during the entire period of the license granted to the applicant, and the aggregate liability under any such bond shall not exceed the penal amount of the bond. The principal shall notify the commissioner of the commencement of an action on the bond. When an action is commenced on a principal's bond, the commissioner may require the filing of a new bond and immediately on recovery on any action on the bond, the principal shall file a new bond. Any mortgagor or prospective mortgagor who may be damaged by a failure of the debt negotiation licensee or mortgage loan originator licensee to satisfy a

judgment against the licensee arising from the negotiation of or offer to negotiate a nonprime home loan, as defined in section 36a-760, may proceed on such bond against the principal or surety on such bond, or both, to recover the amount of the judgment.

(c) The surety shall have the right to cancel any bond written or issued under subsection (a) of this section at any time by a written notice to the debt negotiation licensee and the commissioner stating the date cancellation shall take effect. **[**Such notice**]** If such bond is issued electronically on the system, written notice of cancellation may be provided by the surety to the licensee and the commissioner through the system at least thirty days prior to the date of cancellation. Any notice of cancellation not provided through the system shall be sent by certified mail to the licensee and the commissioner at least thirty days prior to the date of cancellation. No such bond shall be cancelled unless the surety notifies the commissioner in writing not less than thirty days prior to the effective date of cancellation. After receipt of such notification from the surety, the commissioner shall give written notice to the debt negotiation licensee of the date such bond cancellation shall take effect. The commissioner shall automatically suspend the licenses of the debt negotiation licensee on such date and inactivate the license of any sponsored mortgage loan originator, unless prior to such date the debt negotiation licensee submits a letter of reinstatement of the bond from the surety or a new bond, surrenders all licenses or, in the case of a mortgage loan originator sponsored by a debt negotiation licensee, the sponsorship has been terminated and a new sponsor has been requested and approved. After a license has been automatically suspended, the commissioner shall (1) give the debt negotiation licensee notice of the automatic suspension pending proceedings for revocation or refusal to renew and an opportunity for a hearing on such actions in accordance with section 36a-51, as amended by this act, and **[**shall**]** (2) require the debt negotiation licensee to take or refrain from taking such action as **[**, in the opinion of**]** the commissioner **[**, will**]** deems necessary to effectuate the purposes of this section.

5055 (d) No licensee shall use, attempt to use or make reference to, either
5056 directly or indirectly, any word or phrase that states or implies that the
5057 licensee is endorsed, sponsored, recommended, bonded or insured by
5058 the state.

5059 (e) The penal sum of the bond required by subdivision (4) of
5060 subsection (a) of this section shall be determined as follows:

5061 (1) An initial applicant for a debt negotiation license shall file a bond
5062 in a penal sum of fifty thousand dollars.

5063 (2) A debt negotiation licensee exempt from licensure as a mortgage
5064 lender, mortgage correspondent lender or mortgage broker pursuant
5065 to subdivision (4) of subsection (a) of section 36a-487, as amended by
5066 this act, and sponsoring and bonding at least one mortgage loan
5067 originator as an exempt registrant under subdivision (2) of subsection
5068 (a) and subsection (d) of section 36a-487, as amended by this act, shall
5069 file a bond with a penal sum in the following amount:

5070 (A) If the aggregate dollar amount of all residential mortgage loans
5071 negotiated or offered to be negotiated by all sponsored mortgage loan
5072 originators during the preceding twelve-month period ending July
5073 thirty-first of the current year is less than thirty million dollars, the
5074 penal sum of the bond shall be fifty thousand dollars;

5075 (B) If the aggregate dollar amount of all residential mortgage loans
5076 negotiated or offered to be negotiated by all sponsored mortgage loan
5077 originators during the preceding twelve-month period ending July
5078 thirty-first of the current year is thirty million dollars or more but less
5079 than fifty million dollars, the penal sum of the bond shall be one
5080 hundred thousand dollars; and

5081 (C) If the aggregate dollar amount of all residential mortgage loans
5082 negotiated or offered to be negotiated by all sponsored mortgage loan
5083 originators during the preceding twelve-month period ending July
5084 thirty-first of the current year is fifty million dollars or more, the penal
5085 sum of the bond shall be one hundred fifty thousand dollars.

5086 (f) For purposes of subsection (e) of this section, "the aggregate
5087 dollar amount of all residential mortgage loans negotiated or offered to
5088 be negotiated" means the aggregate underlying dollar amount of all
5089 residential mortgage loans for which a sponsored mortgage loan
5090 originator provides debt negotiation services.

5091 (g) Financial information necessary to verify the aggregate amount
5092 of residential mortgage loans negotiated or offered to be negotiated
5093 shall be filed with the commissioner as the commissioner may require,
5094 and shall be reported on the system **[**, as defined in section 36a-485,**]** at
5095 such time and in such form as the system may require. The
5096 commissioner may require a change in the penal sum of the bond if the
5097 commissioner determines at any time that the aggregate dollar amount
5098 of all residential mortgage loans negotiated or offered to be negotiated
5099 warrants a change in the penal sum of the bond.

5100 (h) The commissioner may adopt regulations in accordance with
5101 chapter 54 with respect to the requirements for such surety bonds.

5102 Sec. 70. Subdivision (2) of section 36a-715 of the general statutes is
5103 repealed and the following is substituted in lieu thereof (*Effective*
5104 *October 1, 2018*):

5105 (2) The terms "advertise or advertising", "control person",
5106 "individual", "main office", "mortgage broker", "mortgage
5107 correspondent lender", "mortgage lender", "office", **[**and**]** "person" and
5108 "unique identifier" have the same meanings as provided in section 36a-
5109 485, as amended by this act.

5110 Sec. 71. Section 36a-718 of the general statutes is repealed and the
5111 following is substituted in lieu thereof (*Effective October 1, 2018*):

5112 (a) On and after January 1, 2015, no person shall act as a mortgage
5113 servicer, directly or indirectly, without first obtaining a license under
5114 section 36a-719, as amended by this act, from the commissioner for its
5115 main office and for each branch office where such business is
5116 conducted, unless such person is exempt from licensure pursuant to

5117 subsection (b) of this section. No person shall conduct any activity that
5118 is subject to licensure pursuant to sections 36a-715 to 36a-719*l*,
5119 inclusive, as amended by this act, at any office located outside of the
5120 United States.

5121 (b) The following persons are exempt from mortgage servicer
5122 licensing requirements: (1) Any bank, out-of-state bank, Connecticut
5123 credit union, federal credit union or out-of-state credit union, provided
5124 such bank or credit union is federally insured; (2) any wholly-owned
5125 subsidiary of such bank or credit union; (3) any operating subsidiary
5126 where each owner of such operating subsidiary is wholly owned by
5127 the same such bank or credit union; (4) any person licensed as a
5128 mortgage lender in this state while acting as a mortgage servicer from
5129 a location licensed as a main office or branch office under sections 36a-
5130 485 to **[**36a-498f**]** 36a-498e, inclusive, as amended by this act, 36a-534a
5131 and 36a-534b, as amended by this act, provided (A) such person meets
5132 the supplemental mortgage servicer surety bond, fidelity bond and
5133 errors and omissions coverage requirements under section 36a-719c, as
5134 amended by this act, and (B) during any period that the license of the
5135 mortgage lender in this state has been suspended, such exemption
5136 shall not be effective; and (5) any person licensed as a mortgage
5137 correspondent lender in this state while acting as a mortgage servicer
5138 with respect to any residential mortgage loan it has made and during
5139 the permitted ninety-day holding period for such loan from a location
5140 licensed as a main office or branch office under sections 36a-485 to
5141 **[**36a-498f**]** 36a-498e, inclusive, as amended by this act, 36a-534a and
5142 36a-534b, as amended by this act, provided during any period the
5143 license of the mortgage correspondent lender in this state has been
5144 suspended, such exemption shall not be effective.

5145 (c) The provisions of sections 36a-719e to 36a-719h, inclusive, as
5146 amended by this act, shall apply to any person, including a person
5147 exempt from licensure pursuant to subsection (b) of this section, who
5148 acts as a mortgage servicer in this state on or after January 1, 2015.

5149 Sec. 72. Section 36a-719 of the 2018 supplement to the general

5150 statutes is repealed and the following is substituted in lieu thereof
5151 (*Effective October 1, 2018*):

5152 (a) The **[**Banking Commissioner**]** commissioner shall issue a
5153 mortgage servicer license to an applicant for such license if the
5154 commissioner finds that: (1) The applicant has identified a qualified
5155 individual for its main office and a branch manager for each branch
5156 office where such business is conducted, provided such qualified
5157 individual and branch manager have supervisory authority over the
5158 mortgage servicer activities at the respective office location and at least
5159 three years' experience in the mortgage servicing business within the
5160 five years immediately preceding the date of the application for
5161 licensure; (2) notwithstanding the provisions of section 46a-80, the
5162 applicant, the control persons of the applicant, the qualified individual
5163 and any branch manager **[**with supervisory authority at the office for
5164 which the license is sought**]** have not been convicted of or pled guilty
5165 or nolo contendere to, in a domestic, foreign or military court, a felony
5166 during the seven-year period preceding the date of the application for
5167 licensing or a felony involving an act of fraud or dishonesty, a breach
5168 of trust or money laundering at any time preceding the date of
5169 application, provided any pardon or expungement of a conviction
5170 shall not be a conviction for purposes of this subdivision; (3) the
5171 applicant demonstrates that the financial responsibility, character and
5172 general fitness of the applicant, the control persons of the applicant,
5173 the qualified individual and any branch manager **[**having supervisory
5174 authority over the office for which the license is sought**]** command the
5175 confidence of the community and warrant a determination that the
5176 applicant will operate honestly, fairly and efficiently within the
5177 purposes of sections 36a-715 to 36a-719*l*, inclusive, as amended by this
5178 act; (4) the applicant has met the surety bond, fidelity bond and errors
5179 and omissions coverage requirement under section 36a-719c, as
5180 amended by this act; (5) the applicant, **[**has**]** the control persons of the
5181 applicant, the qualified individual and any branch manager have not
5182 made a material misstatement in the application; and (6) the applicant
5183 has met any other similar requirements as determined by the

commissioner. If the commissioner fails to make such findings, the commissioner shall not issue a license, and shall notify the applicant of the denial and the reasons for such denial. The commissioner may waive the requirements of subdivision (1) of this subsection relating to the supervision and experience of (A) a qualified individual where the applicant establishes to the satisfaction of the commissioner that the applicant (i) will not conduct any activity subject to licensure under sections 36a-715 to 36a-719*l*, inclusive, as amended by this act, at the main office, and (ii) has designated a qualified individual who is responsible for the actions of the applicant; and (B) a qualified individual or a branch manager where the applicant establishes to the satisfaction of the commissioner that the applicant (i) holds only mortgage servicing rights at the main office or branch office and conducts no other activity at such office, and (ii) has designated a qualified individual or branch manager at such main office or branch office who is responsible for the actions of the application. No person licensed as a mortgage servicer and granted a waiver by the commissioner shall engage in any activity that would have precluded the issuance of such waiver without first designating a qualified individual or branch manager, as the case may be, who meets all applicable requirements of subdivision (1) of this subsection and is approved by the commissioner. For purposes of this subsection, the level of offense of the crime and the status of any conviction, pardon or expungement shall be determined by reference to the law of the jurisdiction where the case was prosecuted. In the event such jurisdiction does not use the term "felony", "pardon" or "expungement", such terms shall include legally equivalent events. For purposes of subdivision (1) of this subsection, "experience in the mortgage servicing business" means paid experience in the **[**(A)**]** (I) servicing of mortgage loans, **[**(B)**]** (II) accounting, receipt and processing of payments on behalf of mortgagees or creditors, or **[**(C)**]** (III) supervision of such activities, or any other relevant experience as determined by the commissioner, and "at the respective office location" may be established if the qualified individual or branch manager resides not more than one hundred miles from the location of the office

5219 or otherwise demonstrates to the satisfaction of the commissioner an
5220 ability to provide full-time, in-person supervision of the office.

5221 (b) An application for a license as a mortgage servicer or renewal of
5222 such license shall be **[**filed,**]** made and processed on the system
5223 pursuant to section 36a-24b in a form prescribed by the commissioner
5224 **[**, with the system**]** and accompanied by the fees required by section
5225 36a-719b. Each such form shall contain content as set forth by
5226 instruction or procedure of the commissioner and may be changed or
5227 updated as necessary by the commissioner in order to carry out the
5228 purpose of sections 36a-715 to **[**36a-718, inclusive, and sections 36a-
5229 719a to**]** 36a-719*l*, inclusive, as amended by this act. The applicant
5230 shall, at a minimum, furnish to the system information concerning the
5231 identity of the applicant, any control person of the applicant, the
5232 qualified individual and any branch manager, including personal
5233 history and experience in a form prescribed by the system and
5234 information related to any administrative, civil or criminal findings by
5235 any governmental jurisdiction. **[**The applicant shall notify the
5236 commissioner on the system of any change to the information
5237 submitted in connection with its most recent application for licensure
5238 not later than fifteen days after the applicant has reason to know of
5239 such change.**]** For the purpose of this subsection, evidence of
5240 experience of the qualified individual and any branch manager shall
5241 include: (1) A statement specifying the duties and responsibilities of
5242 such person's employment, the term of employment, including month
5243 and year, and the name, address and telephone number of a
5244 supervisor, employer or, if self-employed, a business reference; and (2)
5245 if required by the commissioner, copies of W-2 forms, 1099 tax forms
5246 or, if self-employed, 1120 corporate tax returns, signed letters from the
5247 employer on the employer's letterhead verifying such person's duties
5248 and responsibilities and term of employment including month and
5249 year, and, if such person is unable to provide such letters, other proof
5250 satisfactory to the commissioner that such person meets the experience
5251 requirement. **[**The commissioner may conduct a criminal history
5252 records check of the applicant, any control person of the applicant, the

qualified individual and any branch manager with supervisory authority at the office for which the license is sought and require the applicant to submit the fingerprints of such persons as part of the application.] As part of an application, the commissioner may (A) in accordance with section 29-17a, conduct a state or national criminal history records check of the applicant, any control person of the applicant, the qualified individual and any branch manager, and (B) in accordance with section 36a-24b (i) require the submission of fingerprints of the applicant, any control person of the applicant, the qualified individual and any branch manager to the Federal Bureau of Investigation or other state, national or international criminal databases, and (ii) investigate the financial condition of any such person and require authorization from any such person for the system and the commissioner to obtain an independent credit report from a consumer reporting agency, as described in Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a, as amended from time to time.

