



House of Representatives

General Assembly

File No. 303

February Session, 2018

Substitute House Bill No. 5490

House of Representatives, April 9, 2018

The Committee on Banking reported through REP. LESSER of the 100th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING CONSUMER CREDIT LICENSES.

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

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 Section 36a-1 of the general statutes is repealed and the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

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

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16 repealed and the following is substituted in lieu thereof (*Effective*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

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

- T1 "Account". Sections 36a-155 and 36a-365.
T2 "Additional proceeds". Section 36a-746e.
T3 "Administrative expense". Section 36a-237.
T4 "Advance fee". Sections 36a-485, as amended by this act, and 36a-615.
T5 "Advertise", "advertisement" or "advertising". Sections 36a-485, as
T6 amended by this act, 36a-535, as amended by this act, 36a-586,
T7 as amended by this act, 36a-596, as amended by this act, 36a-655, as
T8 amended by this act, 36a-671, as amended by this act, and 36a-846, as
T9 amended by this act.
T10 "Agency bank". Section 36a-285.
T11 "Agent". Section 36a-494, as amended by this act.
T12 "Alternative mortgage loan". Section 36a-265.
T13 "Amount financed". Section 36a-690.
T14 "Annual percentage rate". Section 36a-690.
T15 "Annual percentage yield". Section 36a-316.
T16 "Annuities". Section 36a-455a.
T17 "Applicant". Section 36a-736.
T18 "APR". Section 36a-746a.
T19 "Assessment area". Section 36a-37.
T20 "Assets". Section 36a-70, as amended by this act.
T21 "Associate". Section 36a-184.
T22 "Associated member". Section 36a-458a.
T23 "Authorized delegate". Section 36a-596, as amended by this act.
T24 "Bank". Section 36a-30.
T25 "Bankers' bank". Section 36a-70, as amended by this act.
T26 "Banking business". Section 36a-425.
T27 "Basic services". Section 36a-437a.
T28 "Billing cycle". Section 36a-565, as amended by this act.
T29 "Bona fide nonprofit organization". Sections 36a-487, as amended by this

- T30 act, and 36a-655, as amended by this act.
- T31 "Branch". Sections 36a-145, 36a-410 and 36a-435b.
- T32 "Branch office". Sections 36a-485, as amended by this act, and 36a-715,
- T33 as amended by this act.
- T34 "Branch or agency net payment entitlement". Section 36a-428n.
- T35 "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,
T137 as amended by this act.
- T138 "Independent contractor". Section 36a-485, as amended by this act.
- T139 "Individual". Section 36a-485, as amended by this act.
- T140 "Insider". Section 36a-454b.
- T141 "Installment loan contract". Sections 36a-535, as amended by this act,
T142 and 36a-770.
- T143 "Insurance". Section 36a-455a.
- T144 "Insurance bank". Section 36a-285.
- T145 "Insurance department". Section 36a-285.
- T146 "Interest". Section 36a-316.
- T147 "Interest rate". Section 36a-316.
- T148 "Interim interest". Section 36a-746a.
- T149 "Investments". Section 36a-602, as amended by this act.
- T150 "Lender". Sections 36a-746a, 36a-760 and 36a-770.
- T151 "Lessor". Section 36a-676.
- T152 "License". Section 36a-626.
- T153 "Licensee". Sections 36a-596, as amended by this act, 36a-607,
T154 as amended by this act, and 36a-626.
- T155 "Limited branch". Section 36a-145.
- T156 "Limited facility". Section 36a-580, as amended by this act.
- T157 "Loan broker". Section 36a-615.
- T158 "Loan processor or underwriter". Section 36a-485, as amended by this act.
- T159 "Loss". Section 36a-330.
- T160 "Made in this state". Section 36a-770.
- T161 "Main office". Section 36a-485, as amended by this act.
- T162 "Managing agent". Section 36a-365.
- T163 "Manufactured home". Section 36a-457b.
- T164 "Member". Section 36a-435b.
- T165 "Member business loan". Section 36a-458a.
- T166 "Member in good standing". Section 36a-435b.
- T167 "Membership share". Section 36a-435b.
- T168 "Mobile branch". Sections 36a-145 and 36a-435b.
- T169 "Monetary value". Section 36a-596, as amended by this act.

- T170 "Money transmission". Section 36a-596, as amended by this act.
- T171 "Mortgage". Section 36a-760g.
- T172 "Mortgage broker". Sections 36a-485, as amended by this act,
- T173 36a-705 and 36a-760.
- T174 "Mortgage correspondent lender". Section 36a-485, as amended by this act.
- T175 "Mortgage insurance". Section 36a-725.
- T176 "Mortgage lender". Sections 36a-485, as amended by this act,
- T177 36a-705 and 36a-725.
- T178 "Mortgage loan". Sections 36a-261, 36a-265, 36a-457b and 36a-736.
- T179 "Mortgage loan originator". Section 36a-485, as amended by this act.
- T180 "Mortgage rate lock-in". Section 36a-705.
- T181 "Mortgage servicer". Section 36a-715, as amended by this act.
- T182 "Mortgagee". Sections 36a-671, as amended by this act,
- T183 and 36a-715, as amended by this act.
- T184 "Mortgagor". Sections 36a-671, as amended by this act, and
- T185 36a-715, as amended by this act.
- T186 "Motor vehicle". Section 36a-770.
- T187 "Multiple common bond membership". Section 36a-435b.
- T188 "Municipality". Section 36a-800, as amended by this act.
- T189 "Net outstanding member business loan balance". Section 36a-458a.
- T190 "Net worth". Sections 36a-441a and 36a-458a.
- T191 "Network". Section 36a-155.
- T192 "Nonprime home loan". Section 36a-760.
- T193 "Nonrefundable". Section 36a-498, as amended by this act.
- T194 "Nontraditional mortgage product". Section 36a-489a, as
- T195 amended by this act.
- T196 "Note account". Sections 36a-301 and 36a-456b.
- T197 "Office". Sections 36a-23, 36a-316 and 36a-485, as amended by this act.
- T198 "Officer". Section 36a-435b.
- T199 "Open-end line of credit". Section 36a-760.
- T200 "Open-end loan". Section 36a-565, as amended by this act.
- T201 "Organization". Section 36a-800, as amended by this act.
- T202 "Out-of-state holding company". Section 36a-410.
- T203 "Outstanding". Section 36a-596, as amended by this act.
- T204 "Passbook savings account". Section 36a-316.

- T205 "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
- T222 by 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
23 as the commissioner deems necessary to carry out the purposes of
24 applicable law and the duties of the commissioner, may, subject to the

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

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

60 services substantially impact the operations of the Connecticut bank,
61 Connecticut credit union or Connecticut credit union service
62 organization as determined by the commissioner, in order to (1)
63 determine whether such servicer has the capacity to protect the
64 customer information of such bank, credit union or credit union
65 service organization, and (2) assess such servicer's potential for
66 continued service. The commissioner may assess a fee of one hundred
67 fifty dollars per day plus costs for each examiner who conducts such
68 examination, the total cost of which the commissioner may allocate on
69 a pro rata basis to all Connecticut banks, Connecticut credit unions and
70 Connecticut credit union service organizations under contract with
71 such servicer.

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

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

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

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

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

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

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

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

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

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

147 [(d)] (e) Any person who is the subject of any [such] inquiry,
148 investigation, examination or proceeding pursuant to this section shall
149 (1) make its records available to the commissioner in readable form; (2)
150 provide personnel and equipment necessary, including, but not
151 limited to, assistance in the analysis of computer-generated records; (3)
152 provide copies or computer printouts of records when so requested; (4)
153 make or compile reports or prepare other information as directed by
154 the commissioner in order to carry out the purposes of this section,
155 including accounting compilations, information lists and dates of
156 transactions in a format prescribed by the commissioner or such other
157 information as the commissioner deems necessary to carry out the
158 purposes of this section; (5) furnish unrestricted access to all areas of

159 its principal place of business or wherever records may be located; and
160 (g) otherwise cooperate with the commissioner.

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

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

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

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

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

184 (c) (1) Any licensee may surrender any license issued by the
185 commissioner under any provision of the general statutes by
186 surrendering the license to the commissioner in person or by
187 registered or certified mail, provided, in the case of a license issued
188 through the system, as defined in section 36a-2, as amended by this act,
189 such surrender shall be initiated by filing a request to surrender on the

190 system. No surrender on the system shall be effective until the request
191 to surrender is accepted by the commissioner. Surrender of a license
192 shall not affect the licensee's civil or criminal liability, or affect the
193 commissioner's ability to impose an administrative penalty on the
194 licensee pursuant to section 36a-50 for acts committed prior to the
195 surrender. If, prior to receiving the license, or, in the case of a license
196 issued through the system prior to the filing of a request to surrender a
197 license, the commissioner has instituted a proceeding to suspend,
198 revoke or refuse to renew such license, such surrender or request to
199 surrender will not become effective except at such time and under
200 such conditions as the commissioner by order determines. If no
201 proceeding is pending or has been instituted by the commissioner at
202 the time of surrender, or, in the case of a license issued through the
203 system, at the time a request to surrender is filed, the commissioner
204 may still institute a proceeding to suspend, revoke or refuse to renew a
205 license under subsection (a) of this section up to the date one year after
206 the date of receipt of the license by the commissioner, or, in the case of
207 a license issued through the system, up to the date one year after the
208 date of the acceptance by the commissioner of a request to surrender a
209 license.

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

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

219 Sec. 5. (NEW) (*Effective October 1, 2018*) (a) The Banking
220 Commissioner may order a licensee to remove any individual from
221 office and from employment or retention as an independent contractor
222 in a business subject to licensure by the commissioner whenever the

223 commissioner finds as the result of an investigation: (1) Such
224 individual has violated any provision of law applicable to the licensed
225 business, or any regulation or order issued thereunder; or (2) any
226 reason that would be sufficient grounds for the commissioner to deny
227 a license for such business, by sending a notice to such individual by
228 registered or certified mail, return receipt requested, or by any express
229 delivery carrier that provides a dated delivery receipt, unless such
230 individual is licensed by the commissioner, in which case the notice
231 may be provided by personal delivery, as defined in section 4-166 of
232 the general statutes, in accordance with section 36a-52a of the general
233 statutes. The notice shall be deemed received by such individual on the
234 earlier of the date of actual receipt or seven days after mailing or
235 sending, and in the case of a notice sent by electronic mail, the notice
236 shall be deemed received by the individual in accordance with section
237 36a-52a of the general statutes.

238 (b) Any such notice issued under subsection (a) of this section shall
239 include: (1) If a hearing has been scheduled, a statement of the time,
240 place and nature of the hearing; (2) a statement of the legal authority
241 and jurisdiction under which the hearing is to be held or may be held;
242 (3) a reference to the particular sections of the general statutes,
243 regulations or orders alleged to have been violated; (4) a short and
244 plain statement of the matters asserted; and (5) if a hearing has not
245 been scheduled, a statement indicating that such individual may file a
246 written request for a hearing on the matters asserted not later than
247 fourteen days after receipt of the notice. If the commissioner finds that
248 the protection of borrowers requires immediate action, the
249 commissioner may suspend any such individual from office and
250 require such person to take or refrain from taking such action as the
251 commissioner deems necessary to effectuate the purposes of this
252 subsection, by incorporating a finding to that effect in such notice. The
253 suspension or prohibition shall become effective upon receipt of such
254 notice and, unless stayed by a court, shall remain in effect until the
255 entry of a permanent order or the dismissal of the matters asserted.

256 (c) If a hearing is requested, in accordance with subdivision (5) of

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

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

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

284 (2) In addition to any license, investigation or examination fee
285 required under this title, the commissioner may levy assessments on
286 persons licensed as money transmitters pursuant to sections 36a-595 to
287 36a-612, inclusive, as amended by this act, and persons licensed as
288 student loan servicers pursuant to sections 36a-846 to 36a-854,
289 inclusive, as amended by this act. The commissioner shall annually, on

290 or after July first for the fiscal year commencing on said July first,
291 collect such additional amounts sufficient in the commissioner's
292 judgment to meet the expenses of the Department of Banking,
293 including a reasonable reserve for contingencies. Such assessment shall
294 be determined pro rata based on: (A) For licensed money transmitters,
295 dollar volume of money transmissions in this state, and (B) for licensed
296 student loan servicers, dollar volume of student education loans, as
297 defined in section 36a-846, as amended by this act, of student loan
298 borrowers serviced. Each such licensee shall pay the commissioner the
299 amount allocated to it not later than the date specified by the
300 commissioner for payment. Failure by a licensee to timely make such
301 payment shall constitute a violation of this section and a basis upon
302 which the commissioner may take action against such licensee
303 pursuant to section 36a-51, as amended by this act.

304 (3) Such assessments may be made more frequently than annually at
305 the discretion of the commissioner. Such assessments for any fiscal
306 year shall be reduced pro rata by the amount of any surplus from the
307 assessments of prior fiscal years, which surplus shall be maintained in
308 accordance with subdivision (4) of subsection (b) of this section. The
309 commissioner may reduce any such assessment collected from a
310 Connecticut bank up to the amount of any assessment for the same
311 fiscal year collected from such bank by another state in which such
312 bank has established a branch, limited branch or mobile branch. The
313 commissioner may reduce any such assessment collected from a
314 Connecticut credit union up to the amount of any assessment for the
315 same fiscal year collected from such credit union by another state in
316 which such credit union has established a branch. Such assessments
317 for any fiscal year shall be a liability of such banks, credit unions and
318 licensees as of the assessment date. Except as provided in this
319 subsection, such assessments shall not be prorated for any reason.