(c) (1) The minimum standards for license renewal for a mortgage servicer shall include the following: (A) The applicant continues to meet the minimum standards under subsection (a) of this section; [and] (B) the mortgage servicer has paid all required fees for renewal of the license; and (C) the applicant has paid any outstanding examination fees or other moneys due to the commissioner.

(2) The license of a mortgage servicer failing to satisfy the minimum standards for license renewal shall expire. The commissioner may adopt procedures for the reinstatement of expired licenses consistent with the standards established by the system. The commissioner may automatically suspend a mortgage servicer license if the licensee receives a deficiency on the system indicating that the payment required by section 36a-719b was Returned-ACH or returned pursuant to such other term as may be utilized by the system to indicate that the payment was not accepted. After a license has been automatically suspended pursuant to this section, the commissioner shall (A) give [such] the licensee notice of the automatic suspension, pending

proceedings for revocation or refusal to renew pursuant to section 36a-719j, as amended by this act, and an opportunity for a hearing on such action in accordance with section 36a-51, as amended by this act, and (B) require such licensee to take or refrain from taking such action **[**that, in the opinion of**]** as the commissioner **[**, will**]** deems necessary to effectuate the purposes of this section.

[(d) (1) Withdrawal of an application for a license filed under this section shall become effective upon the commissioner's acceptance on the system of a withdrawal request. The commissioner may deny a license up to one year after the effective date of withdrawal.

(2) If the license of a mortgage servicer expires due to the licensee's failure to renew, the commissioner may institute a revocation or suspension proceeding or issue an order suspending or revoking such license pursuant to subsection (a) of section 36a-719j not later than one year after the date of such expiration.**]**

[(e)**]** (d) The commissioner may deem an application for a license under this section abandoned if the applicant fails to respond to any request for information required under sections 36a-715 to 36a-719*l*, inclusive, as amended by this act, or the regulations adopted pursuant to said sections. The commissioner shall notify the applicant on the system that if such information is not submitted not later than sixty days from the date of such request, the application shall be deemed abandoned. An application filing fee paid prior to the date an application is deemed abandoned pursuant to this subsection shall not be refunded. Abandonment of an application pursuant to this subsection shall not preclude the applicant from submitting a new application for a license.

[(f)**]** (e) As part of its application and upon a change to such information, a mortgage servicer shall file with the commissioner a current schedule of the ranges of costs and fees it charges mortgagors for its servicing-related activities.

5317 (f) Any person making any filing or submission of any information
5318 on the system shall do so in accordance with the procedures and
5319 requirements of the system and shall pay the applicable fees or charges
5320 to the system. Each mortgage servicer licensee shall, to the extent
5321 required by the system, timely submit to the system accurate reports of
5322 condition that shall be in such form and shall contain such information
5323 as the system may require. Failure by a licensee to submit a timely and
5324 accurate report of condition shall constitute a violation of this
5325 provision. At least annually, a licensee shall file with the commissioner
5326 a report in a form and format acceptable to the commissioner detailing
5327 the mortgage servicer's activities in the state, including (1) the number
5328 of residential mortgage loans the mortgage servicer is servicing, (2) the
5329 type and characteristics of the residential mortgage loans in this state,
5330 (3) the number of serviced residential mortgage loans in default, along
5331 with a breakdown of thirty-day, sixty-day and ninety-day
5332 delinquencies, (4) information on loss mitigation activities, and (5)
5333 information on foreclosures commenced in this state.

5334 (g) The unique identifier of any person licensed under this section
5335 shall be clearly shown on all solicitations and advertisements,
5336 including business cards and web sites, and any other documents as
5337 established by rule, regulation or order of the commissioner, and shall
5338 be clearly stated in all audio solicitations and advertisements. The
5339 solicitations and advertisements of any person licensed under this
5340 section: (1) Shall not include any statement that such person is
5341 endorsed in any way by this state, except that such solicitations and
5342 advertisements may include a statement that such person is licensed in
5343 this state; (2) shall not include any statement or claim that is deceptive,
5344 false or misleading; (3) shall otherwise conform to the requirements of
5345 sections 36a-715 to 36a-719*l*, inclusive, as amended by this act, any
5346 regulations issued thereunder and any other applicable law; and (4)
5347 shall be retained for two years from the date of use of such solicitation
5348 or advertisement.

5349 Sec. 73. Section 36a-719a of the general statutes is repealed and the

following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) A mortgage servicer license shall not be transferable or assignable. **[**No licensee may use any name other than its legal name or a fictitious name approved by the Banking Commissioner, provided such licensee may not use its legal name if the commissioner disapproves use of such name.**]** Any change in any control person shall be the subject of an advance change notice filed on the system at least sixty days prior to the effective date of such change and no such change shall occur without the commissioner's approval. Any licensee who intends to permanently cease acting as a mortgage servicer at any time during a license period for any cause, including, but not limited to, bankruptcy or voluntary dissolution, shall file a request to surrender the license in accordance with subsection (c) of section 36a-51, as amended by this act, for each office at which the licensee intends to cease to do business, on the system, not later than fifteen days after the date of such cessation, provided this requirement shall not apply when a license has been suspended pursuant to section 36a-51, as amended by this act. No surrender shall be effective until accepted by the commissioner.

(b) No licensee may use any name other than its legal name or a fictitious name approved by the commissioner, provided such licensee may not use its legal name if the commissioner disapproves use of such name. No licensee shall use any name or address other than the name and address stated on the license issued by the commissioner. A mortgage servicer licensee may change the name of the licensee or address of any office specified on the most recent filing with the system if (1) at least thirty calendar days prior to such change, the licensee files such change with the system and, in the case of a main office or branch office, provides **[**, directly to**]** the commissioner **[**,**]** a bond rider or endorsement, or addendum, as applicable, to any bond or evidence of errors and omissions coverage on file with the commissioner that reflects the new name or address of the main office or branch office; and (2) the commissioner does not disapprove such

change, in writing, or request further information within such thirty-day period.

(c) [The] Except as otherwise specified in subsections (a) and (b) of this section, each mortgage servicer applicant or licensee, and each individual designated as a control person, qualified individual or branch manager of such applicant or licensee, shall file to the system any change in the information most recently submitted to the system by such applicant, licensee, control person, qualified individual or branch manager in connection with the application or license, or, if the information cannot be filed on the system, notify the commissioner of such change, in writing, not later than fifteen days from the date such applicant, licensee, control person, qualified individual or branch manager had reason to know of the change. A mortgage servicer licensee shall file with the system or, if the information cannot be filed on the system, directly notify the commissioner, in writing, not later than [five] fifteen business days after the licensee has reason to know of the occurrence of any of the following events:

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

(2) Filing of a criminal indictment against the licensee or receiving notification of the filing of any criminal felony indictment or felony conviction of any [of the licensee's officers, directors, members, partners or shareholders owning ten per cent or more of the outstanding stock] control person, qualified individual or branch manager of the licensee;

(3) Receiving notification of the institution of license denial, cease and desist, suspension or revocation procedures, or other formal or informal regulatory action by any governmental agency against the licensee or any control person, qualified individual or branch manager of the licensee and the reasons for such action;

(4) Receiving notification of the initiation of any action against the

licensee or any control person, qualified individual or branch manager of the licensee by the Attorney General or the attorney general of any other state and the reasons for such action;

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

(6) Receiving notification that certain servicing rights of the licensee will be rescinded or cancelled, and the reasons provided therefor;

(7) Receiving notification of filing for bankruptcy of any **[**of the licensee's officers, directors, members, partners or shareholders owning ten per cent or more of the outstanding stock**]** control person, qualified individual or branch manager of the licensee; or

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

(d) The commissioner may automatically suspend any license for a violation of subsection (a) or (b) of this section or upon a failure of the licensee to designate a qualified individual or branch manager who meets the requirements set forth in section 36a-719, as amended by this act, not later than thirty days after a vacancy in the position. After a license has been automatically suspended pursuant to this section, the commissioner shall (1) give such licensee notice of the automatic suspension, pending proceedings for revocation or refusal to renew pursuant to section 36a-719j, as amended by this act, and an opportunity for a hearing on such action in accordance with section 36a-51, as amended by this act, and (2) require such licensee to take or refrain from taking such action as the commissioner deems necessary to effectuate the purposes of this section.

Sec. 74. Section 36a-719c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

5445 (a) Each mortgage servicer applicant or licensee and any person
5446 exempt from mortgage servicer licensure pursuant to subdivision (4)
5447 of subsection (b) of section 36a-718, as amended by this act, shall file
5448 with the **[**Banking Commissioner**]** commissioner (1) a surety bond,
5449 written by a surety authorized to write such bonds in this state,
5450 covering its main office and any branch office from which it acts as
5451 mortgage servicer, in a penal sum of one hundred thousand dollars
5452 per office location in accordance with subsection (b) of this section, (2)
5453 a fidelity bond, written by a surety authorized to write such bonds in
5454 this state, in accordance with the requirements of subsection (c) of this
5455 section, and (3) evidence of errors and omissions coverage, written by
5456 a surety authorized to write such coverage in this state, in accordance
5457 with the requirements of subsection (c) of this section. No mortgage
5458 servicer licensee and no person otherwise exempt from mortgage
5459 servicer licensure pursuant to subdivision (4) of subsection (b) of
5460 section 36a-718, as amended by this act, shall act as a mortgage servicer
5461 in this state without maintaining the surety bond, fidelity bond and
5462 errors and omissions coverage required by this section.

5463 (b) The surety bond required by subsection (a) of this section shall
5464 be (1) in a form approved by the Attorney General; and (2) conditioned
5465 upon the mortgage servicer licensee or person exempt from mortgage
5466 servicer licensure pursuant to subdivision (4) of subsection (b) of
5467 section 36a-718, as amended by this act, faithfully performing any and
5468 all written agreements or commitments with or for the benefit of
5469 mortgagors and mortgagees, truly and faithfully accounting for all
5470 funds received from a mortgagor or mortgagee in such person's
5471 capacity as a mortgage servicer, and conducting such mortgage
5472 business consistent with the provisions of sections 36a-715 to 36a-719*l*,
5473 inclusive, as amended by this act. Any mortgagor that may be
5474 damaged by the failure of a mortgage servicer licensee or person
5475 exempt from mortgage servicer licensure pursuant to subdivision (4)
5476 of subsection (b) of section 36a-718, as amended by this act, to perform
5477 any written agreements or commitments, or by the wrongful
5478 conversion of funds paid by a mortgagor to such licensee or person,

5479 may proceed on such bond against the principal or surety thereon, or
5480 both, to recover damages. The commissioner may proceed on such
5481 bond against the principal or surety on such bond, or both, to collect
5482 any civil penalty imposed pursuant to subsection (a) of section 36a-50,
5483 any restitution imposed pursuant to subsection (c) of section 36a-50
5484 and any unpaid costs of examination of a licensee and, effective April
5485 1, 2019, any unpaid assessment as determined pursuant to section 36a-
5486 65, as amended by this act, as applicable. The proceeds of the bond,
5487 even if commingled with other assets of the principal, shall be deemed
5488 by operation of law to be held in trust for the benefit of such claimants
5489 against the principal in the event of bankruptcy of the principal and
5490 shall be immune from attachment by creditors and judgment creditors.
5491 The surety bond shall run concurrently with the period of the license
5492 for the main office of the mortgage servicer or mortgage lender and the
5493 aggregate liability under the bond shall not exceed the penal sum of
5494 the bond. The principal shall notify the commissioner of the
5495 commencement of an action on the bond. When an action is
5496 commenced on a principal's bond, the commissioner may require the
5497 filing of a new bond and immediately on recovery on any action on the
5498 bond, the principal shall file a new bond.

5499 (c) The fidelity bond and errors and omissions coverage required by
5500 subsection (a) of this section shall name the commissioner as an
5501 additional loss payee on drafts the surety issues to pay for covered
5502 losses directly or indirectly incurred by mortgagors of residential
5503 mortgage loans serviced by the mortgage servicer. The fidelity bond
5504 shall cover losses arising from dishonest and fraudulent acts,
5505 embezzlement, misplacement, forgery and similar events committed
5506 by employees of the mortgage servicer. The errors and omissions
5507 coverage shall cover losses arising from negligence, errors and
5508 omissions by the mortgage servicer with respect to the payment of real
5509 estate taxes and special assessments, hazard and flood insurance or the
5510 maintenance of mortgage and guaranty insurance. The fidelity bond
5511 and errors and omissions coverage shall each be in the following
5512 principal amounts based on the mortgage servicer's volume of

servicing activity most recently reported to the commissioner:

(1) If the amount of the residential mortgage loans serviced is one hundred million dollars or less, the principal amount shall be at least three hundred thousand dollars; or

(2) If the amount of such loans exceeds one hundred million dollars, the principal amount shall be at least three hundred thousand dollars plus (A) three-twentieths of one per cent of the amount of residential mortgage loans serviced greater than one hundred million dollars but less than or equal to five hundred million dollars; (B) plus one-eighth of one per cent of the amount of residential mortgage loans serviced greater than five hundred million dollars but less than or equal to one billion dollars; and (C) plus one-tenth of one per cent of the amount of residential mortgage loans serviced greater than one billion dollars.

The fidelity bond and errors and omissions coverage may provide for a deductible amount not to exceed the greater of one hundred thousand dollars or five per cent of the face amount of such bond or coverage.

(d) A surety shall have the right to cancel the surety bond, fidelity bond and errors and omissions coverage required by this section at any time by a written notice to the principal <u>and the commissioner</u> stating the date cancellation shall take effect. **[**Such notice**]** <u>If the surety bond required by this section was issued electronically on the system, written notice of cancellation may be provided by the surety company to the principal and the commissioner through the system at least thirty days prior to the date of cancellation. Any notice of cancellation not provided through the system</u> shall be sent by certified mail to the principal <u>and the commissioner</u> at least thirty days prior to the date of cancellation. A surety bond, fidelity bond or errors and omissions coverage shall not be cancelled unless the surety notifies the commissioner, in writing, not less than thirty days prior to the effective date of cancellation. After receipt of such notification from the surety, the commissioner shall give written notice to the principal of the date such cancellation shall take effect. The commissioner shall

automatically suspend the license of a mortgage servicer on such date or on any date when a fidelity bond or errors and omissions coverage expires or is no longer in effect. No automatic suspension or inactivation shall occur if, prior to the date that such bond or errors and omissions coverage cancellation or expiration shall take effect, (1) the principal submits a letter of reinstatement of the bond or errors and omissions coverage, or a new bond or errors and omissions policy; or (2) the mortgage servicer licensee has ceased business in this state and has surrendered all licenses in accordance with section 36a-51, as amended by this act, and section 36a-719a, as amended by this act. After a mortgage servicer license has been automatically suspended pursuant to this section, the commissioner shall (A) give [such] the licensee notice of the automatic suspension, pending proceedings for revocation or refusal to renew pursuant to section 36a-719j, as amended by this act, and an opportunity for a hearing on such action in accordance with section 36a-51, as amended by this act, and (B) require such licensee to take or refrain from taking such action as [in the opinion of] the commissioner [will] deems necessary to effectuate the purposes of this section. A person licensed as a mortgage lender in this state acting as a mortgage servicer from a location licensed as a main office or branch office under sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-534a and 36a-534b, as amended by this act, shall cease to be exempt from mortgage servicer licensing requirements in this state upon cancellation of any surety bond, fidelity bond or errors and omissions coverage required by this section.

(e) If the commissioner finds that the financial condition of a mortgage servicer or mortgage lender licensee so requires, as evidenced by the reduction of tangible net worth, financial losses or potential losses as a result of a violation of sections 36a-715 to 36a-719k, inclusive, as amended by this act, the commissioner may require one or more additional bonds meeting the standards set forth in this section. The licensee shall file any such additional bonds not later than ten days after receipt of the commissioner's written notice of such

requirement. A mortgage servicer or mortgage lender licensee shall file, as the commissioner may require, any bond rider or endorsement or addendum, as applicable, to any bond or evidence of errors and omissions coverage on file with the commissioner to reflect any changes necessary to maintain the surety bond, fidelity bond and errors and omissions coverage required by this section.

Sec. 75. Section 36a-719e of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

Upon assignment of servicing rights on a residential mortgage loan, the mortgage servicer shall disclose to the mortgagor: (1) Any notice required by the Real Estate Settlement Procedures Act of 1974, 12 USC Section 2601 et seq., as from time to time amended, and the regulations promulgated thereunder, and within the time periods prescribed therein; and (2) a schedule of the ranges and categories of its costs and fees for its servicing-related activities, which shall comply with state and federal law and, if such disclosure is made by a mortgage servicer licensee, shall not exceed those reported to the **[**Banking Commissioner**]** commissioner in accordance with subsection **[**(f)**]** (e) of section 36a-719, as amended by this act.

Sec. 76. Subdivision (19) of subsection (a) of section 36a-719h of the 2018 supplement to the general statutes, as amended by section 28 of public act 17-233, is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

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

Sec. 77. Section 36a-719j of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) The **[**Banking Commissioner**]** commissioner may suspend, revoke or refuse to renew any mortgage servicer license or take any

other action, in accordance with the provisions of section 36a-51, as amended by this act, for any reason which would be sufficient grounds for the commissioner to deny an application for such license under section 36a-719, as amended by this act, or if the commissioner finds that the licensee, any control person of the licensee, the qualified individual or any branch manager with supervisory authority, trustee, employee or agent of such licensee has done any of the following: (1) Made any material misstatement in the application; (2) committed any fraud or misrepresentation or misappropriated funds; (3) violated any of the provisions of this title or of any **[**regulations**]** regulation or order adopted or issued pursuant thereto pertaining to any such person, or any other law or regulation applicable to the conduct of **[**its**]** such licensee's mortgage servicer business; or (4) failed to perform any agreement with a mortgagee or a mortgagor.

(b) Whenever it appears to the commissioner that (1) any person has violated, is violating or is about to violate section 49-8 or 49-10a, any of the provisions of this title or of any regulations adopted pursuant thereto, **[**or any**]** (2) any person is, was or would be a cause of the violation of any such provision or regulation due to an act or omission such person knew or should have known would contribute to such violation, or (3) any licensee has failed to perform any agreement with a mortgagee or mortgagor, committed any fraud, made any misrepresentation or misappropriated funds, the commissioner may take action against such person or licensee in accordance with sections 36a-50 and 36a-52.

(c) The commissioner may order a licensee to remove any individual conducting business under sections 36a-715 to 36a-719*l*, inclusive, as amended by this act, from office and from employment or retention as an independent contractor in the mortgage loan servicer business in this state in accordance with section 5 of this act.

(d) The commissioner may issue a temporary order to cease business under a license if the commissioner determines that such license was issued erroneously. Such temporary order shall be issued

5643 in accordance with subsection (j) of section 36a-24b.

5644 Sec. 78. Section 36a-800 of the 2018 supplement to the general
5645 statutes is repealed and the following is substituted in lieu thereof
5646 (*Effective October 1, 2018*):

5647 As used in this section and sections 36a-801 to 36a-814, inclusive, as
5648 amended by this act, unless the context otherwise requires:

5649 (1) "Advertise" or "advertising" has the same meaning as provided
5650 in section 36a-485, as amended by this act;

5651 **[**(1)**]** (2) "Branch office" means a location other than the main office
5652 at which a licensee or any person on behalf of a licensee acts as a
5653 consumer collection agency;

5654 **[**(2)**]** (3) "Consumer collection agency" means any person (A)
5655 engaged as a third party in the business of collecting or receiving
5656 payment for others on any account, bill or other indebtedness from a
5657 consumer debtor, (B) engaged in the business of **[**collecting on any
5658 account, bill or other indebtedness from a consumer debtor for such
5659 person's own account if the indebtedness was acquired from another
5660 person and if the indebtedness was either delinquent or in default at
5661 the time it was acquired**]** debt buying, or (C) engaged in the business
5662 of collecting or receiving tax payments, including, but not limited to,
5663 property tax and federal income tax payments, from a property tax
5664 debtor or federal income tax debtor on behalf of a municipality or the
5665 United States Department of the Treasury, including, but not limited
5666 to, any person who, by any device, subterfuge or pretense, makes a
5667 pretended purchase or takes a pretended assignment of accounts from
5668 any other person, municipality or taxing authority of such
5669 indebtedness for the purpose of evading the provisions of this section
5670 and sections 36a-801 to **[**36a-812**]** 36a-814, inclusive, as amended by
5671 this act. "Consumer collection agency" includes persons who furnish
5672 collection systems carrying a name which simulates the name of a
5673 consumer collection agency and who supply forms or form letters to be

5674 used by the creditor, even though such forms direct the consumer
5675 debtor, property tax debtor or federal income tax debtor to make
5676 payments directly to the creditor rather than to such fictitious agency.
5677 "Consumer collection agency" further includes any person who, in
5678 attempting to collect or in collecting such person's own accounts or
5679 claims from a consumer debtor, uses a fictitious name or any name
5680 other than such person's own name which would indicate to the
5681 consumer debtor that a third person is collecting or attempting to
5682 collect such account or claim. "Consumer collection agency" does not
5683 include (i) an individual employed on the staff of a licensed consumer
5684 collection agency, or by a creditor who is exempt from licensing, when
5685 attempting to collect on behalf of such consumer collection agency, (ii)
5686 persons not primarily engaged in the collection of debts from
5687 consumer debtors who receive funds in escrow for subsequent
5688 distribution to others, including, but not limited to, real estate brokers
5689 and lenders holding funds of borrowers for payment of taxes or
5690 insurance, (iii) any public officer or a person acting under the order of
5691 any court, (iv) any member of the bar of this state, (v) a person who
5692 services loans or accounts for the owners thereof when the
5693 arrangement includes, in addition to requesting payment from
5694 delinquent consumer debtors, the providing of other services such as
5695 receipt of payment, accounting, record-keeping, data processing
5696 services and remitting, for loans or accounts which are current as well
5697 as those which are delinquent, (vi) a bank or out-of-state bank, as
5698 defined in section 36a-2, <u>as amended by this act</u> and (vii) a subsidiary
5699 or affiliate of a bank or out-of-state bank, provided such affiliate or
5700 subsidiary is not primarily engaged in the business of purchasing and
5701 collecting upon delinquent debt, other than delinquent debt secured by
5702 real property. Any person not included in the definition contained in
5703 this subdivision is, for purposes of sections 36a-645 to 36a-647,
5704 inclusive, a "creditor", as defined in section 36a-645;

5705 **[**(3)**]** <u>(4)</u> "Consumer debtor" means any natural person, not an
5706 organization, who has incurred indebtedness or owes a debt for
5707 personal, family or household purposes, including current or past due

child support, who has incurred indebtedness or owes a debt to a municipality due to a levy by such municipality of a personal property tax or who has incurred indebtedness or owes a debt to the United States Department of the Treasury under the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time;

[(4)] (5) "Control person" has the same meaning as provided in section 36a-485, as amended by this act;

[(5)] (6) "Creditor" means a person, including, but not limited to, a municipality or the United States Department of the Treasury, that retains, hires, or engages the services of a consumer collection agency;

(7) "Debt buying" means collecting or receiving payment on any account, bill or other indebtedness from a consumer debtor for such person's own account if the indebtedness was acquired from another person and if the indebtedness was either delinquent or in default at the time it was acquired;

[(6)] (8) "Federal income tax" means all federal taxes levied on the income of a natural person or organization by the United States Department of the Treasury under the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time;

[(7)] (9) "Federal income tax debtor" means any natural person or organization who owes a debt to the United States Department of the Treasury;

[(8)] (10) "Main office" means the main address designated on the [application] system;

[(9)] (11) "Municipality" means any town, city or borough, consolidated town and city, consolidated town and borough, district as defined in section 7-324 or municipal special services district established under chapter 105a;

5738 **[**(10)**]** (12) "Organization" means a corporation, partnership,
5739 association, trust or any other legal entity or an individual operating
5740 under a trade name or a name having appended to it a commercial,
5741 occupational or professional designation;

5742 **[**(11)**]** (13) "Property tax" has the meaning given to the term in
5743 section 7-560; **[**and**]**

5744 **[**(12)**]** (14) "Property tax debtor" means any natural person or
5745 organization who has incurred indebtedness or owes a debt to a
5746 municipality due to a levy by such municipality of a property tax; and

5747 (15) "Unique identifier" has the same meaning as provided in
5748 section 36a-485, as amended by this act.

5749 Sec. 79. Section 36a-801 of the 2018 supplement to the general
5750 statutes is repealed and the following is substituted in lieu thereof
5751 (*Effective October 1, 2018*):

5752 (a) No person shall act within this state as a consumer collection
5753 agency, directly or indirectly, unless such person has first obtained a
5754 required consumer collection agency license for such person's main
5755 office and for each branch office where such person's business is
5756 conducted. A consumer collection agency is acting within this state if it
5757 (1) has its place of business located within this state; (2) has its place of
5758 business located outside this state and (A) collects from consumer
5759 debtors, property tax debtors or federal income tax debtors who reside
5760 within this state for creditors who are located within this state, or (B)
5761 collects from consumer debtors, property tax debtors or federal income
5762 tax debtors who reside within this state for such consumer collection
5763 agency's own account; (3) has its place of business located outside this
5764 state and regularly collects from consumer debtors, property tax
5765 debtors or federal income tax debtors who reside within this state for
5766 creditors who are located outside this state; or (4) has its place of
5767 business located outside this state and is engaged in the business of
5768 collecting child support for creditors located within this state from

consumer debtors who are located outside this state. No person shall conduct any activity that is subject to licensure pursuant to sections 36a-800 to 36a-814, inclusive, as amended by this act, at any office located outside of the United States.

(b) [Any person desiring to act within this state as a consumer collection agency shall make a written application to the commissioner for such license in such form as the commissioner prescribes.] An application for a license as a consumer collection agency or for renewal of such license shall be made and processed on the system pursuant to section 36a-24b, in the form prescribed by the commissioner. Each such form shall contain content as set forth by instruction or procedure of the commissioner and may be changed or updated as necessary by the commissioner in order to carry out the purposes of sections 36a-800 to 36a-814, inclusive, as amended by this act. The applicant shall, at a minimum, furnish to the system information concerning the identity of the applicant, any control person of the applicant, the qualified individual and any branch manager responsible for the actions of the licensee, including, but not limited to, information related to such person's personal history and experience, and any administrative, civil or criminal findings by any governmental jurisdiction. As part of the application, the commissioner may (1) in accordance with section 29-17a, conduct a state or national criminal history records check of the applicant, any control person of the applicant, the qualified individual or any branch manager, and (2) in accordance with section 36a-24b (A) require the submission of fingerprints of the applicant, any control person of the applicant, the qualified individual or any branch manager to the Federal Bureau of Investigation or other state, national or international criminal databases, and (B) investigate the financial condition of any such person and require authorization from any such person for the system and the commissioner to obtain an independent credit report from a consumer reporting agency, as described in Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a, as amended from time to time. Such application shall be accompanied by [(1)] a financial statement prepared by a certified public accountant [or

a public accountant which evidences**]** and, for any applicant not solely engaged in the business of debt buying, such application shall evidence that the applicant has a minimum tangible net worth of fifty thousand dollars. **[**, the accuracy of which is sworn to under oath before a notary public by the proprietor, a general partner or a corporate officer or a member duly authorized to execute such documents, (2) (A) the history of criminal convictions of the (i) applicant; (ii) partners, if the applicant is a partnership; (iii) members, if the applicant is a limited liability company or association; or (iv) officers, directors and principal employees, if the applicant is a corporation, and (B) sufficient information pertaining to the history of criminal convictions of such applicant, partners, members, officers, directors and principal employees as the commissioner deems necessary to make the findings under subsection (c) of this section, (3) a license fee of eight hundred dollars, or in the case of an initial application that is filed not earlier than one year before the date such license will expire, a license fee of four hundred dollars, and (4) an investigation fee of one hundred dollars.**]** The commissioner shall cause to be made such inquiry and examination as to the qualifications of each such applicant or any **[**partner, member, officer, director or principal employee**]** control person, qualified individual or branch manager of the applicant as the commissioner deems necessary. **[**The commissioner, in accordance with section 29-17a, may conduct a state and national criminal history records check of the applicant and of each partner, member, officer, director and principal employee of such applicant.**]** Each applicant shall furnish satisfactory evidence to the commissioner that the applicant is a person of good moral character and is financially responsible.