320 (b) (1) Each such bank and credit union shall pay the commissioner
321 the amount allocated to it not later than the date specified by the
322 commissioner for payment. Any such bank or credit union shall pay
323 the commissioner an additional two hundred dollars if such payment

324 is not paid by the time specified. The provisions of this subdivision
325 shall not apply to any person required to pay the commissioner any fee
326 for license or registration or the whole cost of all examinations made
327 by the commissioner.

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

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

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

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

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

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

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

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

363 (6) A licensee under section 36a-489, as amended by this act, 36a-
364 541, as amended by this act, 36a-556, 36a-581, as amended by this act,
365 36a-600, as amended by this act, 36a-628, 36a-656, as amended by this
366 act, 36a-671, as amended by this act, 36a-719, as amended by this act,
367 [or] 36a-801, as amended by this act, or 36a-847, as amended by this
368 act, shall pay to the commissioner the actual cost of any examination of
369 the licensee, as such cost is determined by the commissioner. If the
370 licensee fails to pay such cost not later than sixty days after receipt of
371 demand from the commissioner, the commissioner may suspend the
372 license until such costs are paid.

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

375 (A) Establishment of (i) a branch under subdivision (1) of subsection
376 (b) of section 36a-145, two thousand dollars; (ii) a mobile branch under
377 subdivision (1) of subsection (d) of section 36a-145, one thousand five
378 hundred dollars; (iii) a limited branch under subdivision (1) of
379 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)
441 of section 36a-145 or subsection (d) of section 36a-412, one thousand
442 dollars.

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

448 (3) Any fee for processing a notice of closing of a branch, limited

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

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

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

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

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

470 As used in this section and sections 36a-486 to [36a-498f] 36a-498e,
471 inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as
472 amended by this act, unless the context otherwise requires:

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

478 (2) "Advertise", "advertisement" or "advertising" means the use of
479 any announcement, statement, assertion or representation that is

480 placed before the public in a newspaper, magazine or other
481 publication, or in the form of a notice, circular, pamphlet, letter or
482 poster or over any radio or television station, by means of the Internet,
483 or by other electronic means of distributing information, by personal
484 contact, or in any other way;

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

489 (4) "Control person" means an individual that directly or indirectly
490 exercises control over another person. Any person that (A) is a
491 director, general partner or executive officer; (B) in the case of a
492 corporation, directly or indirectly has the right to vote ten per cent or
493 more of a class of any voting security or has the power to sell or direct
494 the sale of ten per cent or more of any class of voting securities; (C) in
495 the case of a limited liability company, is a managing member; or (D)
496 in the case of a partnership, has the right to receive upon dissolution,
497 or has contributed, ten per cent or more of the capital, is presumed to
498 be a control person. For purposes of this subdivision, "control" means
499 the power, directly or indirectly, to direct the management or policies
500 of a company, whether through ownership of securities, by contract or
501 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
655 thereof (*Effective October 1, 2018*):

656 (a) No person shall engage in the business of making residential
657 mortgage loans or act as a mortgage broker in this state unless such
658 person has first obtained [the required] a license for its main office and
659 for each branch office where such business is conducted in accordance
660 with the provisions of sections 36a-485 to [36a-498f] 36a-498e,
661 inclusive, as amended by this act, 36a-534a and 36a-534b, as amended
662 by this act. No person shall conduct any activity that is subject to
663 licensure pursuant to sections 36a-485 to 36a-498e, inclusive, as
664 amended by this act, 36a-534a or 36a-534b, as amended by this act, at
665 any office located outside of the United States. Any such person who is
666 an individual shall also obtain a mortgage loan originator license prior
667 to conducting such business unless such individual does not engage
668 directly in the activities of a mortgage loan originator. A person, other
669 than a licensed mortgage loan originator acting on behalf of a
670 mortgage lender or mortgage correspondent lender, shall be deemed

671 to be engaged in the business of making residential mortgage loans if
672 such person advertises, causes to be advertised, solicits or offers to
673 make residential mortgage loans, either directly or indirectly. A
674 person, other than a licensed mortgage loan originator acting on behalf
675 of a mortgage broker, shall be deemed to be acting as a mortgage
676 broker if such person advertises or causes to be advertised that such
677 person will negotiate, solicit, place or find a residential mortgage loan,
678 either directly or indirectly. A mortgage correspondent lender shall not
679 be deemed to be acting as a mortgage lender if such mortgage
680 correspondent lender makes a loan utilizing its own funds in a
681 situation where another person does not honor such person's
682 commitment to fund the loan. A licensed lead generator shall not be
683 deemed to be acting as a mortgage lender, mortgage correspondent
684 lender, mortgage broker or mortgage loan originator when engaged in
685 the activities of a lead generator, as described in section 36a-485, as
686 amended by this act, if such person does not: (1) Obtain compensation
687 or gain contingent upon the consummation of a residential mortgage
688 loan or the receipt of a residential mortgage loan application, or (2)
689 utilize financial criteria particular to the consumer or the residential
690 mortgage loan transaction to selectively place a lead or to steer a
691 consumer to a specific person for a residential mortgage loan.

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

694 (a) The following are exempt from licensing as a mortgage lender,
695 mortgage correspondent lender or mortgage broker under sections
696 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-
697 534a and 36a-534b, as amended by this act: (1) Any bank, out-of-state
698 bank, Connecticut credit union, federal credit union or out-of-state
699 credit union, provided such bank or credit union is federally insured;
700 (2) any wholly-owned subsidiary of any such bank or credit union; (3)
701 any operating subsidiary where each owner of such operating
702 subsidiary is wholly owned by the same such bank or credit union; (4)
703 any person licensed under sections 36a-671 to 36a-671d, inclusive, as
704 amended by this act, or exempt from licensure under section 36a-671c,

705 who is negotiating or offering to negotiate terms of a residential
706 mortgage loan as authorized by said sections 36a-671 to 36a-671d,
707 inclusive, as amended by this act; and (5) any person engaged solely in
708 providing loan processing or underwriting services to persons (A)
709 licensed as a mortgage lender, mortgage correspondent lender or
710 mortgage broker, or (B) exempt from such licensure under subdivision
711 (1) of this subsection. Each wholly-owned subsidiary of a Connecticut
712 bank or Connecticut credit union that engages in the business of
713 making residential mortgage loans or acts as a mortgage broker in this
714 state shall provide written notification to the commissioner prior to
715 engaging in such activity.

716 (b) The following are exempt from licensing as a mortgage lender or
717 mortgage correspondent lender under sections 36a-485 to [36a-498f]
718 36a-498e, inclusive, as amended by this act, 36a-534a and 36a-534b, as
719 amended by this act:

720 (1) Persons making five or fewer residential mortgage loans within
721 any period of twelve consecutive months, provided nothing herein
722 shall relieve such persons from complying with all applicable laws;

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

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

736 [(4) Persons licensed under sections 36a-555 to 36a-573, inclusive,

737 when making residential mortgage loans authorized by said sections;]

738 [(5)] (4) Persons owning real property who take back from the buyer
739 of such property a secondary mortgage loan in lieu of any portion of
740 the purchase price of the property;

741 [(6)] (5) Any corporation or its affiliate that makes residential
742 mortgage loans exclusively for the benefit of its employees or agents;

743 [(7)] (6) Any corporation, licensed in accordance with section 38a-41,
744 or its affiliate or subsidiary, that makes residential mortgage loans to
745 promote home ownership in urban areas;

746 [(8)] (7) Persons acting as fiduciaries with respect to any employee
747 pension benefit plan qualified under the Internal Revenue Code of
748 1986, or any subsequent corresponding internal revenue code of the
749 United States, as from time to time amended, who make residential
750 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
784 employees to act other than in the best interests of its clients; (E)
785 compensates its employees in a manner that does not incentivize
786 employees to act other than in the best interests of its clients; (F)
787 provides or identifies for the borrower residential mortgage loans (i)
788 with terms favorable to the borrower, which means such terms must
789 be consistent with loan origination in a public or charitable context, not
790 a commercial context, and (ii) comparable to mortgage loans and
791 housing assistance provided under government housing assistance
792 programs; and (G) meets such other standards as the commissioner
793 may by regulation require. Any organization that demonstrates to the
794 satisfaction of the commissioner its status as a bona fide nonprofit
795 organization shall timely report any change in any information
796 previously submitted to the commissioner and, not later than
797 December thirty-first of each year, submit to the commissioner a
798 renewed certification and documentation to update all information last
799 filed in support of such bona fide nonprofit organization status [and
800 timely report any change in any information previously submitted.] or
801 such status shall expire, except that any organization that obtained
802 initial bona fide nonprofit status from the commissioner after

803 November first of a given year shall submit a renewal certification and
804 documentation by December thirty-first of the following year.

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

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

813 (a) (1) The commissioner shall not issue a mortgage lender license, a
814 mortgage correspondent lender license or a mortgage broker license to
815 any person unless such person meets the following tangible net worth
816 and experience requirements, as applicable: (A) The minimum tangible
817 net worth requirement for a mortgage lender shall be two hundred
818 fifty thousand dollars and the minimum tangible net worth
819 requirement for a mortgage correspondent lender and a mortgage
820 broker shall be fifty thousand dollars, and (B) a mortgage lender,
821 mortgage correspondent lender or mortgage broker shall have, at the
822 main office for which the license is sought, a qualified individual and,
823 at each branch office, a branch manager [(i)] who (i) is responsible for
824 the actions of the licensee and has supervisory authority over the
825 lending or brokerage activities, (ii) [who] has at least three years'
826 experience in the mortgage business within the five years immediately
827 preceding the date of the application for the license, and (iii) [who] is
828 licensed as a mortgage loan originator under section 36a-489, as
829 amended by this act. As used in this subdivision, "experience in the
830 mortgage business" means paid experience in the origination,
831 processing or underwriting of residential mortgage loans, the
832 marketing of such loans in the secondary market or in the supervision
833 of such activities, or any other relevant experience as determined by
834 the commissioner. As used in subparagraph (B) of this subdivision, "at
835 the main office" may be established by demonstrating to the

836 satisfaction of the commissioner that the qualified individual resides
837 within one hundred miles of the main office or is otherwise capable of
838 providing full-time, in-person supervision of the main office, and "at
839 each branch office" may be established by demonstrating to the
840 satisfaction of the commissioner that the branch manager resides
841 within one hundred miles of the branch office or is otherwise capable
842 of providing full-time, in-person supervision of the branch office. The
843 commissioner may waive the requirements of subparagraph (B) of this
844 subdivision pertaining to a qualified individual where it is
845 demonstrated to the satisfaction of the commissioner that no activity
846 subject to licensure under sections 36a-485 to 36a-498e, inclusive, as
847 amended by this act, 36a-534a and 36a-534b, as amended by this act,
848 will be conducted at the main office and the licensee designates a
849 qualified individual responsible for the actions of the licensee. The
850 commissioner may waive the requirements of subparagraph (B) of this
851 subdivision pertaining to a branch manager where a person licensed as
852 a mortgage lender under section 36a-489, as amended by this act, will
853 act only as a mortgage servicer at such branch office, and the
854 individual designated as branch manager meets the requirements for
855 branch manager as set forth in section 36a-719, as amended by this act.
856 No person granted a waiver of the requirements of subparagraph (B)
857 of this subdivision shall conduct any activity at the main office or at
858 any branch office that would have precluded issuance of such waiver
859 without first designating a qualified individual or branch manager, as
860 applicable, who meets all applicable requirements and is approved by
861 the commissioner.

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

864 (b) The commissioner may issue a mortgage lender license, a
865 mortgage correspondent lender license, or a mortgage broker license.
866 Each mortgage lender licensee may also act as a mortgage
867 correspondent lender and a mortgage broker, and each mortgage
868 correspondent lender licensee may also act as a mortgage broker. An
869 application for a license as a mortgage lender, mortgage correspondent

870 lender or mortgage broker office or renewal of such license shall be
871 filed, in a form prescribed by the commissioner, with the system. Each
872 such form shall contain content as set forth by instruction or procedure
873 of the commissioner and may be changed or updated as necessary by
874 the commissioner in order to carry out the purpose of sections 36a-21,
875 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-
876 498h, 36a-534a and 36a-534b, as amended by this act. The applicant
877 shall, at a minimum, furnish to the system information concerning the
878 identity of the applicant, any control person of the applicant, the
879 qualified individual and any branch manager, including personal
880 history and experience in a form prescribed by the system and
881 information related to any administrative, civil or criminal findings by
882 any governmental jurisdiction. [The] In the case of an initial
883 application for a license, the following supplementary information
884 shall be filed, [directly with the commissioner: (1) In the case of an
885 initial application for a license for the main office, (A)] as applicable:
886 (1) For a main office license, a financial statement as of a date not more
887 than twelve months prior to the filing of the application which reflects
888 tangible net worth; [, and if such financial statement is unaudited, the
889 proprietor, general partner, or duly authorized officer, trustee or
890 member shall swear to its accuracy under oath before a notary public,
891 and (B)] (2) a bond as required by section 36a-492, as amended by this
892 act; [(2)] (3) evidence that the qualified individual or branch manager
893 meets the experience required by subsection (a) of this section; and
894 [(3)] (4) such other information pertaining to the applicant, the
895 applicant's background, the background of its principals, employees,
896 mortgage loan originators, and loan processors or underwriters, and
897 the applicant's activities as the commissioner may require. For the
898 purpose of this subsection, evidence of experience of the qualified
899 individual or branch manager shall include: (A) A statement
900 specifying the duties and responsibilities of such person's
901 employment, the term of employment, including month and year, and
902 the name, address and telephone number of a supervisor, employer or,
903 if self-employed, a business reference; and (B) if required by the
904 commissioner, copies of W-2 forms, 1099 tax forms or, if self-

905 employed, 1120 corporate tax returns, signed letters from the employer
906 on the employer's letterhead verifying such person's duties and
907 responsibilities and term of employment including month and year,
908 and if such person is unable to provide such letters, other proof
909 satisfactory to the commissioner that such person meets the experience
910 requirement. The commissioner may conduct a criminal history
911 records check of the applicant, any control person of the applicant and
912 the qualified individual or branch manager [with supervisory
913 authority at the office for which the license is sought] and require the
914 applicant to submit the fingerprints of such persons and authorization
915 of such persons for the system and the commissioner to obtain an
916 independent credit report from a consumer reporting agency, as
917 described in Section 603(p) of the Fair Credit Reporting Act, 15 USC
918 1681a, as part of the application.