(c) (1) Each applicant for a consumer collection agency license shall pay to the system any required fees or charges and a license fee of five hundred dollars. Each such license shall expire at the close of business on December thirty-first of the year in which the license was approved, unless such license is renewed, except that any such license approved on or after November first shall expire at the close of business on

December thirty-first of the year following the year in which it is approved. An application for renewal of a license shall be filed between November first and December thirty-first of the year in which the license expires. Each applicant for renewal of a consumer collection agency license shall pay to the system any required fees or charges and a renewal fee of four hundred dollars.

[(c)] (2) If the commissioner finds, upon the filing of an application for a consumer collection agency, that [(1)] (A) the financial responsibility, character, reputation, integrity and general fitness of the applicant, [and the partners of such applicant if the applicant is a partnership, of the members if the applicant is a limited liability company or association, and of the officers, directors and principal employees if the applicant is a corporation,] the control persons of the applicant, the qualified individual and any branch manager are such to warrant belief that the business will be operated soundly and efficiently, in the public interest and consistent with the purposes of sections 36a-800 to [36a-812] 36a-814, inclusive, as amended by this act, and [(2)] (B) the applicant is solvent and no proceeding in bankruptcy, receivership or assignment for the benefit of creditors has been commenced against the applicant, the commissioner may, upon such finding, issue the applicant a consumer collection agency license. If the commissioner fails to make such findings, the commissioner shall not issue a license and shall notify the applicant of the reasons for such denial. The commissioner may deny an application if the commissioner finds that the applicant or any [partner, member, officer, director or principal employee] control person, qualified individual or branch manager of such applicant has been convicted of any misdemeanor involving any aspect of the consumer collection agency business, or any felony. Any denial of an application by the commissioner shall, when applicable, be subject to the provisions of section 46a-80. [Any such license issued by the commissioner shall expire at the close of business on September thirtieth of the odd-numbered year following its issuance, unless such license is renewed. The commissioner may renew such application, in the commissioner's

discretion, upon filing of a proper renewal application accompanied by a license fee of eight hundred dollars, and satisfactory proof that such applicant at that time possesses the required qualifications for the license. The commissioner may deny a renewal application if the commissioner finds that the applicant has been convicted of any misdemeanor involving any aspect of the consumer collection agency business, or any felony. Any denial of an application by the commissioner shall, when applicable, be subject to the provisions of section 46a-80. Such renewal application shall be filed with the commissioner on or before September first of the year in which the license expires. Any renewal application filed with the commissioner after September first shall be accompanied by a one-hundred-dollar late fee and any such filing shall be deemed to be timely and sufficient for purposes of subsection (b) of section 4-182. Whenever an application for a license, other than a renewal application, is filed under sections 36a-800 to 36a-812, inclusive, by any person who was a licensee under said sections 36a-800 to 36a-812, inclusive, and whose license expired less than sixty days prior to the date such application was filed, such application shall be accompanied by a one-hundred-dollar processing fee in addition to the application fee.**]**

(3) The minimum standards for renewal of a consumer collection agency license shall include the following: (A) The applicant continues to meet the minimum standards under this section; (B) the applicant has paid all required fees for renewal of the license; and (C) the applicant has paid all outstanding examination fees or other moneys due to the commissioner. The license of a consumer collection agency licensee failing to satisfy the minimum standards for license renewal shall expire. The commissioner may adopt procedures for the reinstatement of expired licenses consistent with the standards established by the system. Every license shall remain in force and effect until the license has been surrendered, revoked or suspended or has expired in accordance with the provisions of sections 36a-800 to 36a-814, inclusive, as amended by this act.

(d) To further the enforcement of this section and to determine the eligibility of any person holding a license, the commissioner may, as often as the commissioner deems necessary, examine the licensee's books and records, and may, at any time, require the licensee to submit such a financial statement for the examination of the commissioner, so that the commissioner may determine whether the licensee is financially responsible to carry on a consumer collection agency business within the intents and purposes of sections 36a-800 to **[**36a-812**]** 36a-814, inclusive, as amended by this act. Any financial statement submitted by a licensee shall be confidential and shall not be a public record unless introduced in evidence at a hearing conducted by the commissioner.

[(e) The applicant or licensee shall notify the commissioner, in writing, of any change in the information provided in its initial application for a license or most recent renewal application for such license, as applicable, not later than ten business days after the occurrence of the event that results in such information becoming inaccurate.**]**

[(f)**]** (e) The commissioner may deem an application for a license to act as a consumer collection agency abandoned if the applicant fails to respond to any request for information required under sections 36a-801 to **[**36a-812**]** 36a-814, inclusive, as amended by this act, or any regulations adopted pursuant to said sections 36a-801 to **[**36a-812**]** 36a-814, inclusive, as amended by this act. The commissioner shall notify the applicant **[**, in writing,**]** on the system that if the applicant fails to submit such information not later than sixty days after the date on which such request for information was made, the application shall be deemed abandoned. An application filing fee paid prior to the date an application is deemed abandoned pursuant to this subsection shall not be refunded. Abandonment of an application pursuant to this subsection shall not preclude the applicant from submitting a new application for a license under sections 36a-801 to **[**36a-812**]** 36a-814, inclusive, as amended by this act.

5937 (f) (1) Not later than thirty days before a licensee ceases to engage in
5938 the business of a consumer collection agency for any reason, including,
5939 but not limited to, a business decision to terminate operations in this
5940 state, bankruptcy or voluntary dissolution, such licensee shall request
5941 surrender of the license on the system in accordance with subsection
5942 (c) of section 36a-51, as amended by this act, for each location in which
5943 such licensee has ceased to engage in such business.

5944 (2) Except as otherwise specified in subsection (i) of this section,
5945 each consumer collection agency applicant or licensee, and each
5946 individual designated as a control person, qualified individual or
5947 branch manager of such applicant or licensee, shall file on the system
5948 any change in the information such applicant, licensee, control person,
5949 qualified individual or branch manager most recently submitted to the
5950 system in connection with the application or license, or, if the
5951 information cannot be filed on the system, notify the commissioner of
5952 such change, in writing, not later than fifteen days after the date the
5953 applicant, licensee, control person, qualified individual or branch
5954 manager had reason to know of the change.

5955 (3) A consumer collection agency licensee shall file on the system or,
5956 if the information cannot be filed on the system, notify the
5957 commissioner, in writing, of the occurrence of any of the following
5958 developments not later than fifteen days after the date the licensee had
5959 reason to know of the occurrence of any of the following
5960 developments:

5961 (A) Filing for bankruptcy or the consummation of a corporate
5962 restructuring of the licensee;

5963 (B) Filing of a criminal indictment against the licensee in any way
5964 related to the consumer collection activities of the licensee, or receiving
5965 notification of the filing of any criminal felony indictment or felony
5966 conviction of any control person, branch manager or qualified
5967 individual of the licensee;

5968 (C) Receiving notification of the institution of license denial, cease
5969 and desist, suspension or revocation procedures, or other formal or
5970 informal action by any governmental agency against the licensee or
5971 any control person, branch manager or qualified individual of the
5972 licensee and the reasons therefor;

5973 (D) Receiving notification of the initiation of any action against the
5974 licensee or any control person, branch manager or qualified individual
5975 of the licensee by the Attorney General or the attorney general of any
5976 other state and the reasons therefor; or

5977 (E) Receiving notification of filing for bankruptcy of any control
5978 person, branch manager or qualified individual of the licensee.

5979 (g) **[**If the commissioner determines that a check filed with the
5980 commissioner to pay a fee under subsection (b) of this section has been
5981 dishonored, the commissioner shall automatically suspend the license
5982 or a renewal license that has been issued but is not yet effective. The
5983 commissioner shall give the licensee notice of the automatic
5984 suspension pending proceedings for revocation or refusal to renew
5985 and an opportunity for a hearing on such actions in accordance with
5986 section 36a-51.**]** The commissioner may automatically suspend a
5987 license if the licensee receives a deficiency on the system indicating
5988 that a required payment was Returned-ACH or returned pursuant to
5989 such other term as may be utilized by the system to indicate that the
5990 payment was not accepted. After a license has been automatically
5991 suspended pursuant to this section, the commissioner shall (1) give the
5992 licensee notice of the automatic suspension, pending proceedings for
5993 revocation or refusal to renew pursuant to section 36a-804, as amended
5994 by this act, and an opportunity for a hearing on such action in
5995 accordance with section 36a-51, as amended by this act, and (2) require
5996 such licensee to take or refrain from taking such action as the
5997 commissioner deems necessary to effectuate the purposes of this
5998 section.

5999 (h) No abatement of the license fee shall be made if the application

is denied or withdrawn prior to issuance of the license or if the license is surrendered, revoked or suspended prior to the expiration of the period for which it was issued. All fees required by this section shall be nonrefundable.

(i) No person licensed to act within this state as a consumer collection agency shall do so under any other name or at any other place of business than that named in the license. [Any change of location of a place of business of a licensee shall require prior written notice to the commissioner.] No licensee may use any name other than its legal name or a fictitious name approved by the commissioner, provided such licensee may not use its legal name if the commissioner disapproves use of such name. A licensee may change the name of the licensee or address of the office specified on the most recent filing with the system if, at least thirty calendar days prior to such change, (1) the licensee files such change with the system and provides a bond rider, endorsement or addendum, as applicable, to the surety bond on file with the commissioner that reflects the new name or address, and (2) the commissioner does not disapprove such change, in writing, or request further information from the licensee within such thirty-day period. Not more than one place of business shall be maintained under the same license but the commissioner may issue more than one license to the same licensee upon compliance with the provisions of sections 36a-800 to [36a-812] 36a-814, inclusive, as amended by this act, as to each new licensee. A license shall not be transferable or assignable. Any change in any control person shall be the subject of an advance change notice filed on the system at least sixty days prior to the effective date of such change and no such change shall occur without the commissioner's approval. Any licensee holding, applying for, or seeking renewal of more than one license may, at its option, file the bond required under section 36a-802, as amended by this act, separately for each place of business licensed, or to be licensed, or a single bond, naming each place of business, in an amount equal to twenty-five thousand dollars for each place of business. The commissioner may automatically suspend a license for any violation of

6034 this subsection. After a license has been automatically suspended
6035 pursuant to this section, the commissioner shall (A) give the licensee
6036 notice of the automatic suspension, pending proceedings for
6037 revocation or refusal to renew pursuant to section 36a-804, as amended
6038 by this act, and an opportunity for a hearing on such action in
6039 accordance with section 36a-51, as amended by this act, and (B) require
6040 such licensee to take or refrain from taking such action as the
6041 commissioner deems necessary to effectuate the purposes of this
6042 section.

6043 (j) Any person making any filing or submission of any information
6044 on the system shall do so in accordance with the procedures and
6045 requirements of the system and pay the applicable fees or charges to
6046 the system. Each consumer collection agency licensee shall, to the
6047 extent required by the system, timely submit to the system accurate
6048 reports of condition that shall be in such form and shall contain such
6049 information as the system may require. Failure by a licensee to submit
6050 a timely and accurate report of condition shall constitute a violation of
6051 this provision.

6052 (k) The unique identifier of any person licensed under section 36a-
6053 801, as amended by this act, shall be clearly shown on all solicitations
6054 and advertisements, including business cards and web sites, and any
6055 other documents as established by rule, regulation or order of the
6056 commissioner, and shall be clearly stated in all audio solicitations and
6057 advertisements. The solicitations and advertisements of any person
6058 licensed under section 36a-801, as amended by this act: (1) Shall not
6059 include any statement that such person is endorsed in any way by this
6060 state, except that such solicitations and advertisements may include a
6061 statement that such person is licensed in this state; (2) shall not include
6062 any statement or claim that is deceptive, false or misleading; (3) shall
6063 otherwise conform to the requirements of sections 36a-801 to 36a-814,
6064 inclusive, as amended by this act, any regulations issued thereunder
6065 and any other applicable law; and (4) shall be retained for two years
6066 from the date of use of such solicitation or advertisement.

Sec. 80. Section 36a-802 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) No such license and no renewal thereof shall be granted to a **[**third party**]** consumer collection agency, except a consumer collection agency engaged solely in the business of debt buying, unless the applicant has filed with the commissioner a bond to the people of the state in the penal sum of twenty-five thousand dollars, approved by the Attorney General as to form and by the commissioner as to sufficiency of the security thereof. Such bond shall be conditioned that such licensee shall well, truly and faithfully account for all funds entrusted to the licensee and collected and received by the licensee in the licensee's capacity as a consumer collection agency. Any person who may be damaged by the wrongful conversion of any creditor, consumer debtor, property tax debtor or federal income tax debtor funds received by such consumer collection agency may proceed on such bond against the principal or surety thereon, or both, to recover damages. The commissioner may proceed on such bond against the principal or surety thereon, or both, to collect any civil penalty imposed upon the licensee pursuant to subsection (a) of section 36a-50 and, effective April 1, 2019, any restitution imposed pursuant to subsection (c) of section 36a-65, as amended by this act, as applicable. The proceeds of the bond, even if commingled with other assets of the licensee, shall be deemed by operation of law to be held in trust for the benefit of such claimants against the licensee in the event of bankruptcy of the licensee and shall be immune from attachment by creditors and judgment creditors. The bond shall run concurrently with the period of the license granted to the applicant, and the aggregate liability under the bond shall not exceed the penal sum of the bond.

(b) The surety company shall have the right to cancel the bond at any time by a written notice to the licensee and the commissioner stating the date cancellation shall take effect. **[**Such notice shall be sent by certified mail to the licensee**]** If the bond is issued electronically on

the system, written notice of cancellation may be provided by the surety company to the licensee and the commissioner through the system at least thirty days prior to the date of cancellation. Any notice of cancellation not provided through the system shall be sent by certified mail to the licensee and the commissioner at least thirty days prior to the date of cancellation. A surety bond shall not be cancelled unless the surety company notifies the commissioner in writing not less than thirty days prior to the effective date of cancellation. After receipt of such notification from the surety company, the commissioner shall give written notice to the licensee of the date such bond cancellation shall take effect. The commissioner shall automatically suspend the license on such date, unless the licensee prior to such date submits a letter of reinstatement of the bond from the surety company or a new bond or the licensee has ceased business and has surrendered its license. After a license has been automatically suspended, the commissioner shall (1) give the licensee notice of the automatic suspension pending proceedings for revocation or refusal to renew and an opportunity for a hearing on such actions in accordance with section 36a-51, as amended by this act, and (2) require the licensee to take or refrain from taking such action as [in the opinion of] the commissioner [will] deems necessary to effectuate the purposes of this section.

Sec. 81. Section 36a-804 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) The commissioner may suspend, revoke or refuse to renew any license or take any other action, in accordance with the provisions of section 36a-51, as amended by this act, for any reason which would be sufficient grounds for the commissioner to deny an application for a license under sections 36a-800 to [36a-812] 36a-814, inclusive, as amended by this act, or if the commissioner finds that the licensee or any [proprietor, director, officer, member, partner, shareholder] control person, qualified individual, branch manager, trustee, employee or agent of such licensee has done any of the following: (1)

Made any material misstatement in the application or in any filing made in connection with the license; (2) committed any fraud or misrepresentation or misappropriated funds; or (3) violated any of the provisions of [sections 36a-800 to 36a-812, inclusive,] this title or of any [regulations] regulation or order adopted or issued pursuant thereto pertaining to any such person, or any other law or regulation applicable to the conduct of [its] such licensee's consumer collection agency business.

(b) Whenever it appears to the commissioner that (1) any person has violated, is violating or is about to violate any of the provisions of sections 36a-800 to [36a-812] 36a-814, inclusive, as amended by this act, or any regulation adopted pursuant thereto, [or] (2) any person is, was or would be a cause of the violation of any such provision or regulation due to an act or omission such person knew or should have known would contribute to such violation, or (3) the licensee or any [proprietor, director, officer, member, partner, shareholder] control person, qualified individual, branch manager, trustee, employee or agent of such licensee has committed any fraud, made any misrepresentation or misappropriated funds, the commissioner may take action against such person or licensee in accordance with sections 36a-50 and 36a-52.

(c) The commissioner may order a licensee to remove any individual conducting business under sections 36a-800 to 36a-814, inclusive, as amended by this act, from office and from employment or retention as an independent contractor in the consumer collection agency business in this state in accordance with section 5 of this act.

(d) The commissioner may issue a temporary order to cease business under a license if the commissioner determines that such license was issued erroneously. Such temporary order shall be issued in accordance with subsection (j) of section 36a-24b.

Sec. 82. Subsection (a) of section 36a-805 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu

thereof (*Effective October 1, 2018*):

(a) No consumer collection agency or control person shall: (1) Furnish legal advice or perform legal services or represent that it is competent to do so, or institute judicial proceedings on behalf of others; (2) communicate with consumer debtors, property tax debtors or federal income tax debtors in the name of an attorney or upon the stationery of an attorney, or prepare any forms or instruments which only attorneys are authorized to prepare; (3) receive assignments as a third party of claims for the purpose of collection or institute suit thereon in any court; (4) assume authority on behalf of a creditor to employ or terminate the services of an attorney unless such creditor has authorized such agency in writing to act as such creditor's agent in the selection of an attorney to collect the creditor's accounts; (5) demand or obtain in any manner a share of the proper compensation for services performed by an attorney in collecting a claim, whether or not such agency has previously attempted collection thereof; (6) solicit claims for collection under an ambiguous or deceptive contract; (7) refuse to return any claim or claims upon written request of the creditor, claimant or forwarder, which claims are not in the process of collection after the tender of such amounts, if any, as may be due and owing to the agency; (8) advertise or threaten to advertise for sale any claim as a means of forcing payment thereof, unless such agency is acting as the assignee for the benefit of creditors; (9) refuse or fail to account for and remit to its clients all money collected which is not in dispute within sixty days from the last day of the month in which said money is collected; (10) refuse or intentionally fail to return to the creditor all valuable papers deposited with a claim when such claim is returned; (11) refuse or fail to furnish at intervals of not less than ninety days, upon the written request of the creditor, claimant or forwarder, a written report upon claims received from such creditor, claimant or forwarder; (12) add any post-charge-off charge or fee for cost of collection, unless such cost is a court cost, to the amount of any claim which it receives for collection or knowingly accept for collection any claim to which any such charge or fee has already been added to

6199 the amount of the claim unless (A) the consumer debtor is legally liable
6200 for such charge or fee as determined by the contract or other evidence
6201 of an agreement between the consumer debtor and creditor, a copy of
6202 which shall be obtained by or available to the consumer collection
6203 agency from the creditor and maintained as part of the records of the
6204 consumer collection agency or the creditor, or both, and (B) the total
6205 charge or fee for cost of collection does not exceed fifteen per cent of
6206 the total amount actually collected and accepted as payment in full
6207 satisfaction of the debt; (13) use or attempt to use or make reference to
6208 the term "bonded by the state of Connecticut", "bonded" or "bonded
6209 collection agency" or any combination of such terms or words, except
6210 the word "bonded" may be used on the stationery of any such agency
6211 in type not larger than twelve-point; (14) when the debt is beyond the
6212 statute of limitations, fail to provide the following disclosure in type
6213 not less than ten-point informing the consumer debtor in its initial
6214 communication with such consumer debtor that (A) when collecting
6215 on debt that is not past the date for obsolescence provided for in
6216 Section 605(a) of the Fair Credit Reporting Act, 15 USC 1681c: "The law
6217 limits how long you can be sued on a debt. Because of the age of your
6218 debt, (INSERT OWNER NAME) will not sue you for it. If you do not
6219 pay the debt, (INSERT OWNER NAME) may report or continue to
6220 report it to the credit reporting agencies as unpaid"; and (B) when
6221 collecting on debt that is past the date for obsolescence provided for in
6222 Section 605(a) of the Fair Credit Reporting Act, 15 USC 1681c: "The law
6223 limits how long you can be sued on a debt. Because of the age of your
6224 debt, (INSERT OWNER NAME) will not sue you for it and (INSERT
6225 OWNER NAME) will not report it to any credit reporting agencies.";
6226 (15) engage in any activities prohibited by sections 36a-800 to **[**36a-812**]**
6227 36a-814, inclusive, as amended by this act; or (16) fail to establish,
6228 enforce and maintain policies and procedures for supervising
6229 employees, agents and office operations that are reasonably designed
6230 to achieve compliance with applicable consumer collection laws and
6231 regulations.

6232 Sec. 83. Subsection (b) of section 36a-811 of the general statutes is

repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(b) Each **[**third party**]** consumer collection agency, except a consumer collection agency engaged solely in the business of debt buying, shall deposit funds collected or received from consumer debtors for payment for others on an account, bill or other indebtedness in one or more trust accounts maintained at a federally insured bank, Connecticut credit union, federal credit union or an out-of-state bank that maintains in this state a branch as defined in section 36a-410, which accounts shall be reconciled monthly. Such funds shall not be commingled with funds of the consumer collection agency or used in the conduct of the consumer collection agency's business. Such account shall not be used for any purpose other than (1) the deposit of funds received from consumer debtors, (2) the payment of such funds to creditors, (3) the refund of any overpayments to be made to consumer debtors, and (4) the payment of earned fees to the consumer collection agency, which shall be withdrawn on a monthly basis. Except for payments authorized by subdivisions (2) to (4), inclusive, of this subsection, any withdrawal from such account, including, but not limited to, any service charge or other fee imposed against such account by a depository institution, shall be reimbursed by the consumer collection agency to such account not more than thirty days after the withdrawal. Funds received from consumer debtors shall be posted to their respective accounts in accordance with generally accepted accounting principles.

Sec. 84. Section 36a-846 of the 2018 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

As used in this section and sections 36a-847 to 36a-854, as amended by this act:

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

6265 (2) "Branch office" means a location other than the main office at
6266 which a licensee or any person on behalf of a licensee acts as a student
6267 loan servicer;

6268 [(2)] (3) "Control person" has the same meaning as provided in
6269 section 36a-485, as amended by this act;

6270 (4) "Main office" has the same meaning as provided in section 36a-
6271 485, as amended by this act;

6272 [(3)] (5) "Student loan borrower" means [(A) any resident of] any
6273 individual who resides within this state who has [received or] agreed
6274 to [pay a student education loan; or (B) any person who shares
6275 responsibility with such resident for repaying the] repay a student
6276 education loan;

6277 [(4)] (6) "Student loan servicer" means any person, wherever located,
6278 responsible for the servicing of any student education loan to any
6279 student loan borrower;

6280 [(5)] (7) "Servicing" means (A) receiving any scheduled periodic
6281 payments from a student loan borrower pursuant to the terms of a
6282 student education loan; (B) applying the payments of principal and
6283 interest and such other payments with respect to the amounts received
6284 from a student loan borrower, as may be required pursuant to the
6285 terms of a student education loan; or (C) performing other
6286 administrative services with respect to a student education loan;

6287 [(6)] (8) "Student education loan" means any loan primarily for
6288 personal use to finance education or other school-related expenses;

6289 (9) "Unique identifier" has the same meaning as provided in section
6290 36a-485, as amended by this act.

6291 Sec. 85. Section 36a-847 of the general statutes is repealed and the
6292 following is substituted in lieu thereof (*Effective October 1, 2018*):

6293 (a) (1) No person shall act as a student loan servicer, directly or
6294 indirectly, without first obtaining a license for its main office and for
6295 each branch office where such business is conducted from the
6296 [Banking Commissioner] commissioner under subsection (b) of this
6297 section, unless such person is exempt from licensure pursuant to
6298 subdivision (2) of this subsection. No person shall conduct any activity
6299 subject to licensure pursuant to sections 36a-846 to 36a-854, inclusive,
6300 as amended by this act, at any office located outside of the United
6301 States.

6302 (2) The following persons are exempt from student loan servicer
6303 licensing requirements: (A) Any bank, out-of-state bank, Connecticut
6304 credit union, federal credit union or out-of-state credit union; (B) any
6305 wholly owned subsidiary of any such bank or credit union; and (C)
6306 any operating subsidiary where each owner of such operating
6307 subsidiary is wholly owned by the same bank or credit union.

6308 (b) [Any person seeking to act within this state as a student loan
6309 servicer shall make a written application to the commissioner for an
6310 initial license in such form as the commissioner prescribes.] (1) An
6311 application for a license as a student loan servicer or for renewal of
6312 such license shall be made and processed on the system pursuant to
6313 section 36a-24b, in the form prescribed by the commissioner. Each such
6314 form shall contain content as set forth by instruction or procedure of
6315 the commissioner and may be changed or updated as necessary by the
6316 commissioner in order to carry out the purposes of sections 36a-846 to
6317 36a-854, inclusive, as amended by this act. The applicant shall, at a
6318 minimum, furnish to the system information concerning the identity of
6319 the applicant, any control person of the applicant, the qualified
6320 individual and any branch manager responsible for the actions of the
6321 licensee, including, but not limited to, information related to such
6322 person's personal history and experience, and any administrative, civil
6323 or criminal findings by any governmental jurisdiction. As part of the
6324 application the commissioner may (A) in accordance with section 29-
6325 17a, conduct a state or national criminal history records check of the

applicant, any control person of the applicant, the qualified individual or any branch manager, and (B) in accordance with section 36a-24b, (i) require the submission of fingerprints of the applicant, any control person of the applicant, the qualified individual or any branch manager to the Federal Bureau of Investigation or other state, national or international criminal databases, and (ii) investigate the financial condition of any such person and require authorization from any such person for the system and the commissioner to obtain an independent credit report from a consumer reporting agency, as described in Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a, as amended from time to time. Such application shall be accompanied by **[**(1)**]** a financial statement prepared by a certified public accountant, **[**or a public accountant, the accuracy of which is sworn to under oath before a notary public by the proprietor, a general partner or a corporate officer or a member duly authorized to execute such documents, (2) (A) the history of criminal convictions of the (i) applicant; (ii) partners, if the applicant is a partnership; (iii) members, if the applicant is a limited liability company or association; or (iv) officers, directors and principal employees, if the applicant is a corporation, and (B) sufficient information pertaining to the history of criminal convictions of such applicant, partners, members, officers, directors or principal employees as the commissioner deems necessary to make the findings under subsection (c) of this section, (3) a nonrefundable license fee of one thousand dollars, and (4) a nonrefundable investigation fee of eight hundred dollars. The commissioner, in accordance with section 29-17a, may conduct a state and national criminal history records check of the applicant and of each partner, member, officer, director and principal employee of such applicant.**]** except that the commissioner may waive such requirement in connection with any renewal application, provided the system requires annual reports of condition that capture financial statement information and the applicant has filed such information in accordance with section 36a-848, as amended by this act.

(2) Each applicant for a student loan servicer license shall pay to the

6360 system any required fees or charges and a license fee of nine hundred
6361 dollars. Each such license shall expire at the close of business on
6362 December thirty-first of the year in which the license was approved,
6363 unless such license is renewed, except that any such license approved
6364 on or after November first shall expire at the close of business on
6365 December thirty-first of the year following the year in which it is
6366 approved. An application for renewal of a license shall be filed
6367 between November first and December thirty-first of the year in which
6368 the license expires. Each applicant for renewal of a student loan
6369 servicer license shall pay to the system any required fees or charges
6370 and a renewal fee of nine hundred dollars.