919 (c) The commissioner may issue a mortgage loan originator license
920 or a loan processor or underwriter license. Each mortgage loan
921 originator licensee may also act as a loan processor or underwriter.
922 Each mortgage loan originator licensee shall be associated with a
923 specified licensed office from which such licensee will operate and be
924 subject to supervision by a qualified individual or branch manager.
925 The specified office shall be within a one-hundred-mile distance from
926 where such licensee resides, unless such licensee can otherwise
927 demonstrate to the commissioner's satisfaction that the licensee will be
928 subject to supervision by a qualified individual or branch manager. An
929 application to license an individual as a mortgage loan originator or a
930 loan processor or underwriter [for a specified office] or for renewal of
931 such license shall be filed, in a form prescribed by the commissioner,
932 with the system. Each such form shall contain content as set forth by
933 instruction or procedure of the commissioner and may be changed or
934 updated as necessary by the commissioner in order to carry out the
935 purpose of sections 36a-485 to [36a-498f] 36a-498e, inclusive, as
936 amended by this act, 36a-498h, 36a-534a and 36a-534b, as amended by
937 this act. The applicant shall, at a minimum, furnish to the system, in a
938 form prescribed by the system, information concerning the applicant's
939 identity, including personal history and experience and information

940 related to any administrative, civil or criminal findings by any
941 governmental jurisdiction. Each applicant for a mortgage loan
942 originator license or a loan processor or underwriter license shall
943 furnish to the system fingerprints for submission to the Federal Bureau
944 of Investigation and any governmental agency or entity authorized to
945 receive such information for a state, national and international criminal
946 history background check. Each applicant shall furnish authorization
947 for the system and the commissioner to obtain an independent credit
948 report from a consumer reporting agency, as described in Section
949 603(p) of the Fair Credit Reporting Act, 15 USC 1681a.

950 (d) The commissioner may issue a lead generator license. An
951 application for a license as a lead generator or an application for a
952 license renewal shall be filed, in a form prescribed by the
953 commissioner, with the system, accompanied by the fees required
954 under section 36a-491. Each such form shall contain content as set forth
955 by instruction or procedure of the commissioner and may be changed
956 or updated as necessary by the commissioner in order to carry out the
957 purposes of sections 36a-485 to [36a-498f] 36a-498e, inclusive, as
958 amended by this act, 36a-498h, 36a-534a and 36a-534b, as amended by
959 this act. The applicant shall, at a minimum, furnish to the system
960 information concerning the identity of the applicant, any control
961 person of the applicant and the qualified individual responsible for the
962 actions of the licensee, including, but not limited to, a personal history
963 and experience, in a form prescribed by the system, and information
964 related to any administrative, civil or criminal findings by any
965 governmental jurisdiction. [The applicant shall notify the
966 commissioner on the system of any change to the information
967 submitted in connection with the applicant's most recent application
968 for licensure not later than fifteen days after the applicant has reason to
969 know of such change.] The commissioner, in accordance with section
970 29-17a, may conduct a state or national criminal history records check
971 of the applicant, any control person of the applicant and the qualified
972 individual, and, in accordance with section 36a-24b, may require the
973 submission of fingerprints of such persons to the Federal Bureau of
974 Investigation or other state, national or international criminal

975 databases as part of the application.

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

979 (a) (1) The commissioner shall not issue an initial license for a
980 mortgage lender, mortgage correspondent lender or mortgage broker
981 unless the commissioner, at a minimum, finds that: (A) The applicant
982 meets the requirements of subsection (a) of section 36a-488, as
983 amended by this act; (B) notwithstanding the provisions of section 46a-
984 80, the applicant, the control persons of the applicant and the qualified
985 individual or branch manager [with supervisory authority at the office
986 for which the license is sought] have not been convicted of, or pled
987 guilty or nolo contendere to, a felony in a domestic, foreign or military
988 court during the seven-year period preceding the date of the
989 application for licensing or at any time preceding the date of
990 application if such felony involved an act of fraud, dishonesty, a
991 breach of trust or money laundering, provided any pardon or
992 expungement of a conviction shall not be a conviction for purposes of
993 this subdivision; (C) the applicant demonstrates that the financial
994 responsibility, character and general fitness of the applicant, the
995 control persons of the applicant and the qualified individual or branch
996 manager [having supervisory authority over the office for which the
997 license is sought] are such as to command the confidence of the
998 community and to warrant a determination that the applicant will
999 operate honestly, fairly and efficiently within the purposes of sections
1000 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-
1001 498h, 36a-534a and 36a-534b, as amended by this act; (D) the applicant
1002 has met the surety bond requirement under section 36a-492, as
1003 amended by this act; and (E) the applicant, [has] the control persons of
1004 the applicant and the qualified individual or branch manager have not
1005 made a material misstatement in the application. If the commissioner
1006 fails to make such findings, the commissioner shall not issue a license,
1007 and shall notify the applicant of the denial and the reasons for such
1008 denial. For purposes of this subsection, the level of offense of the crime

1009 and the status of any conviction, pardon or expungement shall be
1010 determined by reference to the law of the jurisdiction where the case
1011 was prosecuted. In the event that such jurisdiction does not use the
1012 term "felony", "pardon" or "expungement", such terms shall include
1013 legally equivalent events.

1014 (2) (A) The minimum standards for license renewal for a mortgage
1015 lender, mortgage correspondent lender or mortgage broker shall
1016 include the following: (i) The applicant continues to meet the
1017 minimum standards under subdivision (1) of this subsection; and (ii)
1018 the mortgage lender, mortgage correspondent lender or mortgage
1019 broker has paid all required fees for renewal of the license and has
1020 paid any outstanding examination fees or other moneys due to the
1021 commissioner.

1022 (B) The license of a mortgage lender, mortgage correspondent
1023 lender or mortgage broker failing to satisfy the minimum standards for
1024 license renewal shall expire. The commissioner may adopt procedures
1025 for the reinstatement of expired licenses consistent with the standards
1026 established by the system. The commissioner may automatically
1027 suspend a mortgage lender, mortgage correspondent lender or
1028 mortgage broker license if the licensee receives a deficiency on the
1029 system indicating that the payment required by subparagraph (A) of
1030 this subdivision was Returned-ACH or returned pursuant to such
1031 other term as may be utilized by the system to indicate that the
1032 payment was not accepted. After a license has been automatically
1033 suspended pursuant to this section, the commissioner shall (i) give
1034 [such] the licensee notice of the automatic suspension, pending
1035 proceedings for revocation or refusal to renew pursuant to section 36a-
1036 494, as amended by this act, and an opportunity for a hearing on such
1037 action in accordance with section 36a-51, as amended by this act, and
1038 (ii) require such licensee to take or refrain from taking such action
1039 [that, in the opinion of the commissioner, will] as the commissioner
1040 deems necessary to effectuate the purposes of this section.

1041 (b) (1) The commissioner shall not issue an initial license for a

1042 mortgage loan originator or a loan processor or underwriter unless the
1043 commissioner, at a minimum, finds that the applicant has: (A) Never
1044 had a mortgage loan originator or equivalent loan processor or
1045 underwriter license revoked in any governmental jurisdiction, except
1046 that a subsequent formal vacating of such revocation shall not be
1047 deemed a revocation; (B) notwithstanding the provisions of section
1048 46a-80, not been convicted of, or pled guilty or nolo contendere to, a
1049 felony in a domestic, foreign or military court during the seven-year
1050 period preceding the date of the application for licensing or at any
1051 time preceding such date of application if such felony involved an act
1052 of fraud, dishonesty, a breach of trust, or money laundering, provided
1053 any pardon or expungement of a conviction shall not be a conviction
1054 for purposes of this subdivision; (C) demonstrated financial
1055 responsibility, character and general fitness so as to command the
1056 confidence of the community and to warrant a determination that the
1057 mortgage loan originator or loan processor or underwriter will operate
1058 honestly, fairly and efficiently within the purposes of sections 36a-485
1059 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-
1060 534a and 36a-534b, as amended by this act; (D) completed the
1061 prelicensing education requirement described in section 36a-489a, as
1062 amended by this act, and passed a written test that meets the test
1063 requirement described in section 36a-489a, as amended by this act; (E)
1064 met the surety bond requirement under section 36a-492, as amended
1065 by this act, and, in the case of a mortgage loan originator required to be
1066 licensed under section 36a-671e, met the surety bond requirements
1067 under sections 36a-492, as amended by this act, and 36a-671d, as
1068 amended by this act; and (F) not made a material misstatement in the
1069 application. If the commissioner denies an application for a mortgage
1070 loan originator or a loan processor or underwriter license, the
1071 commissioner shall notify the applicant and may notify the sponsor or
1072 any other person the commissioner deems appropriate of the denial
1073 and the reasons for such denial. For purposes of this subsection, the
1074 level of offense of the crime and the status of any conviction, pardon or
1075 expungement shall be determined by reference to the law of the
1076 jurisdiction where the case was prosecuted. In the event that such

1077 jurisdiction does not use the term "felony", "pardon" or
1078 "expungement", those terms shall include legally equivalent events.

1079 (2) (A) The minimum standards for license renewal for a mortgage
1080 loan originator or a loan processor or underwriter shall include the
1081 following: (i) The licensee continues to meet the minimum standards
1082 for license issuance under subdivision (1) of this subsection; (ii) the
1083 licensee has satisfied the annual continuing education requirements
1084 described in subsection (c) of section 36a-489a, as amended by this act;
1085 and (iii) the licensee has paid all required fees for renewal of the
1086 license and any outstanding examination fees or other moneys due to
1087 the commissioner.

1088 (B) The license of a mortgage loan originator or a loan processor or
1089 underwriter that fails to satisfy the minimum standards for license
1090 renewal shall expire. The commissioner may adopt procedures for the
1091 reinstatement of expired licenses consistent with the standards
1092 established by the system. The commissioner may automatically
1093 suspend a mortgage loan originator or a loan processor or underwriter
1094 license if the licensee receives a deficiency on the system indicating
1095 that the payment of renewal fees required by subparagraph (A) of
1096 subdivision (2) of this subsection was Returned-ACH or returned
1097 pursuant to such other term as may be utilized by the system to
1098 indicate that the payment was not accepted. After a license has been
1099 automatically suspended pursuant to this section, the commissioner
1100 shall (i) give [such] the licensee notice of the automatic suspension,
1101 pending proceedings for revocation or refusal to renew pursuant to
1102 section 36a-494, as amended by this act, and an opportunity for a
1103 hearing on such action in accordance with section 36a-51, as amended
1104 by this act, and (ii) require such licensee to take or refrain from taking
1105 such action [that, in the opinion of the commissioner, will] as the
1106 commissioner deems necessary to effectuate the purposes of this
1107 section.

1108 (c) For purposes of this section, a person has shown that such
1109 person is not financially responsible when such person has shown a

1110 disregard in the management of such person's own financial condition.
1111 A determination that a person has not shown financial responsibility
1112 may include, but is not limited to: (1) Current outstanding judgments,
1113 except judgments solely as a result of medical expenses; (2) current
1114 outstanding tax liens or other government liens and filings; (3)
1115 foreclosures during the three years preceding the date of application
1116 for an initial license or renewal of a license; or (4) a pattern of seriously
1117 delinquent accounts within the past three years.

1118 (d) (1) The commissioner shall not issue a lead generator license to
1119 an applicant for such license unless the commissioner, at a minimum,
1120 finds that: (A) The applicant demonstrates that the character,
1121 reputation, integrity and general fitness of the applicant, any control
1122 person of the applicant and the qualified individual are such as to
1123 command the confidence of the community and warrant a
1124 determination that the applicant will operate honestly, fairly and
1125 efficiently within the purposes of sections 36a-485 to [36a-498f] 36a-
1126 498e, inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-
1127 534b, as amended by this act; (B) the applicant has not made a material
1128 misstatement in the application; and (C) the applicant has met any
1129 other requirements determined by the commissioner. If the
1130 commissioner fails to make such findings, the commissioner shall not
1131 issue a license and shall notify the applicant of the denial and the
1132 reasons for such denial. Without limiting the foregoing requirements
1133 of this subdivision, and subject to the provisions of section 46a-80, the
1134 commissioner may deny an application based on the history of
1135 criminal convictions of the applicant, any control person of the
1136 applicant or the qualified individual.