6371 (3) Each license shall remain in force and effect until the license has
6372 been surrendered, revoked or suspended or has expired in accordance
6373 with the provisions of sections 36a-846 to 36a-854, inclusive, as
6374 amended by this act. No abatement of the license fee shall be made if
6375 the application is denied or withdrawn prior to issuance of the license
6376 or if the license is surrendered, revoked or suspended prior to the
6377 expiration of the period for which it was issued. All fees required by
6378 this section shall be nonrefundable.

6379 (c) Upon the filing of an application for an initial license and the
6380 payment of **[**the**]** required fees, **[**for license and investigation,**]** the
6381 commissioner shall investigate the financial condition and
6382 responsibility, financial and business experience, character and general
6383 fitness of the applicant. The commissioner may issue a license if the
6384 commissioner finds that:

6385 (1) The applicant's financial condition is sound;

6386 (2) The applicant's business will be conducted honestly, fairly,
6387 equitably, carefully and efficiently within the purposes and intent of
6388 sections 36a-846 to 36a-854, inclusive, as amended by this act, and in a
6389 manner commanding the confidence and trust of the community;

6390 (3) **[**(A) If the applicant is an individual, such individual is in all

respects properly qualified and of good character, (B) if the applicant is a partnership, each partner is in all respects properly qualified and of good character, (C) if the applicant is a corporation or association, the president, chairperson of the executive committee, senior officer responsible for the corporation's business and chief financial officer or any other person who performs similar functions as determined by the commissioner, each director, each trustee and each shareholder owning ten per cent or more of each class of the securities of such corporation is in all respects properly qualified and of good character, or (D) if the applicant is a limited liability company, each member is in all respects properly qualified and of good character;**]** Each control person, qualified individual, branch manager and trustee of the applicant is in all respects properly qualified and of good character, including, but not limited to, assessment of such person's financial responsibility and any criminal convictions, provided any license denial based on a criminal conviction shall be subject to the provisions of section 46a-80;

(4) No control person, qualified individual, branch manager or other person on behalf of the applicant knowingly has made any incorrect statement of a material fact in the application, or in any report or statement made pursuant to sections 36a-846 to 36a-854, inclusive, as amended by this act;

(5) No control person, qualified individual, branch manager or other person on behalf of the applicant knowingly has omitted to state any material fact necessary to give the commissioner any information lawfully required by the commissioner;

(6) The applicant has paid the **[** investigation fee and the license fee**]** fees required under subsection (b) of this section; and

(7) The applicant has met any other similar requirements as determined by the commissioner.

(d) **[**A license issued pursuant to subsection (c) of this section shall

expire at the close of business on September thirtieth of the odd-numbered year following its issuance, unless renewed or earlier surrendered, suspended or revoked pursuant to sections 36a-846 to 36a-854, inclusive.] Not later than fifteen days after a licensee ceases to engage in the business of student loan servicing in this state for any reason, including a business decision to terminate operations in this state, license revocation, bankruptcy or voluntary dissolution, such licensee [shall provide written notice of surrender to the commissioner and] shall surrender to the commissioner, in accordance with subsection (c) of section 36a-51, as amended by this act, its license for each location in which such licensee has ceased to engage in such business. The [written notice of surrender] licensee shall also identify to the commissioner, in writing, the location where the records of the licensee will be stored and the name, address and telephone number of an individual authorized to provide access to the records. The surrender of a license does not reduce or eliminate the licensee's civil or criminal liability arising from acts or omissions occurring prior to the surrender of the license, including any administrative actions undertaken by the commissioner to revoke or suspend a license, assess a civil penalty, order restitution or exercise any other authority provided to the commissioner.

(e) [A license may be renewed for the ensuing twenty-four-month period upon the filing of an application containing all required documents and fees as provided in subsection (b) of this section. Such renewal application shall be filed on or before September first of the year in which the license expires. Any renewal application filed with the commissioner after September first shall be accompanied by a one-hundred-dollar late fee and any such filing shall be deemed to be timely and sufficient for purposes of subsection (b) of section 4-182.] If an application for a renewal license has been filed with the commissioner on or before the date the license expires, the license sought to be renewed shall continue in full force and effect until the issuance by the commissioner of the renewal license applied for or until the commissioner has notified the licensee in writing of the

6456 commissioner's refusal to issue such renewal license together with the
6457 grounds upon which such refusal is based. The commissioner may
6458 refuse to issue a renewal license (1) on any ground on which the
6459 commissioner might refuse to issue an initial license, or (2) if the
6460 applicant has not paid any required fee for renewal or has not paid any
6461 outstanding examination fees or other moneys due to the
6462 commissioner. The commissioner may adopt procedures for the
6463 reinstatement of expired licenses consistent with the standards
6464 established by the system.

6465 (f) **[**If the commissioner determines that a check filed with the
6466 commissioner to pay a license or renewal fee has been dishonored, the
6467 commissioner shall automatically suspend the license or the renewal
6468 license that has been issued but is not yet effective. The commissioner
6469 shall give the licensee notice of the automatic suspension pending
6470 proceedings for revocation or refusal to renew and an opportunity for
6471 a hearing on such actions in accordance with section 36a-51.**]** The
6472 commissioner may automatically suspend a license if the licensee
6473 receives a deficiency on the system indicating that a required payment
6474 was Returned-ACH or returned pursuant to such other term as may be
6475 utilized by the system to indicate that the payment was not accepted.
6476 After a license has been automatically suspended pursuant to this
6477 section, the commissioner shall (1) give the licensee notice of the
6478 automatic suspension, pending proceedings for revocation or refusal
6479 to renew pursuant to section 36a-852, as amended by this act, and an
6480 opportunity for a hearing on such action in accordance with section
6481 36a-51, as amended by this act, and (2) require such licensee to take or
6482 refrain from taking such action as the commissioner deems necessary
6483 to effectuate the purposes of this section.

6484 (g) **[**The applicant or licensee shall notify the commissioner, in
6485 writing, of any change in the information provided in its initial
6486 application for a license or its most recent renewal application for such
6487 license, as applicable, not later than ten business days after the
6488 occurrence of the event that results in such information becoming

inaccurate.] Except as specified in section 36a-848, as amended by this act, the applicant or licensee, and each individual designated as a control person, qualified individual or branch manager, shall file to the system any change in the information such applicant, licensee, control person, qualified individual or branch manager most recently submitted to the system in connection with the application or license, or, if the information cannot be filed on the system, notify the commissioner of such change, in writing, not later than fifteen days after the date the applicant, licensee, control person, qualified individual or branch manager had reason to know of the change.

(h) The commissioner may deem an application for a license abandoned if the applicant fails to respond to any request for information required under sections 36a-846 to 36a-854, inclusive, as amended by this act, or any regulations adopted pursuant to said sections. The commissioner shall notify the applicant [, in writing,] on the system that if the applicant fails to submit such information not later than sixty days after the date on which such request for information was made, the application shall be deemed abandoned. An application filing fee paid prior to the date an application is deemed abandoned pursuant to this subsection shall not be refunded. Abandonment of an application pursuant to this subsection shall not preclude the applicant from submitting a new application for a license under the provisions of sections 36a-846 to 36a-854, inclusive, as amended by this act.

Sec. 86. Section 36a-848 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) No person licensed to act within this state as a student loan servicer shall do so under any other name or at any other place of business than that named in the license. [Any change of location of a place of business of a licensee shall require prior written notice to the commissioner.] No licensee may use any name other than its legal name or a fictitious name approved by the commissioner, provided such licensee may not use its legal name if the commissioner

disapproves use of such name. A licensee may change the name of the licensee or address of the office specified on the most recent filing with the system if, at least thirty calendar days prior to such change, the licensee files such change with the system and the commissioner does not disapprove such change, in writing, or request further information from the licensee within such thirty-day period. Not more than one place of business shall be maintained under the same license but the commissioner may issue more than one license to the same licensee upon compliance with the provisions of sections 36a-846 to 36a-854, inclusive, as amended by this act, as to each new licensee.

(b) A license shall not be transferable or assignable. Any change in any control person shall be the subject of an advance change notice filed on the system at least sixty days prior to the effective date of such change and no such change shall occur without the commissioner's approval.

(c) The commissioner may automatically suspend any license for a violation of subsection (a) or (b) of this section. After a license has been automatically suspended pursuant to this subsection, the commissioner shall (1) give the licensee notice of such automatic suspension pending proceedings for revocation of or refusal to renew the license pursuant to section 36a-852, as amended by this act, and an opportunity for a hearing in accordance with section 36a-51, as amended by this act, and (2) require the licensee to take or refrain from taking action as the commissioner deems necessary to effectuate the purpose of this section.

(d) A student loan servicer licensee shall file on the system or, if the information cannot be filed on the system, notify the commissioner, in writing, of the occurrence of any of the following developments not later than fifteen days after the date the licensee had reason to know of the occurrence of any of the following developments:

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

6554 (2) Filing of a criminal indictment against the licensee in any way
6555 related to the student loan servicer activities of the licensee, or
6556 receiving notification of the filing of any criminal felony indictment or
6557 felony conviction of any control person, branch manager or qualified
6558 individual of the licensee;

6559 (3) Receiving notification of the institution of license denial, cease
6560 and desist, suspension or revocation procedures, or other formal or
6561 informal action by any governmental agency against the licensee or
6562 any control person, branch manager or qualified individual of the
6563 licensee and the reasons therefor;

6564 (4) Receiving notification of the initiation of any action against the
6565 licensee or any control person, branch manager or qualified individual
6566 of the licensee by the Attorney General or the attorney general of any
6567 other state and the reasons therefor; or

6568 (5) Receiving notification of filing for bankruptcy of any control
6569 person, branch manager or qualified individual of the licensee.

6570 (e) Any person filing or submitting any information on the system
6571 shall do so in accordance with the procedures and requirements of the
6572 system and shall pay the applicable fees or charges to the system. Each
6573 student loan servicer licensee shall, to the extent required by the
6574 system, timely submit to the system accurate reports of condition that
6575 shall be in such form and shall contain such information as the system
6576 may require. Failure by a licensee to submit a timely and accurate
6577 report of condition shall constitute a violation of this provision.

6578 (f) The unique identifier of any person licensed under section 36a-
6579 847, as amended by this act, shall be clearly shown on all solicitations
6580 and advertisements, including business cards and web sites, and any
6581 other documents as established by rule, regulation or order of the
6582 commissioner, and shall be clearly stated in all audio solicitations and
6583 advertisements. The solicitations and advertisements of any person
6584 licensed under section 36a-847, as amended by this act: (1) Shall not

6585 include any statement that such person is endorsed in any way by this
6586 state, except that such solicitations and advertisements may include a
6587 statement that such person is licensed in this state; (2) shall not include
6588 any statement or claim that is deceptive, false or misleading; (3) shall
6589 otherwise conform to the requirements of sections 36a-846 to 36a-854,
6590 inclusive, as amended by this act, any regulations issued thereunder
6591 and any other applicable law; and (4) shall be retained for two years
6592 from the date of use of such solicitation or advertisement.

6593 Sec. 87. Section 36a-850 of the 2018 supplement to the general
6594 statutes is repealed and the following is substituted in lieu thereof
6595 (*Effective October 1, 2018*):

6596 No person who is required to be licensed and who is subject to the
6597 provisions of sections 36a-846 to 36a-854, inclusive, as amended by this
6598 act, and no control person shall, directly or indirectly:

6599 (1) Employ any scheme, device or artifice to defraud or mislead
6600 student loan borrowers;

6601 (2) Engage in any unfair or deceptive practice toward any person or
6602 misrepresent or omit any material information in connection with the
6603 servicing of a student education loan, including, but not limited to,
6604 misrepresenting the amount, nature or terms of any fee or payment
6605 due or claimed to be due on a student education loan, the terms and
6606 conditions of the loan agreement or the borrower's obligations under
6607 the loan;

6608 (3) Obtain property by fraud or misrepresentation;

6609 (4) Knowingly misapply or recklessly apply student education loan
6610 payments to the outstanding balance of a student education loan;

6611 (5) Knowingly or recklessly provide inaccurate information to a
6612 credit bureau, thereby harming a student loan borrower's
6613 creditworthiness;

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

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

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

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

(10) Fail to comply with the service standards set by the commissioner in accordance with section 59 of public act 16-65.

Sec. 88. Section 36a-852 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) The commissioner may suspend, revoke or refuse to renew any license issued under **[**the provisions of subsection (c) of**]** section 36a-847, as amended by this act, or take any other action, in accordance with section 36a-51, as amended by this act, if the commissioner finds that (1) the licensee or any control person, qualified individual, branch manager, trustee, employee or agent of the licensee has violated any provision of **[**sections 36a-846 to 36a-854, inclusive,**]** this title or any regulation or order **[**lawfully made pursuant to and within the

authority of said sections,] adopted or issued pursuant thereto pertaining to such person, or any other law or regulation applicable to the conduct of such licensee's student loan servicing business, or (2) any fact or condition exists which, if it had existed at the time of the original application for the license, clearly would have warranted a denial of such license. [No abatement of the license fee shall be made if the license is surrendered, revoked or suspended prior to the expiration of the period for which it was issued.]

(b) Whenever it appears to the commissioner that any (1) person has violated, is violating or is about to violate any of the provisions of sections 36a-846 to 36a-854, inclusive, as amended by this act, or any regulation adopted pursuant to said sections, [or] (2) person is, was or would be a cause of the violation of any such provision or regulation due to an act or omission such person knew or should have known would contribute to such violation, or (3) any licensee or any [owner, director, officer, member, partner, shareholder] control person, qualified individual, branch manager, trustee, employee or agent of such licensee has committed any fraud, engaged in dishonest activities or made any misrepresentation, the commissioner may take action against such person or licensee in accordance with sections 36a-50 and 36a-52.

(c) The commissioner may order a licensee to remove any individual conducting business under sections 36a-846 to 36a-854, inclusive, as amended by this act, from office and from employment or retention as an independent contractor in the student loan servicer business in this state in accordance with section 5 of this act.