1137 (2) (A) The minimum standards for license renewal for a lead
1138 generator shall include the following: (i) The applicant continues to
1139 meet the minimum standards under subdivision (1) of this subsection;
1140 and (ii) the lead generator has paid all required fees for renewal of a
1141 license and any outstanding examination fees or other moneys due to
1142 the commissioner.

1143 (B) The license of a lead generator who fails to satisfy the minimum
1144 standards for license renewal shall expire. The commissioner may
1145 adopt procedures for the reinstatement of expired licenses consistent
1146 with the standards established by the system. The commissioner may
1147 automatically suspend a lead generator license if the licensee receives a
1148 deficiency on the system indicating that the payment of renewal fees
1149 required by subparagraph (A) of subdivision (2) of this subsection was
1150 Returned-ACH or returned pursuant to such other term as may be
1151 utilized by the system to indicate that the payment was not accepted.
1152 After a license has been automatically suspended pursuant to this
1153 section, the commissioner shall (i) give [such] the licensee notice of the
1154 automatic suspension, pending proceedings for revocation or refusal
1155 to renew pursuant to section 36a-494, as amended by this act, and an
1156 opportunity for a hearing on such action in accordance with section
1157 36a-51, as amended by this act; and (ii) require such licensee to take or
1158 refrain from taking such action [that, in the opinion of the
1159 commissioner, will] as the commissioner deems necessary to effectuate
1160 the purposes of this section.

1161 [(e) (1) Withdrawal of an application for a license filed under this
1162 section shall become effective upon receipt by the commissioner of a
1163 notice of intent to withdraw such application. The commissioner may
1164 deny a license up to the date one year after the effective date of
1165 withdrawal.

1166 (2) If a license expires under this section due to the licensee's failure
1167 to renew, the commissioner may institute a revocation or suspension
1168 proceeding or issue an order suspending or revoking such license
1169 pursuant to section 36a-494 not later than one year after the date of
1170 such expiration.]

1171 [(f)] (e) The commissioner may deem an application for a license
1172 under this section abandoned if the applicant fails to respond to any
1173 request for information required under sections 36a-485 to [36a-498f]
1174 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a and
1175 36a-534b, as amended by this act, or the regulations adopted pursuant

1176 to said sections. The commissioner shall notify the applicant on the
1177 system that if such information is not submitted not later than sixty
1178 days from the date of such request the application shall be deemed
1179 abandoned. An application filing fee paid prior to the date an
1180 application is deemed abandoned pursuant to this subsection shall not
1181 be refunded. Abandonment of an application pursuant to this
1182 subsection shall not preclude the applicant from submitting a new
1183 application for a license under sections 36a-485 to [36a-498f] 36a-498e,
1184 inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as
1185 amended by this act.

1186 Sec. 12. Section 36a-490 of the 2018 supplement to the general
1187 statutes is repealed and the following is substituted in lieu thereof
1188 (*Effective October 1, 2018*):

1189 (a) (1) [A mortgage lender, mortgage correspondent lender,
1190 mortgage broker and lead generator license shall not be transferable or
1191 assignable. No licensee may use any name other than its legal name or
1192 a fictitious name approved by the commissioner, provided such
1193 licensee may not use its legal name if the commissioner disapproves
1194 use of such name.] Any licensee who intends to permanently cease
1195 engaging in the business of making residential mortgage loans or
1196 acting as a mortgage broker or lead generator at any time during a
1197 license period for any cause, including, but not limited to, bankruptcy
1198 or voluntary dissolution, shall file a request to surrender the license for
1199 each office at which the licensee intends to cease to do business, on the
1200 system, not later than fifteen days after the date of such cessation,
1201 provided this requirement shall not apply when a license has been
1202 suspended pursuant to section 36a-51, as amended by this act. No
1203 surrender shall be effective until accepted by the commissioner.

1204 (2) A mortgage loan originator licensee who intends to permanently
1205 cease engaging in the business of a mortgage loan originator at any
1206 time during a license period for any cause, including, but not limited
1207 to, bankruptcy, shall file a request to surrender the license on the
1208 system not later than fifteen days after the date of such cessation,

1209 provided this requirement shall not apply when a license has been
1210 suspended pursuant to section 36a-51, as amended by this act. No
1211 surrender shall be effective until accepted by the commissioner.

1212 (3) A loan processor or underwriter licensee who intends to
1213 permanently cease engaging in the activities of a loan processor or
1214 underwriter at any time during a license period for any cause,
1215 including, but not limited to, bankruptcy, shall file a request to
1216 surrender the license on the system not later than fifteen days after the
1217 date of such cessation, provided this requirement shall not apply when
1218 a license has been suspended pursuant to section 36a-51, as amended
1219 by this act. No surrender shall be effective until accepted by the
1220 commissioner.

1221 (b) (1) A mortgage lender, mortgage correspondent lender,
1222 mortgage broker or lead generator license shall not be transferable or
1223 assignable. Any change in any control person shall be the subject of an
1224 advance change notice filed on the system not later than sixty days
1225 prior to the effective date of such change and no such change shall
1226 occur without the commissioner's approval.

1227 [(b)] (2) No licensee may use any name other than its legal name or a
1228 fictitious name approved by the commissioner, provided such licensee
1229 may not use its legal name if the commissioner disapproves use of
1230 such name. No licensee shall use any name or address other than the
1231 name and address specified on the license issued by the commissioner.
1232 A mortgage lender, mortgage correspondent lender, mortgage broker
1233 or lead generator licensee may change the name of the licensee or
1234 address of the office specified on the most recent filing with the system
1235 if [(1)] (A) at least thirty calendar days prior to such change, the
1236 licensee files such change with the system and, in the case of a main or
1237 branch office, provides, directly to the commissioner, a bond rider or
1238 endorsement, or addendum, as applicable, to the surety bond on file
1239 with the commissioner that reflects the new name or address of the
1240 main or branch office, and [(2)] (B) the commissioner does not
1241 disapprove such change, in writing, or request further information

1242 within such thirty-day period. [The licensee shall promptly file any
1243 change in the information most recently submitted in connection with
1244 the license with the system or, if the information cannot be filed on the
1245 system, directly notify the commissioner, in writing, of such change in
1246 the information.]

1247 (3) The commissioner may automatically suspend any license for a
1248 violation of this subsection, or upon a failure of the licensee to
1249 designate a qualified individual or branch manager who meets the
1250 requirements set forth in section 36a-488, as amended by this act,
1251 within thirty days of a vacancy in the position. After a license has been
1252 automatically suspended pursuant to this subsection, the
1253 commissioner shall (A) give the licensee notice of the automatic
1254 suspension, pending proceedings for revocation of or refusal to renew
1255 the license pursuant to section 36a-494, as amended by this act, and an
1256 opportunity for a hearing in accordance with section 36a-51, as
1257 amended by this act, and (B) require the licensee to take or refrain from
1258 taking action as the commissioner deems necessary to effectuate the
1259 purpose of this section.

1260 (c) [The] Except as otherwise specified in subsection (b) of this
1261 section, each mortgage lender, mortgage correspondent lender,
1262 mortgage broker or lead generator applicant or licensee, and each
1263 individual designated as a control person, qualified individual or
1264 branch manager of such applicant or licensee, shall file on the system,
1265 or, if the information cannot be filed on the system, notify the
1266 commissioner, in writing, of any change in the information such
1267 applicant, licensee, control person, qualified individual or branch
1268 manager most recently submitted to the system in connection with the
1269 application or license not later than fifteen days after the date such
1270 applicant, licensee, control person, qualified individual or branch
1271 manager had reason to know of the change. A mortgage lender,
1272 mortgage correspondent lender, mortgage broker or lead generator
1273 licensee shall [promptly] file with the system or, if the information
1274 cannot be filed on the system, [directly] notify the commissioner, in
1275 writing, of the occurrence of any of the following developments not

1276 later than fifteen days after the date such licensee had reason to know
1277 of such development:

1278 (1) Filing for bankruptcy [] or the consummation of a corporate
1279 restructuring [] of the licensee;

1280 (2) Filing of a criminal indictment against the licensee in any way
1281 related to the lending or brokerage activities of the licensee, or
1282 receiving notification of the filing of any criminal felony indictment or
1283 felony conviction of any [of the licensee's officers, directors, members,
1284 partners or shareholders owning ten per cent or more of the
1285 outstanding stock] control person, branch manager or qualified
1286 individual of the licensee;

1287 (3) Receiving notification of the institution of license denial, cease
1288 and desist, suspension or revocation procedures, or other formal or
1289 informal action by any governmental agency against the licensee or
1290 any control person, branch manager or qualified individual of the
1291 licensee and the reasons therefor;

1292 (4) Receiving notification of the initiation of any action against the
1293 licensee or any control person, branch manager or qualified individual
1294 of the licensee by the Attorney General or the attorney general of any
1295 other state and the reasons therefor;

1296 (5) Receiving notification of a material adverse action with respect
1297 to any existing line of credit or warehouse credit agreement;

1298 (6) Suspension or termination of the licensee's status as an approved
1299 seller or servicer by the Federal National Mortgage Association,
1300 Federal Home Loan Mortgage Corporation or Government National
1301 Mortgage Association;

1302 (7) Exercise of recourse rights by investors or subsequent assignees
1303 of residential mortgage loans if such loans for which the recourse
1304 rights are being exercised, in the aggregate, exceed the licensee's net
1305 worth exclusive of real property and fixed assets;

1306 (8) Receiving notification of filing for bankruptcy [of any of the
1307 licensee's officers, directors, members, partners or shareholders
1308 owning ten per cent or more of the outstanding stock] of the licensee or
1309 of any control person, branch manager or qualified individual of the
1310 licensee; or

1311 (9) A decrease in the net worth required by subsection (a) of section
1312 36a-488, as amended by this act.

1313 (d) Each mortgage loan originator applicant or licensee and each
1314 loan processor or underwriter applicant or licensee shall [promptly]
1315 file with the system or, if the information cannot be filed on the
1316 system, [directly] notify the commissioner, in writing, of any change in
1317 the information most recently submitted in connection with the
1318 application or license [and] not later than fifteen days after the date
1319 such applicant or licensee had reason to know of the change. Each
1320 mortgage loan originator licensee and each loan processor or
1321 underwriter licensee shall file with the system, or, if the information
1322 cannot be filed on the system, notify the commissioner, in writing, of
1323 the occurrence of any of the following developments not later than
1324 fifteen days after the date that such licensee had reason to know of the
1325 development:

1326 (1) Filing for bankruptcy of the licensee;

1327 (2) Filing of a criminal indictment against the licensee;

1328 (3) Receiving notification of the institution of license or registration
1329 denial, cease and desist, suspension or revocation procedures, or other
1330 formal or informal action by any governmental agency against the
1331 licensee and the reasons therefor; or

1332 (4) Receiving notification of the initiation of any action against the
1333 licensee by the Attorney General or the attorney general of any other
1334 state and the reasons therefor.

1335 (e) Each mortgage lender, mortgage correspondent lender,
1336 mortgage broker, lead generator, mortgage loan originator and loan

1337 processor or underwriter license shall remain in force and effect until it
1338 has been surrendered, revoked or suspended, or until it expires or is
1339 no longer effective, in accordance with the provisions of this title.

1340 Sec. 13. Section 36a-492 of the 2018 supplement to the general
1341 statutes is repealed and the following is substituted in lieu thereof
1342 (*Effective October 1, 2018*):

1343 (a) (1) Each licensed mortgage lender, mortgage correspondent
1344 lender and mortgage broker shall file with the commissioner a single
1345 surety bond, written by a surety authorized to write such bonds in this
1346 state, covering its main office and file an addendum to such bond to
1347 cover any branch office, in a penal sum determined in accordance with
1348 subsection (d) of this section, provided the penal sum of the bond for
1349 licensed mortgage lenders and mortgage correspondent lenders shall
1350 be not less than one hundred thousand dollars and the penal sum of
1351 the bond for mortgage brokers shall be not less than fifty thousand
1352 dollars. The bond shall cover all mortgage loan originators sponsored
1353 by such licensee.

1354 (2) Each mortgage loan originator licensee shall be covered by a
1355 surety bond with a penal sum in an amount that reflects the dollar
1356 amount of loans originated by such mortgage loan originator in
1357 accordance with subsection (d) of this section, provided such coverage
1358 shall be provided through a single surety bond filed with the
1359 commissioner by the person who sponsors such mortgage loan
1360 originator.

1361 (3) (A) In the case of an exempt registrant under subdivision (1), (2)
1362 or (3) of subsection (a) of section 36a-487, as amended by this act: (i)
1363 The surety bond shall cover all mortgage loan originators sponsored
1364 by such exempt registrant and comply with the requirements set forth
1365 in this section, and (ii) the penal sum of such bond shall be in an
1366 amount determined in accordance with subsection (d) of this section,
1367 provided the penal sum of the bond shall be not less than one hundred
1368 thousand dollars; (B) in the case of an exempt registrant under
1369 subsection (b) of section 36a-487, as amended by this act: (i) The surety

1370 bond shall cover all mortgage loan originators sponsored by such
1371 exempt registrant and comply with the requirements set forth in this
1372 section, and (ii) the penal sum of the bond shall be in an amount
1373 determined in accordance with subsection (d) of this section, provided
1374 the penal sum shall be not less than fifty thousand dollars; and (C) in
1375 the case of [an exempt registrant] a person exempt from licensure as a
1376 mortgage lender, mortgage correspondent lender or mortgage broker
1377 under subdivision (4) of subsection (a) of section 36a-487, as amended
1378 by this act, the surety bond shall cover all mortgage loan originators
1379 sponsored by such [exempt registrant] person and comply with the
1380 requirements set forth in section 36a-671d, as amended by this act.