(d) The commissioner may issue a temporary order to cease business under a license if the commissioner determines that such license was issued erroneously. Such temporary order shall be issued in accordance with subsection (j) of section 36a-24b.

Sec. 89. Subsection (b) of section 36a-59 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective*

October 1, 2018):

(b) The commissioner may enter into cooperative, coordinating or information-sharing agreements with any other state or federal supervisory agency or any organization affiliated with or representing such supervisory agency with respect to the examination, examination fees or other supervision of any person subject to the provisions of sections 36a-485 to **[**36a-812**]** 36a-854, inclusive, as amended by this act. Any such agreement may include provisions concerning the assessment or sharing of fees for such examination or supervision.

Sec. 90. Section 36a-544 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

(a) The commissioner may adopt regulations, in accordance with chapter 54, as necessary to carry out the provisions of sections 36a-535 to **[**36a-546**]** 36a-547, inclusive, as amended by this act, including the defining of any terms, whether or not used in said sections, so far as the definitions are not inconsistent with the provisions of said sections.

(b) No regulation may be adopted under this section unless the commissioner finds that the action is necessary or appropriate in the public interest or for the protection of purchasers and consistent with the purposes fairly intended by the policy and provisions of sections 36a-535 to **[**36a-546**]** 36a-547, inclusive, as amended by this act.

Sec. 91. Section 36a-546 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2018*):

Any individual, corporation, partnership, limited partnership, association or other unincorporated enterprise, and any responsible officer, partner or employee thereof, who wilfully fails to comply with or violates any of the provisions of sections 36a-535 to **[**36a-545**]** 36a-547, inclusive, as amended by this act, or who engages in business as a sales finance company without being licensed as a sales finance company by the commissioner in accordance with the provisions of said sections, shall be fined not more than five hundred dollars or

6708 imprisoned not more than six months or both.

6709 Sec. 92. Section 36a-489a of the 2018 supplement to the general
6710 statutes, as amended by section 8 of public act 17-233, is repealed and
6711 the following is substituted in lieu thereof (*Effective January 1, 2019*):

6712 (a) (1) In order to meet the prelicensing education and testing
6713 requirements referred to in **[**sections 36a-488 and**]** section 36a-489, as
6714 amended by this act, an individual shall complete:

6715 (A) At least twenty hours of education approved in accordance with
6716 subdivision (2) of this subsection, which shall include at least (i) three
6717 hours of instruction on relevant federal law and regulations; (ii) three
6718 hours of ethics training, including instruction on fraud, consumer
6719 protection and fair lending issues; and (iii) two hours of training
6720 related to lending standards for the nontraditional mortgage product
6721 marketplace.

6722 (B) At least one hour of education approved in accordance with
6723 subdivision (2) of this subsection on relevant Connecticut law.

6724 (2) For purposes of subdivision (1) of this subsection, prelicensing
6725 education courses shall be reviewed and approved by the system
6726 based upon reasonable standards. Review and approval of a
6727 prelicensing education course shall include review and approval of the
6728 course provider.

6729 (3) Nothing in this subsection shall preclude any prelicensing
6730 education course, as approved by the system, that is provided by the
6731 sponsor or employer of the individual or an entity which is affiliated
6732 with the individual by an agency contract, or any subsidiary or affiliate
6733 of such sponsor, employer or entity.

6734 (4) Prelicensing education may be offered either in a classroom,
6735 online or by any other means approved by the system.

6736 (5) When prelicensing education requirements described in

6737 subdivision (1) of this subsection are completed in another state, such
6738 out-of-state prelicensing education requirements shall be accepted as
6739 credit towards completion of the prelicensing education requirements
6740 of this state, provided such out-of-state prelicensing education
6741 requirements are approved by the system.

6742 (6) (A) An individual previously licensed under section 36a-489, as
6743 amended by this act, [subsequent to the applicable effective date of the
6744 prelicensing and testing requirements referred to in section 36a-489,]
6745 who is applying to be relicensed shall prove that such individual has
6746 completed [all of the] any continuing education requirements [for the
6747 year in which] in effect when the license was last held, except that an
6748 individual required to retake prelicensing education pursuant to
6749 subparagraph (B) of subdivision (7) and subparagraph (B) of
6750 subdivision (8) of this subsection shall not be required to complete any
6751 outstanding continuing education requirements.

6752 (B) An individual who previously held a position as a qualified
6753 individual or branch manager, [subsequent to the applicable effective
6754 date of the prelicensing and testing requirements referred to in section
6755 36a-488,] at a time when such individual was not required to be
6756 licensed as a mortgage loan originator, may not hold such position
6757 again until such individual has completed all of the continuing
6758 education requirements for the year in which such individual last held
6759 such position and, effective November 1, 2012, has obtained the
6760 required mortgage loan originator license.

6761 (7) (A) If an individual has not obtained a mortgage loan originator
6762 license in any state or an active federal registration by the date that is
6763 three years from the date such individual completed twenty hours of
6764 prelicensing education pursuant to subparagraph (A) of subdivision
6765 (1) of this subsection, such individual shall be required to retake
6766 twenty hours of prelicensing education in accordance with
6767 subparagraph (A) of subdivision (1) of this subsection prior to being
6768 licensed as either a mortgage loan originator or a loan processor or
6769 underwriter.

6770 (B) If an individual previously held but no longer holds an
6771 approved mortgage loan originator license in any state or an active
6772 federal registration, such individual shall obtain a mortgage loan
6773 originator license in any state or an active federal registration not later
6774 than three years from the date such individual last held such license or
6775 registration, or such individual shall retake twenty hours of
6776 prelicensing education in accordance with subparagraph (A) of
6777 subdivision (1) of this subsection prior to being licensed as a mortgage
6778 loan originator or loan processor or underwriter.

6779 (8) (A) If an individual has not obtained a mortgage loan originator
6780 license or a loan processor or underwriter license in this state by the
6781 date that is three years from the date such individual completed one
6782 hour of Connecticut specific prelicensing education pursuant to
6783 subparagraph (B) of subdivision (1) of this subsection, such individual
6784 shall retake one hour of Connecticut specific prelicensing education
6785 prior to being licensed as a mortgage loan originator or loan processor
6786 or underwriter.

6787 (B) If an individual previously held but no longer holds an
6788 approved mortgage loan originator license or loan processor or
6789 underwriter license in this state, such individual shall obtain a
6790 mortgage loan originator license or loan processor or underwriter
6791 license in this state not later than three years from the date such
6792 individual last held such license, or such individual shall be required
6793 to retake one hour of Connecticut specific prelicensing education in
6794 accordance with subparagraph (B) of subdivision (1) of this subsection
6795 prior to being licensed as a mortgage loan originator or loan processor
6796 or underwriter.

6797 (b) (1) In order to meet the written test requirements referred to in
6798 **[**sections 36a-488 and**]** section 36a-489, as amended by this act, an
6799 individual shall pass, in accordance with the standards established
6800 under this subsection, a qualified written test developed by the system
6801 and administered by a test provider approved by the system based
6802 upon reasonable standards.

6803 (2) A written test shall not be treated as a qualified written test for
6804 purposes of subdivision (1) of this subsection unless the test
6805 adequately measures the individual's knowledge and comprehension
6806 in appropriate subject areas, including ethics, federal law and
6807 regulation pertaining to mortgage origination, state law and regulation
6808 pertaining to mortgage origination, and federal and state law and
6809 regulation, including instruction on fraud, consumer protection, the
6810 nontraditional mortgage marketplace and fair lending issues.

6811 (3) Nothing in this subsection shall prohibit a test provider
6812 approved by the system from providing a test at the location of the
6813 sponsor or employer, any subsidiary or affiliate of the sponsor or
6814 employer or any entity with which the individual holds an exclusive
6815 arrangement to conduct the business of a mortgage loan originator.

6816 (4) (A) An individual shall not be considered to have passed a
6817 qualified written test unless the individual achieves a test score of not
6818 less than seventy-five per cent correct answers to questions.

6819 (B) An individual may retake a test three consecutive times with
6820 each consecutive taking occurring at least thirty days after the
6821 preceding test. After failing three consecutive tests, an individual shall
6822 wait at least six months before taking the test again.

6823 (C) (i) An individual who was previously licensed **[**subsequent to
6824 the applicable effective date of the prelicensing and testing
6825 requirements referred to in section 36a-489**]** as a mortgage loan
6826 originator who completed the test in connection with such license and
6827 who has not been licensed as a mortgage loan originator within the
6828 five-year period preceding the date of the filing of such individual's
6829 application for a mortgage loan originator license, not taking into
6830 account any time during which such individual **[**is**]** was a registered
6831 mortgage loan originator, shall retake such test; and (ii) **[**effective
6832 October 1, 2011,**]** an individual previously licensed as a loan processor
6833 or underwriter who applies to be licensed again shall retake the test if
6834 such individual has not been licensed as a loan processor or

underwriter within the five-year period preceding the date of the filing of such application, not taking into account any time during which such individual [is] was engaged in loan processing or underwriting but not required to be licensed under subdivision (3) of subsection (b) of section 36a-486.

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

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

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

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

6866 (5) Except as provided in procedures adopted under subsections (a)
6867 and (b) of section 36a-489, as amended by this act, or in regulations
6868 adopted under subdivision (9) of this subsection, a licensed mortgage
6869 loan originator, qualified individual, [or] branch manager or [,
6870 effective October 1, 2011,] a licensed loan processor or underwriter,
6871 may only receive credit for a continuing education course in the year
6872 for which the course is taken, and may not take the same approved
6873 course in the same or successive years to meet the annual requirements
6874 for continuing education.

6875 (6) A licensed mortgage loan originator, [or] a qualified individual,
6876 [or] a branch manager or [, effective October 1, 2011,] a licensed loan
6877 processor or underwriter who is an approved instructor of an
6878 approved continuing education course may receive credit for the
6879 licensee's own annual continuing education requirement at the rate of
6880 two hours credit for every one hour taught.

6881 (7) When education requirements described in subparagraphs (A)(i)
6882 to (A)(iii), inclusive, of subdivision (1) of subsection (a) of this section
6883 are completed in another state, such out-of-state education
6884 requirements shall be accepted as credit towards completion of the
6885 education requirements of this state, provided such out-of-state
6886 education requirements are approved by the system.

6887 (8) A licensed mortgage loan originator and [, effective October 1,
6888 2011,] a licensed loan processor or underwriter who subsequently
6889 becomes unlicensed must complete the continuing education
6890 requirements for the last year in which the license was held prior to
6891 issuance of an initial or renewed license. A qualified individual or
6892 branch manager who ceases to hold such position shall complete the
6893 continuing education requirements for the last year in which such
6894 individual or branch manager held such position prior to licensure as a
6895 mortgage loan originator.

6896 (9) A person who meets the requirements of subparagraphs (A)(i)
6897 and [(A)(iii)] (A)(ii) of subdivision (2) of subsection (a) or

6898 subparagraphs (A)(i) and (A)(iii) of subdivision (2) of subsection (b) of
6899 section 36a-489, as amended by this act, may compensate for any
6900 deficiency in an individual's continuing education requirements
6901 pursuant to regulations adopted by the commissioner.

6902 (d) For purposes of this section "nontraditional mortgage product"
6903 means any mortgage product other than a thirty-year fixed rate
6904 mortgage.

6905 Sec. 93. Subsection (a) of section 36a-679 of the general statutes is
6906 repealed and the following is substituted in lieu thereof (*Effective*
6907 *October 1, 2018*):

6908 (a) The commissioner may adopt regulations, in accordance with
6909 chapter 54, to carry out the provisions of the Connecticut Truth-in-
6910 Lending Act, **[**sections 36a-567, 36a-568,**]** subdivision (13) of subsection
6911 (c) of section 36a-770, and sections 36a-771, 36a-774 and 36a-777. Such
6912 regulations shall be consistent with the policy of this state as provided
6913 in section 36a-677 and the Consumer Credit Protection Act.

6914 Sec. 94. Section 36a-497 of the 2018 supplement to the general
6915 statutes is repealed and the following is substituted in lieu thereof
6916 (*Effective October 1, 2018*):

6917 (a) No mortgage lender licensee, mortgage correspondent lender
6918 licensee or mortgage broker licensee shall:

6919 (1) Advertise or cause to be advertised in this state, any residential
6920 mortgage loan in which such person intends to act only as a mortgage
6921 broker unless the advertisement includes the following statement,
6922 clearly and conspicuously expressed: **[**MORTGAGE**]** "MORTGAGE
6923 BROKER ONLY, NOT A MORTGAGE LENDER OR MORTGAGE
6924 CORRESPONDENT **[**LENDER**]** LENDER"; or

6925 (2) In connection with an advertisement in this state, use (A) a
6926 simulated check; (B) a comparison between the loan payments under
6927 the residential mortgage loan offered and the loan payments under a

6928 hypothetical loan or extension of credit, unless the advertisement
6929 includes, with respect to both the hypothetical loan or extension of
6930 credit and the residential mortgage loan being offered, the interest rate,
6931 the loan balance, the total amount of finance charges, the total number
6932 of payments and the monthly payment amount that would be required
6933 to pay off the outstanding loan balance shown; (C) representations
6934 such as "verified as eligible", "eligible", "preapproved", "prequalified"
6935 or similar words or phrases, without also disclosing, in immediate
6936 proximity to and in similar size print, language which sets forth
6937 prerequisites to qualify for the residential mortgage loan, including,
6938 but not limited to, income verification, credit check, and property
6939 appraisal or evaluation; or (D) any words or symbols in the
6940 advertisement or on the envelope containing the advertisement that
6941 give the appearance that the mailing was sent by a government
6942 agency.

6943 (b) (1) Each lead generator licensee shall include the following
6944 statement in all advertisements of residential mortgage loans and
6945 solicitations of leads by mail, electronic mail or through such licensee's
6946 web site, clearly and conspicuously expressed: "LEAD GENERATOR
6947 ONLY, NOT ACTING IN THE CAPACITY OF A MORTGAGE LOAN
6948 ORIGINATOR, MORTGAGE BROKER, MORTGAGE
6949 CORRESPONDENT LENDER OR MORTGAGE LENDER.
6950 INFORMATION RECEIVED WILL BE SHARED WITH ONE OR
6951 MORE THIRD PARTIES IN CONNECTION WITH YOUR
6952 RESIDENTIAL MORTGAGE LOAN INQUIRY.".

6953 (2) No person required to be licensed as a lead generator shall: (A)
6954 Accept payment of any advance fee, as defined in section 36a-485, as
6955 amended by this act, in connection with a residential mortgage loan, or
6956 (B) use, sell, lease, exchange or otherwise **[**transferor**]** transfer or
6957 release information received from a consumer in connection with a
6958 residential mortgage loan inquiry for purposes other than as necessary
6959 to facilitate a residential mortgage loan transaction.

6960 Sec. 95. (*Effective October 1, 2018*) On or before January 1, 2019, the

6961 Banking Commissioner shall submit a report, in accordance with the
6962 provisions of section 11-4a of the general statutes, to the joint standing
6963 committee of the General Assembly having cognizance of matters
6964 relating to banking concerning the status of the Student Loan
6965 Ombudsman designated under section 36a-25 of the general statutes.

6966 Sec. 96. Subsection (d) of section 36a-558 of the 2018 supplement to
6967 the general statutes is repealed and the following is substituted in lieu
6968 thereof (*Effective October 1, 2018*):

6969 (d) Small loans that are the subject of the activities set forth in
6970 subsections (a) and (b) of this section shall not contain:

6971 (1) For a small loan that is under five thousand dollars, an annual
6972 percentage rate that exceeds the lesser of thirty-six per cent or the
6973 maximum annual percentage rate for interest that is permitted with
6974 respect to the consumer credit extended under the Military Lending
6975 Act, 10 USC 987 et seq., as amended from time to time, or for a small
6976 loan that is between five thousand and fifteen thousand dollars, an
6977 annual percentage rate that exceeds twenty-five per cent;

6978 (2) For other than an open-end small loan, a provision that increases
6979 the interest rate due to payment default;

6980 (3) A payment schedule with regular periodic payments that when
6981 aggregated do not fully amortize the outstanding principal balance;

6982 (4) A payment schedule with regular periodic payments that cause
6983 the principal balance to increase;

6984 (5) A payment schedule that consolidates more than two periodic
6985 payments and pays them in advance from the proceeds, unless such
6986 payments are required to be escrowed by a governmental agency;

6987 (6) A prepayment penalty;

6988 (7) An adjustable rate provision;

6989 (8) A waiver of participation in a class action or a provision
6990 requiring a borrower, whether acting individually or on behalf of
6991 others similarly situated, to assert any claim or defense in a nonjudicial
6992 forum that: (A) Utilizes principles that are inconsistent with the law as
6993 set forth in the general statutes or common law; or (B) limits any claim
6994 or defense the borrower may have;

6995 (9) A call provision that permits the lender, in its sole discretion, to
6996 accelerate the indebtedness, except when repayment of the loan is
6997 accelerated by a bona fide default pursuant to a due-on-sale clause;

6998 (10) A security interest, except as provided in subsection (e) of this
6999 section; or

7000 (11) Fees or charges of any kind, except as expressly permitted by
7001 subsection (e) of this section.

7002 Sec. 97. (*Effective from passage*) On or before January 1, 2019, the
7003 Banking Commissioner shall submit a report, in accordance with the
7004 provisions of section 11-4a of the general statutes, to the joint standing
7005 committee of the General Assembly having cognizance of matters
7006 relating to banking. Such report shall recommend methods to require
7007 sales finance companies to acquire and maintain records of the
7008 ethnicity, race and sex of any applicant or coapplicant in a retail
7009 installment contract acquired by purchase, discount, pledge, loan,
7010 advance or otherwise, and any application for a retail installment
7011 contract, covering the retail sale of a motor vehicle in the state that has
7012 been reviewed by the sales finance company or relates to a retail
7013 installment contract acquired by the sales finance company.

7014 Sec. 98. Subdivision (14) of section 36a-2 of the general statutes is
7015 repealed and the following is substituted in lieu thereof (*Effective*
7016 *October 1, 2018*):

7017 (14) "Connecticut credit union service organization" means a credit
7018 union service organization that is (A) incorporated under the laws of
7019 this state, located in this state and established by at least one

7020 Connecticut credit union, or (B) wholly owned by a credit union that
7021 converted into a Connecticut credit union pursuant to section 36a-
7022 469b;

7023 Sec. 99. Section 36a-461a of the general statutes is amended by
7024 adding subsection (l) as follows (*Effective October 1, 2018*):

7025 (NEW) (l) A Connecticut credit union that proposes to close a
7026 Connecticut credit union service organization shall submit to the
7027 commissioner a notice of the proposed closing not later than thirty
7028 days prior to the date proposed for such closing. The notice shall
7029 include a detailed statement of the reasons for the decision to close the
7030 credit union service organization.

7031 Sec. 100. Subsection (h) of section 36a-70 of the general statutes is
7032 repealed and the following is substituted in lieu thereof (*Effective*
7033 *October 1, 2018*):

7034 (h) (1) **[**The approving authority shall consider the following factors
7035 before granting a temporary certificate of authority: (A) The
7036 population of the area to be served by the proposed Connecticut bank;
7037 (B) the adequacy of existing banking facilities in the area to be served
7038 by the proposed Connecticut bank; (C) the convenience and necessity
7039 to the public of the proposed facilities; and (D) the character and
7040 experience of the proposed directors and officers. (2)**]** The application
7041 shall be approved if the approving authority determines that: (A) **[**That
7042 the**]** The interest of the public will be served to advantage by the
7043 establishment of the proposed Connecticut bank; (B) **[**that conditions in
7044 the locality in which**]** the proposed bank **[**will transact business afford**]**
7045 shows reasonable promise of successful operation; and (C) **[**that**]** the
7046 proposed directors and officers possess the capacity, character and
7047 **[**fitness**]** experience for the duties and responsibilities with which they
7048 will be charged.

7049 (2) In determining whether the public will be served to advantage
7050 under subdivision (1) of this subsection, the approving authority shall

7051 consider the following factors in light of the proposed business plan of
7052 the proposed Connecticut bank: (A) The population of the area to be
7053 served by the proposed Connecticut bank; (B) the competitive effect of
7054 the proposed Connecticut bank on the availability and quality of
7055 services in the market area to be served; (C) the likely impact of the
7056 proposed Connecticut bank on other financial institutions in the
7057 market area to be served; and (D) the convenience and needs of the
7058 market area to be served.

7059 (3) Except as otherwise provided in subsections (p), (q), (r), (s) and
7060 (t) of this section, the approving authority shall be, in the case of an
7061 application to organize a bank and trust company or a capital stock
7062 savings bank, a majority of the commissioner, State Treasurer, and
7063 State Comptroller, and, in the case of an application to organize a
7064 mutual savings bank or a mutual or capital stock savings and loan
7065 association, the commissioner acting alone.

7066 Sec. 101. Section 36a-498f of the 2018 supplement to the general
7067 statutes is repealed. (*Effective October 1, 2018*)

7068 Sec. 102. Sections 36a-572 and 36a-719i of the general statutes are
7069 repealed. (*Effective October 1, 2018*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	*October 1, 2018*	36a-1
Sec. 2	*October 1, 2018*	36a-3
Sec. 3	*October 1, 2018*	36a-17
Sec. 4	*October 1, 2018*	36a-51(c)
Sec. 5	*October 1, 2018*	New section
Sec. 6	*October 1, 2018*	36a-65
Sec. 7	*October 1, 2018*	36a-485
Sec. 8	*October 1, 2018*	36a-486(a)
Sec. 9	*October 1, 2018*	36a-487
Sec. 10	*October 1, 2018*	36a-488
Sec. 11	*October 1, 2018*	36a-489
Sec. 12	*October 1, 2018*	36a-490

Sec. 13	*October 1, 2018*	36a-492
Sec. 14	*October 1, 2018*	36a-493
Sec. 15	*October 1, 2018*	36a-494
Sec. 16	*October 1, 2018*	36a-496
Sec. 17	*October 1, 2018*	36a-498
Sec. 18	*October 1, 2018*	36a-498a(a)
Sec. 19	*October 1, 2018*	36a-498d
Sec. 20	*October 1, 2018*	36a-498e
Sec. 21	*October 1, 2018*	36a-498g
Sec. 22	*October 1, 2018*	36a-534b
Sec. 23	*October 1, 2018*	36a-535
Sec. 24	*October 1, 2018*	36a-536
Sec. 25	*October 1, 2018*	36a-537
Sec. 26	*October 1, 2018*	36a-539
Sec. 27	*October 1, 2018*	36a-540
Sec. 28	*October 1, 2018*	36a-541
Sec. 29	*October 1, 2018*	36a-542
Sec. 30	*October 1, 2018*	36a-543
Sec. 31	*October 1, 2018*	36a-557(a)(4)
Sec. 32	*October 1, 2018*	36a-557(c)
Sec. 33	*October 1, 2018*	36a-560(3)
Sec. 34	*October 1, 2018*	36a-562
Sec. 35	*October 1, 2018*	36a-564
Sec. 36	*October 1, 2018*	36a-565(e) and (f)
Sec. 37	*October 1, 2018*	36a-566
Sec. 38	*October 1, 2018*	36a-567
Sec. 39	*October 1, 2018*	36a-568(b)
Sec. 40	*October 1, 2018*	36a-570
Sec. 41	*October 1, 2018*	36a-573
Sec. 42	*October 1, 2018*	36a-580
Sec. 43	*October 1, 2018*	36a-581
Sec. 44	*October 1, 2018*	36a-582
Sec. 45	*October 1, 2018*	36a-583
Sec. 46	*October 1, 2018*	36a-584(c)
Sec. 47	*October 1, 2018*	36a-586
Sec. 48	*October 1, 2018*	36a-587
Sec. 49	*October 1, 2018*	36a-596
Sec. 50	*October 1, 2018*	36a-597(a)
Sec. 51	*October 1, 2018*	36a-598
Sec. 52	*October 1, 2018*	36a-599

Sec. 53	*October 1, 2018*	36a-600
Sec. 54	*October 1, 2018*	36a-601
Sec. 55	*October 1, 2018*	36a-602(c)
Sec. 56	*October 1, 2018*	36a-605
Sec. 57	*October 1, 2018*	36a-606
Sec. 58	*October 1, 2018*	36a-607(a)
Sec. 59	*October 1, 2018*	36a-608
Sec. 60	*October 1, 2018*	36a-611
Sec. 61	*October 1, 2018*	36a-612
Sec. 62	*October 1, 2018*	36a-655
Sec. 63	*October 1, 2018*	36a-656
Sec. 64	*October 1, 2018*	36a-657
Sec. 65	*October 1, 2018*	36a-658
Sec. 66	*October 1, 2018*	36a-664
Sec. 67	*October 1, 2018*	36a-671
Sec. 68	*October 1, 2018*	36a-671a
Sec. 69	*October 1, 2018*	36a-671d
Sec. 70	*October 1, 2018*	36a-715(2)
Sec. 71	*October 1, 2018*	36a-718
Sec. 72	*October 1, 2018*	36a-719
Sec. 73	*October 1, 2018*	36a-719a
Sec. 74	*October 1, 2018*	36a-719c
Sec. 75	*October 1, 2018*	36a-719e
Sec. 76	*October 1, 2018*	36a-719h(a)(19)
Sec. 77	*October 1, 2018*	36a-719j
Sec. 78	*October 1, 2018*	36a-800
Sec. 79	*October 1, 2018*	36a-801
Sec. 80	*October 1, 2018*	36a-802
Sec. 81	*October 1, 2018*	36a-804
Sec. 82	*October 1, 2018*	36a-805(a)
Sec. 83	*October 1, 2018*	36a-811(b)
Sec. 84	*October 1, 2018*	36a-846
Sec. 85	*October 1, 2018*	36a-847
Sec. 86	*October 1, 2018*	36a-848
Sec. 87	*October 1, 2018*	36a-850
Sec. 88	*October 1, 2018*	36a-852
Sec. 89	*October 1, 2018*	36a-59(b)
Sec. 90	*October 1, 2018*	36a-544
Sec. 91	*October 1, 2018*	36a-546
Sec. 92	*January 1, 2019*	36a-489a

Sec. 93	*October 1, 2018*	36a-679(a)
Sec. 94	*October 1, 2018*	36a-497
Sec. 95	*October 1, 2018*	New section
Sec. 96	*October 1, 2018*	36a-558(d)
Sec. 97	*from passage*	New section
Sec. 98	*October 1, 2018*	36a-2(14)
Sec. 99	*October 1, 2018*	36a-461a
Sec. 100	*October 1, 2018*	36a-70(h)
Sec. 101	*October 1, 2018*	Repealer section
Sec. 102	*October 1, 2018*	Repealer section

Statement of Legislative Commissioners:

In Section 5(a), "commissioner" was changed to "Banking Commissioner" for accuracy and clarity; in Section 48(c), "sales finance" was changed to "check cashing" for accuracy; in Section 67(e), "money transmission" was changed to "debt negotiation" for accuracy; in Section 68(d), "sales finance" was changed to "debt negotiation" for accuracy; in Section 79(f)(3), "consumer collection licensee" was changed to "consumer collection agency licensee" for accuracy; in Section 81(c), "sales finance" was changed to "consumer collection agency" for accuracy; in Section 29(d) "36a-535 to 36a-541" was changed to "36a-535 to 36a-547" for accuracy and to conform with the changes made in Sections 23 to 25, inclusive, 26, 28 and 30; in Section 43(f), "section 36a-581" was changed to "this section" for consistency with standard drafting conventions; in Section 63(h), "36a-555" was changed to "36a-655" for accuracy; in Section 65(c), "36a-567" was changed to "36a-657" for accuracy; in Section 65(h), "36a-541" was changed to "36a-656" for accuracy; and in Section 78(3), "36a-812" was changed to "36a-814" to conform to the changes made in Sections 79, 81 and 82.

BA *Joint Favorable Subst.*