1381 (4) [(A)] The principal on a bond required by [subdivisions (1) and
1382 (2) of this subsection shall annually confirm, in connection with any
1383 renewal request,] this section shall file quarterly reports on the system
1384 reflecting residential mortgage loan volume in accordance with
1385 subsection (c) of section 36a-534b, as amended by this act, to confirm
1386 that it maintains the required penal sum in an amount required by
1387 subsection (d) of this section, [after review of the preceding four-
1388 quarter period ending June thirtieth.] The principal shall file such
1389 information as the commissioner may require under subsection (d) of
1390 this section and shall file, as the commissioner may require, pursuant
1391 to [subdivision] subsection (d) of this section, any bond rider or
1392 endorsement to the surety bond on file with the commissioner to
1393 reflect any changes necessary to maintain the surety bond coverage
1394 required by this section.

1395 [(B) The principal on a bond required by subdivision (3) of this
1396 subsection shall annually confirm, in connection with any renewal
1397 request, that it maintains the required penal sum in an amount
1398 required by subsection (d) of this section after review of the preceding
1399 four-quarter period ending June thirtieth. The principal shall file such
1400 information as the commissioner may require under subsection (d) of
1401 this section and shall file, as the commissioner may require pursuant to
1402 subsection (d) of this section, any bond rider or endorsement to the
1403 surety bond on file with the commissioner to reflect any changes

1404 necessary to maintain the surety bond coverage required by this
1405 section.]

1406 (5) The commissioner may adopt regulations in accordance with
1407 chapter 54 with respect to the requirements for such surety bonds.

1408 (b) [The] Except for the bond required by subparagraph (C) of
1409 subdivision (3) of subsection (a) of this section, the bond required by
1410 subsection (a) of this section shall be (1) in a form approved by the
1411 Attorney General, and (2) conditioned upon the mortgage lender,
1412 mortgage correspondent lender or mortgage broker licensee and any
1413 mortgage loan originator licensee sponsored by such mortgage lender,
1414 mortgage correspondent lender or mortgage broker or, in the case of a
1415 mortgage loan originator licensee sponsored by an exempt registrant,
1416 upon such mortgage loan originator licensee faithfully performing any
1417 and all written agreements or commitments with or for the benefit of
1418 borrowers and prospective borrowers, truly and faithfully accounting
1419 for all funds received from a borrower or prospective borrower by the
1420 licensee in the licensee's capacity as a mortgage lender, mortgage
1421 correspondent lender, mortgage broker or mortgage loan originator,
1422 and conducting such mortgage business consistent with the provisions
1423 of sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by
1424 this act, 36a-534a and 36a-534b, as amended by this act. Any borrower
1425 or prospective borrower who may be damaged by failure to perform
1426 any written agreements or commitments, or by the wrongful
1427 conversion of funds paid by a borrower or prospective borrower to a
1428 licensee, may proceed on such bond against the principal or surety
1429 thereon, or both, to recover damages. Any borrower or prospective
1430 borrower who may be damaged by a mortgage lender, mortgage
1431 correspondent lender, mortgage broker or mortgage loan originator
1432 licensee's failure to satisfy a judgment against the licensee arising from
1433 the making or brokering of a nonprime home loan, as defined in
1434 section 36a-760, may proceed on such bond against the principal or
1435 surety thereon, or both, to recover the amount of the judgment. The
1436 commissioner may proceed on such bond against the principal or
1437 surety thereon, or both, to collect any civil penalty imposed upon a

1438 licensee pursuant to subsection (a) of section 36a-50 and any unpaid
1439 costs of examination of a licensee as determined pursuant to section
1440 36a-65, as amended by this act, and, on and after April 1, 2019, any
1441 restitution imposed pursuant to subsection (c) of section 36a-50 and
1442 unpaid assessment as determined pursuant to section 36a-65, as
1443 amended by this act, as applicable. The proceeds of the bond, even if
1444 commingled with other assets of the principal, shall be deemed by
1445 operation of law to be held in trust for the benefit of such claimants
1446 against the principal in the event of bankruptcy of the principal and
1447 shall be immune from attachment by creditors and judgment creditors.
1448 The bond shall run concurrently with the period of the license for the
1449 main office and the aggregate liability under the bond shall not exceed
1450 the penal sum of the bond. The principal shall notify the commissioner
1451 of the commencement of an action on the bond. When an action is
1452 commenced on a principal's bond, the commissioner may require the
1453 filing of a new bond and immediately on recovery on any action on the
1454 bond, the principal shall file a new bond.

1455 (c) The surety company shall have the right to cancel the bond at
1456 any time by a written notice to the principal stating the date
1457 cancellation shall take effect, [. Such notice] provided the surety
1458 company notifies the commissioner in writing not less than thirty days
1459 prior to the effective date of cancellation. If the bond is issued
1460 electronically on the system, written notice of cancellation may be
1461 provided by the surety company to the principal and the
1462 commissioner through the system at least thirty days prior to the date
1463 of cancellation. Any notice of cancellation not provided through the
1464 system shall be sent by certified mail to the principal and the
1465 commissioner at least thirty days prior to the date of cancellation. A
1466 surety bond shall not be cancelled unless the surety company notifies
1467 the commissioner in writing not less than thirty days prior to the
1468 effective date of cancellation. After receipt of such notification from the
1469 surety company, the commissioner shall give written notice to the
1470 principal of the date such bond cancellation shall take effect and such
1471 notice shall be deemed notice to each mortgage loan originator licensee
1472 sponsored by such principal. The commissioner shall automatically

1473 suspend the licenses of a mortgage lender, mortgage correspondent
1474 lender or mortgage broker on such date and inactivate the licenses of
1475 the mortgage loan originators sponsored by such lender,
1476 correspondent lender or broker. In the case of a cancellation of an
1477 exempt registrant's bond, the commissioner shall inactivate the licenses
1478 of the mortgage loan originators sponsored by such exempt registrant.
1479 No automatic suspension or inactivation shall occur if, prior to the date
1480 that the bond cancellation shall take effect, (1) the principal submits a
1481 letter of reinstatement of the bond from the surety company or a new
1482 bond, (2) the mortgage lender, mortgage correspondent lender or
1483 mortgage broker licensee has ceased business and has surrendered all
1484 licenses in accordance with subsection (a) of section 36a-490, as
1485 amended by this act, or (3) in the case of a mortgage loan originator
1486 licensee, the sponsorship with the mortgage lender, mortgage
1487 correspondent lender or mortgage broker who was automatically
1488 suspended pursuant to this section or, with the exempt registrant who
1489 failed to provide the bond required by this section, has been
1490 terminated and a new sponsor has been requested and approved. After
1491 a mortgage lender, mortgage correspondent lender or mortgage broker
1492 license has been automatically suspended pursuant to this section, the
1493 commissioner shall (A) give [such] the licensee notice of the automatic
1494 suspension, pending proceedings for revocation or refusal to renew
1495 pursuant to section 36a-494, as amended by this act, and an
1496 opportunity for a hearing on such action in accordance with section
1497 36a-51, as amended by this act, and (B) require such licensee to take or
1498 refrain from taking such action as [in the opinion of] the commissioner
1499 [will] deems necessary to effectuate the purposes of this section. The
1500 commissioner may provide information to an exempt registrant
1501 concerning actions taken by the commissioner pursuant to this
1502 subsection against any mortgage loan originator licensee that was
1503 sponsored and bonded by such exempt registrant.

1504 (d) The penal sum of the bond required by subdivisions (1) to (3),
1505 inclusive, of subsection (a) of this section shall be determined as
1506 follows:

1507 (1) An applicant for an initial mortgage lender license or mortgage
1508 correspondent lender license shall file a bond in a penal sum of one
1509 hundred thousand dollars in connection with its application for the
1510 main office.

1511 (2) An applicant for an initial mortgage broker license shall file a
1512 bond in a penal sum of fifty thousand dollars in connection with its
1513 application for the main office.

1514 (3) An exempt registrant under subsection (d) of section 36a-487, as
1515 amended by this act, who is exempt from licensure under subdivision
1516 (1), (2) or (3) of subsection (a) of section 36a-487, as amended by this
1517 act, shall file a bond in a penal sum of one hundred thousand dollars
1518 the first time such exempt registrant sponsors a mortgage loan
1519 originator.

1520 (4) An exempt registrant under subsection (d) of section 36a-487, as
1521 amended by this act, who is exempt from licensure under subsection
1522 (b) of section 36a-487, as amended by this act, shall file a bond in a
1523 penal sum of fifty thousand dollars the first time such exempt
1524 registrant sponsors a mortgage loan originator.

1525 (5) [An exempt registrant under subsection (d) of section 36a-487,
1526 who is] Persons exempt from licensure under subdivision (4) of
1527 subsection (a) of section 36a-487, as amended by this act, shall file a
1528 bond in a penal sum as set forth in section 36a-671d, as amended by
1529 this act.

1530 (6) (A) For mortgage lender and mortgage correspondent lender
1531 licensees and persons sponsoring and bonding at least one mortgage
1532 loan originator as an exempt registrant under subsection (d) of section
1533 36a-487, as amended by this act, and who are exempt from licensing
1534 under subdivision (1), (2) or (3) of subsection (a) of section 36a-487, as
1535 amended by this act, if: (i) The aggregate dollar amount of all
1536 residential mortgage loans originated by such licensee at all licensed
1537 locations or by the exempt registrant during the preceding four
1538 quarters ending June thirtieth is less than thirty million dollars, the

1539 penal sum of the bond shall be one hundred thousand dollars; (ii) the
1540 aggregate dollar amount of all residential mortgage loans originated
1541 by such licensee at all licensed locations or by the exempt registrant
1542 during the preceding four quarters ending June thirtieth is thirty
1543 million dollars or more but less than one hundred million dollars, the
1544 penal sum of the bond shall be two hundred thousand dollars; (iii) the
1545 aggregate dollar amount of all residential mortgage loans originated
1546 by such licensee at all licensed locations or by the exempt registrant
1547 during the preceding four quarters ending June thirtieth is one
1548 hundred million dollars or more but less than two hundred fifty
1549 million dollars, the penal sum of the bond shall be three hundred
1550 thousand dollars; and (iv) the aggregate dollar amount of all
1551 residential mortgage loans originated by such licensee at all licensed
1552 locations or by the exempt registrant during the preceding four
1553 quarters ending June thirtieth is two hundred fifty million dollars or
1554 more, the penal sum of the bond shall be five hundred thousand
1555 dollars.

1556 (B) For mortgage broker licensees and persons who are sponsoring
1557 and bonding at least one mortgage loan originator as an exempt
1558 registrant under subsection (d) of section 36a-487, as amended by this
1559 act, and who are exempt from licensing under subsection (b) or (c) of
1560 section 36a-487, as amended by this act, if: (i) The aggregate dollar
1561 amount of all residential mortgage loans originated by such licensee at
1562 all licensed locations or by the exempt registrant during the preceding
1563 four quarters ending June thirtieth is less than thirty million dollars,
1564 the penal sum of the bond shall be fifty thousand dollars; (ii) the
1565 aggregate dollar amount of all residential mortgage loans originated
1566 by such licensee at all licensed locations or by the exempt registrant
1567 during the preceding four quarters ending June thirtieth is thirty
1568 million dollars or more but less than fifty million dollars, the penal
1569 sum of the bond shall be one hundred thousand dollars; and (iii) the
1570 aggregate dollar amount of all residential mortgage loans originated
1571 by such licensee at all licensed locations or by the exempt registrant
1572 during the preceding four quarters ending June thirtieth is fifty million
1573 dollars or more, the penal sum of the bond shall be one hundred fifty

1574 thousand dollars.

1575 (7) For purposes of this subsection, the aggregate dollar amount of
1576 all residential mortgage loans originated by such licensee or exempt
1577 registrant includes the aggregate dollar amount of all closed residential
1578 mortgage loans that the licensee or exempt registrant originated,
1579 brokered or made, as applicable.

1580 (8) Financial information necessary to verify the aggregate dollar
1581 amount of residential mortgage loans originated shall be filed with the
1582 commissioner, as the commissioner may require, and shall be reported
1583 on the system at such time and in such form as the system may
1584 require.

1585 (9) The commissioner may require a change in the penal sum of the
1586 bond if the commissioner determines at any time that the aggregate
1587 dollar amount of all residential mortgage loans originated warrants a
1588 change in the penal sum of the bond.

1589 Sec. 14. Section 36a-493 of the 2018 supplement to the general
1590 statutes is repealed and the following is substituted in lieu thereof
1591 (*Effective October 1, 2018*):

1592 (a) Each mortgage lender, mortgage correspondent lender and
1593 mortgage broker licensee, and each bona fide nonprofit organization
1594 exempt from licensure under subdivision (2) of subsection (b) of
1595 section 36a-487, as amended by this act, shall maintain adequate
1596 records of each residential mortgage loan transaction at the office
1597 named in the license, or, if requested by the commissioner, shall make
1598 such records available at such office or send such records to the
1599 commissioner by registered or certified mail, return receipt requested,
1600 or by any express delivery carrier that provides a dated delivery
1601 receipt, not later than five business days after requested by the
1602 commissioner to do so. Upon request, the commissioner may grant a
1603 licensee or exempt bona fide nonprofit organization additional time to
1604 make such records available or send them to the commissioner. Such
1605 records shall provide the following information: (1) A copy of any

1606 disclosures required under part III of chapter 669; (2) whether the
1607 licensee or exempt bona fide nonprofit organization acted as a
1608 mortgage lender, a mortgage correspondent lender, a mortgage broker,
1609 a mortgage lender and a mortgage broker, or a mortgage
1610 correspondent lender and a mortgage broker; (3) if the licensee or
1611 exempt bona fide nonprofit organization is acting as a mortgage lender
1612 or mortgage correspondent lender, and retains the residential
1613 mortgage loan or receives payments thereon, an adequate loan history
1614 for those loans retained or upon which payments are received,
1615 itemizing the amount and date of each payment and the unpaid
1616 balance at all times; (4) the purpose for which the loan was made; (5)
1617 the original or an exact copy of the note, loan agreement or other
1618 evidence of indebtedness and mortgage deed; (6) a statement signed
1619 by the borrower acknowledging the receipt of such statement which
1620 discloses the full amount of any fee, commission or consideration paid
1621 to the mortgage lender, mortgage correspondent lender and mortgage
1622 broker for all services in connection with the origination and
1623 settlement of the residential mortgage loan; (7) the name and address
1624 of the mortgage lender, mortgage correspondent lender and the
1625 mortgage broker, if any, involved in the loan transaction; (8) a copy of
1626 the initial and a copy of the final residential mortgage loan application
1627 taken from the borrower; and (9) a copy of all information used in
1628 evaluating the application.

1629 (b) For each loan that is made and serviced by a licensee or exempt
1630 bona fide nonprofit organization, the licensee or exempt bona fide
1631 nonprofit organization shall retain: (1) The records of such loan
1632 transaction for not less than two years following the final payment
1633 thereon, or the assignment of such loan, whichever occurs first, or such
1634 longer period as may be required by any other provision of law, and
1635 (2) copies of the note, Closing Disclosure or other settlement statement,
1636 or such other records as are sufficient to verify the mortgage lender's
1637 or mortgage correspondent lender's compliance with section 36a-498a,
1638 as amended by this act, for not less than five years from the date of the
1639 transaction.

1640 (c) For each loan transaction in which a licensee or exempt bona fide
1641 nonprofit organization acts as a mortgage lender, mortgage
1642 correspondent lender or mortgage broker but does not service the loan,
1643 the licensee or exempt bona fide nonprofit organization shall retain: (1)
1644 The records of such loan transaction for not less than two years from
1645 the date of the transaction or such longer period as may be required by
1646 any other provision of law, and (2) copies of the note, Closing
1647 Disclosure or other settlement statement, or such other records as are
1648 sufficient to verify the mortgage lender's or mortgage correspondent
1649 lender's compliance with section 36a-498a, as amended by this act, for
1650 not less than five years from the date of the transaction.

1651 (d) Each lead generator licensee shall maintain adequate records of
1652 its lead generation activities at the office named in the license, or, if
1653 requested by the commissioner, shall make such records available at
1654 such office or send such records to the commissioner by registered or
1655 certified mail, return receipt requested, or by any express delivery
1656 carrier that provides a dated delivery receipt, not later than five
1657 business days after such records are requested by the commissioner.
1658 Upon request, the commissioner may grant a lead generator licensee
1659 additional time to make such records available or send such records to
1660 the commissioner. Such records shall include, for the preceding two-
1661 year period: (1) Copies of all solicitation materials used in the lead
1662 generator's business regardless of medium, including, but not limited
1663 to, business cards, telephone scripts, mailers, electronic mail and radio,
1664 television and Internet advertisements; (2) records of any contact or
1665 attempted contact with a consumer, including the name, date, method
1666 and nature of contact, and any information provided to or received
1667 from the consumer; and (3) the name, address and, if applicable,
1668 unique identifier of any person who received, requested or contracted
1669 for leads or referrals and any fees or consideration charged or received
1670 for such services.

1671 (e) Any person who furnishes to a licensee or an exempt bona fide
1672 nonprofit organization any records required to be maintained under
1673 this section or any information necessary to complete such records

1674 may charge a fee to the licensee or exempt bona fide nonprofit
1675 organization in an amount not to exceed fifty dollars.

1676 Sec. 15. Section 36a-494 of the 2018 supplement to the general
1677 statutes is repealed and the following is substituted in lieu thereof
1678 (*Effective October 1, 2018*):

1679 (a) (1) The commissioner may suspend, revoke or refuse to renew
1680 any mortgage lender, mortgage correspondent lender or mortgage
1681 broker license or take any other action, in accordance with the
1682 provisions of section 36a-51, as amended by this act, for any reason
1683 which would be sufficient grounds for the commissioner to deny an
1684 application for such license under sections 36a-485 to [36a-498f] 36a-
1685 498e, inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-
1686 534b, as amended by this act, or if the commissioner finds that the
1687 licensee, any control person of the licensee, the qualified individual or
1688 branch manager, [with supervisory authority,] trustee, employee or
1689 agent of such licensee has done any of the following: (A) Made any
1690 material misstatement in the application; (B) committed any fraud,
1691 misappropriated funds or misrepresented, concealed, suppressed,
1692 intentionally omitted or otherwise intentionally failed to disclose any
1693 of the material particulars of any residential mortgage loan transaction,
1694 including disclosures required by subdivision (6) of subsection (a) of
1695 section 36a-493, as amended by this act, or part III of chapter 669 or
1696 regulations adopted pursuant thereto, to anyone entitled to such
1697 information; (C) violated any of the provisions of this title or of any
1698 regulation or order adopted or issued pursuant thereto [, and]
1699 pertaining to any such person, or any other law or regulation
1700 applicable to the conduct of its business; or (D) failed to perform any
1701 agreement with a licensee or a borrower. For purposes of this
1702 subdivision, "agent" includes any settlement agent used by the licensee
1703 and "settlement agent" means the person specified in any Closing
1704 Disclosure or other settlement statement, provided such settlement
1705 agent has been selected by the licensee. Any settlement agent whose
1706 name appears on the licensee's list of approved settlement agents shall
1707 be deemed selected by the licensee even if the settlement agent is

1708 selected from such list by the borrower.

1709 (2) The commissioner may suspend, revoke or refuse to renew any
1710 mortgage loan originator license or any loan processor or underwriter
1711 license or take any other action, in accordance with the provisions of
1712 section 36a-51, as amended by this act, for any reason which would be
1713 sufficient grounds for the commissioner to deny an application for
1714 such license under sections 36a-485 to [36a-498f] 36a-498e, inclusive, as
1715 amended by this act, 36a-498h, 36a-534a and 36a-534b, as amended by
1716 this act, or if the commissioner finds that the licensee has committed
1717 any fraud, misappropriated funds, misrepresented, concealed,
1718 suppressed, intentionally omitted or otherwise intentionally failed to
1719 disclose any of the material particulars of any residential mortgage
1720 loan transaction or has violated any of the provisions of this title or of
1721 any [regulations] regulation or order adopted or issued pursuant [to
1722 such title] thereto pertaining to any such person, or any other law or
1723 regulation applicable to the conduct of such licensee's business.

1724 (3) The commissioner may suspend, revoke or refuse to renew any
1725 lead generator license or take any other action, in accordance with the
1726 provisions of section 36a-51, as amended by this act, for any reason
1727 that would be sufficient grounds for the commissioner to deny an
1728 application for such license under sections 36a-485 to [36a-498f] 36a-
1729 498e, inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-
1730 534b, as amended by this act, or if the commissioner finds that the
1731 licensee, any control person of the licensee or qualified individual,
1732 trustee, employee or agent of such licensee has done any of the
1733 following: (A) Made any material misstatement in the application for
1734 licensure; (B) committed any fraud or misrepresentation in connection
1735 with such licensee's lead generator business; or (C) violated any of the
1736 provisions of this title or of any [regulations] regulation or order
1737 adopted or issued pursuant thereto, and pertaining to any such person,
1738 or any other law or regulation applicable to the conduct of such
1739 licensee's lead generator business.

1740 (b) Whenever it appears to the commissioner that (1) any person has

1741 violated, is violating or is about to violate any of the provisions of
1742 sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this
1743 act, 36a-498h, 36a-534a and 36a-534b, as amended by this act, or any
1744 regulation adopted pursuant thereto, (2) any person is, was, or would
1745 be a cause of the violation of any such provisions or regulation due to
1746 an act or omission such person knew or should have known would
1747 contribute to such violation, or (3) any licensee has failed to perform
1748 any agreement with a borrower, committed any fraud,
1749 misappropriated funds or misrepresented, concealed, suppressed,
1750 intentionally omitted or otherwise intentionally failed to disclose any
1751 of the material particulars of any residential mortgage loan transaction,
1752 including disclosures required by subdivision (6) of subsection (a) of
1753 section 36a-493, as amended by this act, or part III of chapter 669 or
1754 regulations adopted pursuant thereto, to anyone entitled to such
1755 information, the commissioner may take action against such person or
1756 licensee in accordance with sections 36a-50 and 36a-52.

1757 (c) [(1)] The commissioner may order a licensee to remove any
1758 individual conducting business under sections 36a-485 to [36a-498f]
1759 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a and
1760 36a-534b, as amended by this act, from office and from employment or
1761 retention as an independent contractor in the mortgage business in this
1762 state [whenever the commissioner finds as the result of an
1763 investigation that such individual: (A) Has violated any of said
1764 sections or any regulation or order issued thereunder; or (B) for any
1765 reason that would be sufficient grounds for the commissioner to deny
1766 a license under section 36a-489, by sending a notice to such individual
1767 by registered or certified mail, return receipt requested, or by any
1768 express delivery carrier that provides a dated delivery receipt. The
1769 notice shall be deemed received by such individual on the earlier of the
1770 date of actual receipt or seven days after mailing or sending. Any such
1771 notice shall include: (i) A statement of the time, place and nature of the
1772 hearing; (ii) a statement of the legal authority and jurisdiction under
1773 which the hearing is to be held; (iii) a reference to the particular
1774 sections of the general statutes, regulations or orders alleged to have
1775 been violated; (iv) a short and plain statement of the matters asserted;

1776 and (v) a statement indicating that such individual may file a written
1777 request for a hearing on the matters asserted not later than fourteen
1778 days after receipt of the notice. If the commissioner finds that the
1779 protection of borrowers requires immediate action, the commissioner
1780 may suspend any such individual from office and require such
1781 individual to take or refrain from taking such action as in the opinion
1782 of the commissioner will effectuate the purposes of this subsection, by
1783 incorporating a finding to that effect in such notice. The suspension or
1784 prohibition shall become effective upon receipt of such notice and,
1785 unless stayed by a court, shall remain in effect until the entry of a
1786 permanent order or the dismissal of the matters asserted] in
1787 accordance with section 5 of this act.

1788 [(2) If a hearing is requested within the time specified in the notice,
1789 the commissioner shall hold a hearing upon the matters asserted in the
1790 notice unless such individual fails to appear at the hearing. After the
1791 hearing, if the commissioner finds that any of the grounds set forth in
1792 subparagraph (A) or (B), of subdivision (1) of this subsection exist with
1793 respect to such individual, the commissioner may order the removal of
1794 such individual from office and from any employment in the mortgage
1795 business in this state. If such individual fails to appear at the hearing,
1796 the commissioner may order the removal of such individual from
1797 office and from employment in the mortgage business in this state.]

1798 (d) The commissioner may issue a temporary order to cease
1799 business under a license if the commissioner determines that such
1800 license was issued erroneously. [The commissioner shall give the
1801 licensee an opportunity for a hearing on such action in accordance
1802 with section 36a-52. Such temporary order shall become effective upon
1803 receipt by the licensee and, unless set aside or modified by a court,
1804 shall remain in effect until the effective date of a permanent order or
1805 dismissal of the matters asserted in the notice.] Such temporary order
1806 shall be issued in accordance with subsection (j) of section 36a-24b and
1807 section 36a-52.

1808 Sec. 16. Section 36a-496 of the general statutes is repealed and the

1809 following is substituted in lieu thereof (*Effective October 1, 2018*):

1810 No person engaged in the business of making residential mortgage
1811 loans in this state, whether licensed in accordance with the provisions
1812 of sections 36a-485 to [36a-498a] 36a-498e, inclusive, as amended by
1813 this act, 36a-534a and 36a-534b, as amended by this act, or exempt
1814 from licensing, shall accept applications or referral of applicants from,
1815 or pay a fee to, any mortgage broker or mortgage loan originator who
1816 is required to be licensed under said sections but was not, as of the
1817 time of the performance of such mortgage broker's or mortgage loan
1818 originator's services in connection with loans made or to be made by
1819 the mortgage lender or mortgage correspondent lender, licensed to act
1820 as such by the commissioner, if the mortgage lender or mortgage
1821 correspondent lender has actual knowledge that the mortgage broker
1822 or mortgage loan originator was not licensed by the commissioner.

1823 Sec. 17. Section 36a-498 of the general statutes is repealed and the
1824 following is substituted in lieu thereof (*Effective October 1, 2018*):

1825 (a) Except as provided in subsection (c) of this section, every
1826 advance fee paid or given, directly or indirectly, to a mortgage lender,
1827 mortgage correspondent lender or mortgage broker required to be
1828 licensed pursuant to sections 36a-485 to [36a-498f] 36a-498e, inclusive,
1829 as amended by this act, 36a-534a and 36a-534b, as amended by this act,
1830 shall be refundable.

1831 (b) No mortgage loan originator required to be licensed pursuant to
1832 sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this
1833 act, 36a-534a and 36a-534b, as amended by this act, shall accept
1834 payment of any advance fee except an advance fee on behalf of a
1835 mortgage lender, mortgage correspondent lender or mortgage broker
1836 licensee. Nothing in this subsection shall be construed as prohibiting
1837 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.

1871 (f) (1) No mortgage lender, mortgage correspondent lender or
1872 mortgage broker required to be licensed pursuant to sections 36a-485
1873 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-534a and

1874 36a-534b, as amended by this act, shall enter into an agreement with or
1875 otherwise require any person to pay the mortgage lender, mortgage
1876 correspondent lender or mortgage broker for any fee, commission or
1877 other valuable consideration lost as a result of such person failing to
1878 consummate a residential mortgage loan, provided the mortgage
1879 lender, mortgage correspondent lender or mortgage broker may collect
1880 such fee, commission or consideration as an advance fee subject to the
1881 requirements of this section.

1882 (2) No mortgage broker required to be licensed pursuant to sections
1883 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-
1884 534a and 36a-534b, as amended by this act, shall enter into an
1885 agreement with or otherwise require any person to pay the mortgage
1886 broker any fee, commission or other valuable consideration for the
1887 prepayment of the principal of a residential mortgage loan by such
1888 person before the date on which the principal is due.

1889 (g) (1) For the purposes of this subsection:

1890 (A) "Unfair or deceptive act or practice" means (i) the failure to
1891 clearly and conspicuously state in the initial phase of the solicitation
1892 that the solicitor is not affiliated with the mortgage lender, mortgage
1893 correspondent lender or mortgage broker with which the consumer
1894 initially applied, (ii) the failure to clearly and conspicuously state in
1895 the initial phase of the solicitation that the solicitation is based on
1896 personal information about the consumer that was purchased, directly
1897 or indirectly, from a consumer reporting agency without the
1898 knowledge or permission of the mortgage lender, mortgage
1899 correspondent lender or mortgage broker with which the consumer
1900 initially applied, (iii) the failure in the initial solicitation to comply
1901 with the provisions of the federal Fair Credit Reporting Act relating to
1902 prescreening solicitations that use consumer reports, including the
1903 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*):

1935 (a) No mortgage lender licensee or mortgage correspondent lender
1936 licensee under section 36a-489, as amended by this act, and no person
1937 exempt from licensure under [subdivision (1)] subdivisions (1) to (3),
1938 inclusive, of subsection (a) and subdivisions (1) [,] and (4) [and (5)] of

1939 subsection (b) of section 36a-487, as amended by this act, making a first
1940 mortgage loan may charge, impose or cause to be paid, directly or
1941 indirectly, prepaid finance charges that exceed in the aggregate, the
1942 greater of five per cent of the principal amount of the loan or two
1943 thousand dollars. If the proceeds of the loan are used to refinance an
1944 existing loan, the aggregate of the prepaid finance charges for the
1945 current refinancing and any previous financings by such licensee or
1946 exempt person or affiliate of such licensee or exempt person within
1947 two years of the current refinancing shall not exceed the greater of five
1948 per cent of the principal amount of the initial loan or two thousand
1949 dollars. The provisions of this section shall not prohibit such licensee
1950 or exempt person from charging, imposing or causing to be paid,
1951 directly or indirectly, prepaid finance charges in addition to those
1952 permitted by this section in connection with any additional proceeds
1953 received by the borrower in the refinancing, provided such prepaid
1954 finance charges on the additional proceeds shall not exceed five per
1955 cent of the additional proceeds.

1956 Sec. 19. Section 36a-498d of the general statutes is repealed and the
1957 following is substituted in lieu thereof (*Effective October 1, 2018*):

1958 (a) (1) The unique identifier of any mortgage loan originator or loan
1959 processor or underwriter licensed under section 36a-489, as amended
1960 by this act, shall be clearly shown on all residential mortgage loan
1961 application forms. [.]

1962 (2) The unique identifier of any mortgage lender, mortgage
1963 correspondent lender, mortgage broker or lead generator licensed
1964 under section 36a-489, as amended by this act, shall be clearly shown
1965 on all solicitations or advertisements, including business cards or web
1966 sites, and any other documents as established by rule, regulation or
1967 order of the commissioner and shall be clearly stated in all audio
1968 solicitations or advertisements.

1969 (3) The unique identifier of a mortgage loan originator or loan
1970 processor or underwriter licensed under section 36a-489, as amended
1971 by this act, shall be clearly shown on all solicitations and

1972 advertisements, including business cards and web sites, and any other
1973 documents as established by rule, regulation or order of the
1974 commissioner, and shall be clearly stated in all audio solicitations and
1975 advertisements when disseminated by: (A) A mortgage loan originator
1976 or loan processor or underwriter regarding such individual's own
1977 services, or (B) the sponsor of such mortgage loan originator or loan
1978 processor or underwriter if such solicitation or advertisement
1979 identifies the services of a particular mortgage loan originator or loan
1980 processor or underwriter.

1981 (b) The advertising of any person licensed under section 36a-489, as
1982 amended by this act: (1) Shall not include any statement that such
1983 person is endorsed in any way by this state, except that such
1984 advertising may include a statement that such person is licensed in this
1985 state; (2) shall not include any statement or claim that is false,
1986 deceptive or misleading; (3) shall otherwise conform to the
1987 requirements of sections 36a-485 to 36a-498e, inclusive, as amended by
1988 this act, 36a-498h, 36a-534a and 36a-534b, as amended by this act, any
1989 regulations issued thereunder and any other applicable law; and (4)
1990 shall be retained for two years from the date of its use.

1991 Sec. 20. Section 36a-498e of the 2018 supplement to the general
1992 statutes, as amended by section 9 of public act 17-233 and section 24 of
1993 public act 17-236, is repealed and the following is substituted in lieu
1994 thereof (*Effective October 1, 2018*):

1995 (a) No person who is required to be licensed and who is subject to
1996 sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this
1997 act, 36a-534a and 36a-534b, as amended by this act, may, directly or
1998 indirectly:

1999 (1) Employ any scheme, device or artifice to defraud or mislead
2000 borrowers or lenders or to defraud any person;

2001 (2) Engage in any unfair or deceptive practice toward any person;

2002 (3) Obtain property by fraud or misrepresentation;

2003 (4) Solicit or enter into a contract with a borrower that provides in
2004 substance that such person or individual may earn a fee or commission
2005 through "best efforts" to obtain a loan even though no loan is actually
2006 obtained for the borrower;

2007 (5) Solicit, advertise or enter into a contract for specific interest rates,
2008 points or other financing terms unless the terms are actually available
2009 at the time of soliciting, advertising or contracting;

2010 (6) Conduct any business as a mortgage lender, mortgage
2011 correspondent lender, mortgage broker, lead generator, mortgage loan
2012 originator or loan processor or underwriter without holding a valid
2013 license as required under sections 36a-485 to [36a-498f] 36a-498e,
2014 inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as
2015 amended by this act, or assist or [aide] aid and abet any person in the
2016 conduct of business as a mortgage lender, mortgage correspondent
2017 lender, mortgage broker, mortgage loan originator or loan processor or
2018 underwriter without a valid license as required under said sections;

2019 (7) Fail to make disclosures as required by sections 36a-485 to [36a-
2020 498f] 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a
2021 and 36a-534b, as amended by this act, and any other applicable state or
2022 federal law including regulations thereunder;

2023 (8) Fail to comply with sections 36a-485 to [36a-498f] 36a-498e,
2024 inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as
2025 amended by this act, or rules or regulations adopted under said
2026 sections or fail to comply with any other state or federal law, including
2027 the rules and regulations thereunder, applicable to any business
2028 authorized or conducted under said sections;

2029 (9) Make, in any manner, any false or deceptive statement or
2030 representation including, with regard to the rates, points or other
2031 financing terms or conditions for a residential mortgage loan, or
2032 engage in bait and switch advertising;

2033 (10) Negligently make any false statement or knowingly and

2034 wilfully make any omission of material fact in connection with any
2035 information or reports filed with a governmental agency or the system,
2036 as defined in section 36a-2, as amended by this act, or in connection
2037 with any investigation conducted by the commissioner or another
2038 governmental agency;

2039 (11) Make any payment, threat or promise, directly or indirectly, to
2040 any person for the purposes of influencing the independent judgment
2041 of the person in connection with a residential mortgage loan as defined
2042 in section 36a-485, as amended by this act, or make any payment,
2043 threat or promise, directly or indirectly, to any appraiser of a property,
2044 for the purposes of influencing the independent judgment of the
2045 appraiser with respect to the value of the property;

2046 (12) Collect, charge, attempt to collect or charge or use or propose
2047 any agreement purporting to collect or charge any fee prohibited by
2048 sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this
2049 act, 36a-498h, 36a-534a and 36a-534b, as amended by this act;

2050 (13) Cause or require a borrower to obtain property insurance
2051 coverage in an amount that exceeds the replacement cost of the
2052 improvements as established by the property insurer; or

2053 (14) Fail to truthfully account for moneys belonging to a party to a
2054 residential mortgage loan transaction.

2055 (b) (1) No person, other than an individual, who is required to be
2056 licensed and is subject to sections 36a-485 to [36a-498f] 36a-498e,
2057 inclusive, as amended by this act, 36a-534a and 36a-534b, as amended
2058 by this act, and no qualifying individual or branch manager shall fail
2059 to establish, enforce and maintain policies and procedures reasonably
2060 designed to achieve compliance with subsection (a) of this section.

2061 (2) No individual who (A) is required to be licensed as a mortgage
2062 loan originator, (B) is subject to sections 36a-485 to [36a-498f] 36a-498e,
2063 inclusive, as amended by this act, 36a-534a and 36a-534b, as amended
2064 by this act, and (C) supervises loan processors or loan underwriters

2065 shall fail to enforce any policies and procedures established in
2066 accordance with subdivision (1) of this subsection.

2067 (3) No violation of this subsection shall be found unless the failure
2068 to establish, enforce and maintain policies and procedures resulted in
2069 conduct in violation of sections 36a-485 to ~~[36a-498f]~~ 36a-498e,
2070 inclusive, as amended by this act, 36a-498h, 36a-534a [to] and 36a-534b,
2071 inclusive, as amended by this act, or rules or regulations adopted
2072 under said sections or any other state or federal law, including the
2073 rules and regulations thereunder, applicable to any business
2074 authorized or conducted under said sections.

2075 Sec. 21. Section 36a-498g of the general statutes is repealed and the
2076 following is substituted in lieu thereof (*Effective October 1, 2018*):

2077 If any provision or application of section 36a-21, sections 36a-485 to
2078 ~~[36a-498f]~~ 36a-498e, inclusive, as amended by this act, or sections 36a-
2079 498h, 36a-534a and 36a-534b, as amended by this act, to any person or
2080 circumstance is held invalid by a court of this state, the remainder of
2081 said sections or the application of such provision to other persons or
2082 circumstances shall not be affected.

2083 Sec. 22. Section 36a-534b of the 2018 supplement to the general
2084 statutes is repealed and the following is substituted in lieu thereof
2085 (*Effective October 1, 2018*):

2086 (a) (1) In addition to any other duties imposed upon the
2087 commissioner by law, the commissioner shall require mortgage
2088 lenders, mortgage correspondent lenders, mortgage brokers, lead
2089 generators, mortgage loan originators and loan processors or
2090 underwriters to be licensed and registered through the system. In
2091 order to carry out this requirement, the commissioner shall participate
2092 in the system and permit the system to process applications for
2093 mortgage lender, mortgage correspondent lender, mortgage broker,
2094 lead generator, mortgage loan originator and loan processor or
2095 underwriter licenses in this state and receive and maintain records
2096 related to such licenses that are allowed or required to be maintained

2097 by the commissioner. For this purpose, the commissioner may
2098 establish requirements as necessary for participation in the system,
2099 including: (A) Background checks for criminal history through (i)
2100 fingerprint or other databases, (ii) civil or administrative records, or
2101 (iii) credit history or any other information as deemed necessary by the
2102 system; (B) the payment of fees to apply for or renew licenses through
2103 the system; (C) the setting or resetting of renewal or reporting dates;
2104 and (D) the requirements for amending or surrendering a license or
2105 any other such activities as the commissioner deems necessary for
2106 participation in the system. For the purpose of participating in the
2107 system, the commissioner may waive or modify, in whole or in part,
2108 by regulation or order, any requirement of this section and sections
2109 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-
2110 498h, and 36a-534a and establish new requirements as reasonably
2111 necessary to participate in the system. For the purposes of
2112 implementing an orderly and efficient licensing process, the
2113 commissioner may adopt licensing regulations, in accordance with the
2114 provisions of chapter 54, and interim procedures for licensing and
2115 acceptance of applications. For previously licensed individuals, the
2116 commissioner may establish expedited review and licensing
2117 procedures.

2118 (2) The commissioner shall report regularly to the system violations
2119 of and enforcement actions under sections 36a-485 to [36a-498f] 36a-
2120 498e, inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-
2121 534b, as amended by this act, and other relevant information.

2122 (3) The commissioner may establish relationships or enter into
2123 contracts with the system or other entities designated by the system to
2124 collect and maintain records and process transaction fees or other fees
2125 related to licensees or other persons subject to sections 36a-485 to [36a-
2126 498f] 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a
2127 and 36a-534b, as amended by this act.

2128 (4) For the purposes of sections 36a-485 to [36a-498f] 36a-498e,
2129 inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as

2130 amended by this act, and to reduce the points of contact that the
2131 Federal Bureau of Investigation may have to maintain for purposes of
2132 subsections (b) to (d), inclusive, of section 36a-488, as amended by this
2133 act, the commissioner may use the system as a channeling agent for
2134 requesting information from and distributing information to the
2135 United States Department of Justice or any governmental agency.

2136 (5) For the purposes of sections 36a-485 to [36a-498f] 36a-498e,
2137 inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b, as
2138 amended by this act, and to reduce the points of contact that the
2139 commissioner may have to maintain for purposes of subsections (b) to
2140 (d), inclusive, of section 36a-488, as amended by this act, and section
2141 36a-498h, the commissioner may use the system as a channeling agent
2142 for requesting and distributing information to and from any source, as
2143 directed by the commissioner.

2144 (6) Mortgage lenders, mortgage correspondent lenders, mortgage
2145 brokers, lead generators, mortgage loan originators and loan
2146 processors or underwriters may challenge information entered into the
2147 system by the commissioner. Such challenge shall (A) be made in
2148 writing to the commissioner, (B) set forth the specific information
2149 being challenged, and (C) include any evidence which supports the
2150 challenge. Challenges shall be limited to the factual accuracy of
2151 information within the system. If the commissioner determines that the
2152 information entered into the system is factually inaccurate, the
2153 commissioner shall take prompt action to correct such information.
2154 Nothing in this subdivision shall be construed to permit a challenge
2155 under this section to the merits or factual basis of any administrative
2156 action taken by the commissioner pursuant to this title.

2157 (b) Any licensing or license-related filings shall be submitted
2158 exclusively through the system, except as directed by the
2159 commissioner.

2160 (c) Any person making any filing or submission of any information
2161 on the system shall do so in accordance with the procedures and
2162 requirements of the system and pay the applicable fees or charges to

2163 the system. Each mortgage lender, mortgage correspondent lender,
2164 mortgage broker, lead generator, mortgage loan originator and loan
2165 processor or underwriter licensee and each exempt registrant, to the
2166 extent required by the system, shall timely submit to the system
2167 accurate reports of condition that shall be in such form and shall
2168 contain such information as the system may require. Failure by a
2169 licensee to submit a timely and accurate report of condition shall
2170 constitute a violation of this provision. Failure of an exempt registrant
2171 to timely and accurately submit a report of condition shall form a basis
2172 to inactivate the licenses of all sponsored mortgage loan originators or
2173 loan processor or underwriters. To the extent that the system does not
2174 require submission of reports of condition by individual mortgage
2175 loan originator or loan processor or underwriter licensees, such
2176 individual licensees shall timely and accurately report all required
2177 information in their possession to their sponsor for purposes of their
2178 sponsor's reporting obligation. Failure of an individual licensee to
2179 timely and accurately report required information in such licensee's
2180 possession to such licensee's sponsor shall constitute a violation of this
2181 provision.

2182 Sec. 23. Section 36a-535 of the 2018 supplement to the general
2183 statutes is repealed and the following is substituted in lieu thereof
2184 (*Effective October 1, 2018*):

2185 As used in sections 36a-535 to [36a-546] 36a-547, inclusive, as
2186 amended by this act, unless the context otherwise requires:

2187 (1) The terms "goods", "retail installment sale", "retail installment
2188 contract", "installment loan contract", "retail seller" and "retail buyer"
2189 have the same meanings as provided in section 36a-770;

2190 (2) "Sales finance company" means any person engaging in this state
2191 in the business, in whole or in part, of (A) acquiring retail installment
2192 contracts or installment loan contracts from the holders thereof, by
2193 purchase, discount or pledge, or by loan or advance to the holder of
2194 either on the security thereof, or otherwise, or (B) [acquiring retail
2195 installment loan contracts or installment loan contracts as described in

2196 subparagraph (A) of this subsection and subsequently conveying,
2197 assigning or otherwise transferring any interest in such contract to
2198 another person, but continuing to receive payments of principal and
2199 interest from a retail buyer under such contract] receiving payments of
2200 principal and interest from a retail buyer under a retail installment
2201 contract or installment loan contract whether such person owns such
2202 contract or has conveyed, assigned or otherwise transferred any
2203 interest in such contract to another person. "Sales finance company"
2204 does not include a bank, out-of-state bank, Connecticut credit union,
2205 federal credit union, or out-of-state credit union, if so engaged;

2206 (3) "Advertise" or "advertising" has the same meaning as provided
2207 in section 36a-485, as amended by this act; [and]

2208 (4) "Control person" has the same meaning as provided in section
2209 36a-485, [.] as amended by this act;

2210 (5) "Branch office" means a location other than the main office at
2211 which a licensee or any person on behalf of a licensee acts as a sales
2212 finance company;

2213 (6) "Main office" has the same meaning as provided in section 36a-
2214 485, as amended by this act; and

2215 (7) "Unique identifier" has the same meaning as provided in section
2216 36a-485, as amended by this act.

2217 Sec. 24. Section 36a-536 of the general statutes is repealed and the
2218 following is substituted in lieu thereof (*Effective October 1, 2018*):

2219 No person, unless excluded from the definition of a "sales finance
2220 company" as provided in section 36a-535, as amended by this act, shall
2221 (1) engage in the business of a sales finance company unless [licensed
2222 as provided in sections 36a-535 to 36a-546, inclusive] such person has
2223 obtained a license for its main office and for each branch office where
2224 such business is conducted in accordance with the provisions of
2225 sections 36a-535 to 36a-547, inclusive, as amended by this act, and (2)
2226 conduct any activity that is subject to licensure pursuant to sections

2227 36a-535 to 36a-547, inclusive, as amended by this act, at any office
2228 located outside of the United States. A licensee under [said] sections
2229 36a-535 to 36a-547, inclusive, as amended by this act, shall not be
2230 required to obtain any other license in this state in order to perform
2231 any act permitted or required to be performed by such licensee under
2232 said sections.

2233 Sec. 25. Section 36a-537 of the general statutes is repealed and the
2234 following is substituted in lieu thereof (*Effective October 1, 2018*):

2235 (a) [The application for a license as a sales finance company shall be
2236 on a form prescribed by the commissioner, in writing and under oath,
2237 together with such exhibits and other pertinent information as the
2238 commissioner may require. The application shall include (1) the
2239 history of criminal convictions of the applicant; and the partners, if the
2240 applicant is a partnership; the members, if the applicant is a limited
2241 liability company or association; or the officers, directors and principal
2242 employees if the applicant is a corporation; and (2) sufficient
2243 information pertaining to the history of criminal convictions, in a form
2244 acceptable to the commissioner, on such applicant, partners, directors,
2245 members, officers, and principal employees as the commissioner
2246 deems necessary to make findings under section 36a-541. The
2247 commissioner, in accordance with section 29-17a, may conduct a state
2248 and national criminal history records check of the applicant and of
2249 each partner, member, officer, director and principal employee of the
2250 applicant.] An application for a license as a sales finance company or
2251 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
2286 application is deemed abandoned pursuant to this section shall not be
2287 refunded. Abandonment of an application pursuant to this section
2288 shall not preclude the applicant from submitting a new application for
2289 a license under sections 36a-535 to [36a-546] 36a-547, inclusive, as
2290 amended by this act.

2291 Sec. 26. Section 36a-539 of the 2018 supplement to the general
2292 statutes is repealed and the following is substituted in lieu thereof
2293 (*Effective October 1, 2018*):

2294 (a) Each [person applying to the commissioner] applicant for a sales
2295 finance company license shall pay to the system any required fees or
2296 charges and a license fee of [eight] four hundred dollars. [, provided if
2297 such application is filed not earlier than one year before the date such
2298 license will expire, such person shall pay a license fee of four hundred
2299 dollars.] Each such license [issued pursuant to sections 36a-535 to 36a-
2300 546, inclusive,] shall expire at the close of business on [September
2301 thirtieth of the odd-numbered year following its issuance] December
2302 thirty-first of the year in which the license was approved, unless such
2303 license is renewed, [provided] except that any such license [that is
2304 renewed effective July 1, 2003,] approved on or after November first
2305 shall expire [on September 30, 2005. Whenever an application for a
2306 license is filed under this section by any person who was a licensee
2307 under sections 36a-535 to 36a-546, inclusive, and whose license expired
2308 less than sixty days prior to the date such application was filed, such
2309 application shall be accompanied by a one-hundred-dollar processing
2310 fee in addition to the application fee. Not more than one place of
2311 business shall be maintained under the same license, but the
2312 commissioner may issue more than one license to the same licensee
2313 upon receipt of an application and the payment of the appropriate
2314 license fee] at the close of business on December thirty-first of the year
2315 following the year in which it is approved. An application for renewal
2316 of a license shall be filed between November first and December thirty-
2317 first of the year in which such license expires. Each applicant for
2318 renewal of a license shall pay to the system any required fees or
2319 charges and a renewal fee of four hundred dollars.

2320 (b) [If the commissioner determines that a check filed with the
2321 commissioner to pay a fee under subsection (a) of this section has been
2322 dishonored, the commissioner shall automatically suspend the license.
2323 The commissioner shall give the licensee notice of the automatic
2324 suspension pending proceedings for revocation and an opportunity for
2325 a hearing on such action in accordance with section 36a-51.] In
2326 accordance with section 36a-24b, the commissioner may automatically
2327 suspend any license if the licensee has received a deficiency on the
2328 system indicating that a required payment was Returned-ACH or

2329 returned pursuant to any other term as may be utilized by the system
2330 to indicate that payment was not accepted. After a license has been
2331 automatically suspended pursuant to this subsection, the
2332 commissioner shall (1) give the licensee notice of the automatic
2333 suspension pending proceedings for revocation or refusal to renew
2334 pursuant to section 36a-543, as amended by this act, and an
2335 opportunity for a hearing on such action in accordance with section
2336 36a-51, as amended by this act, and (2) require such licensee to take or
2337 refrain from taking action as the commissioner deems necessary to
2338 effectuate the purposes of this section.

2339 (c) No abatement of the license fee shall be made if the application is
2340 denied or withdrawn prior to issuance of the license or if the license is
2341 surrendered, revoked or suspended prior to the expiration of the
2342 period for which it was issued. All fees required by this section [and
2343 section 36a-542] shall be nonrefundable.

2344 (d) No person who is required to be licensed and who is subject to
2345 the provisions of sections 36a-535 to [36a-546] 36a-547, inclusive, as
2346 amended by this act, and no control person shall, directly or indirectly:
2347 (1) Employ any scheme, device or artifice to defraud or mislead any
2348 person in connection with a retail installment contract or a retail
2349 installment loan; (2) engage in any unfair or deceptive practice toward
2350 any person in connection with a retail installment contract or a retail
2351 installment loan; (3) obtain property by fraud or misrepresentation; (4)
2352 solicit, advertise or offer rates or other financing terms for a retail
2353 installment contract or a retail installment loan unless those rates or
2354 terms are actually available at the time of soliciting, advertising or
2355 offering such rates or terms; (5) fail to comply with the provisions of
2356 sections 36a-535 to [36a-546] 36a-547, inclusive, as amended by this act,
2357 or the rules or regulations adopted under said sections, or fail to
2358 comply with any other state or federal law, including the rules and
2359 regulations thereunder; (6) make, in any manner, any false or
2360 deceptive statement or representation, including with regard to rates
2361 or other financing terms or conditions or engage in bait and switch
2362 advertising; (7) negligently make any false statement or knowingly

2363 and wilfully make any omission of material fact in connection with any
2364 information or reports filed with a governmental agency or the system,
2365 or in connection with any investigation conducted by the
2366 commissioner or another governmental agency; (8) make any payment,
2367 threat or promise to any person for the purposes of influencing the
2368 independent judgment of the person in connection with the business of
2369 a sales finance company; (9) fail to truthfully account for moneys
2370 belonging to a party to a retail installment contract or retail installment
2371 loan; or (10) fail to establish, enforce and maintain policies and
2372 procedures for supervising employees, agents and office operations
2373 that are reasonably designed to achieve compliance with applicable
2374 laws and regulations concerning sales finance companies.

2375 Sec. 27. Section 36a-540 of the general statutes is repealed and the
2376 following is substituted in lieu thereof (*Effective October 1, 2018*):

2377 (a) Each license shall specify the location at which the business is to
2378 be conducted. [Each license shall be maintained at the location for
2379 which it was issued and shall be available for public inspection.] Such
2380 license shall not be transferable or assignable. [Any change of location
2381 of a licensee shall require only prior written notice to the
2382 commissioner. No licensee shall use any name other than the name
2383 specified on the license issued by the commissioner.] Any change in
2384 any control person of the licensee shall be the subject of an advance
2385 change notice filed on the system not later than sixty days prior to the
2386 effective date of such change and no such change shall occur without
2387 the commissioner's approval.

2388 (b) No licensee may use any name other than its legal name or a
2389 fictitious name approved by the commissioner, provided such licensee
2390 may not use its legal name if the commissioner disapproves use of
2391 such name. No licensee shall use any name or address other than the
2392 name and address specified on the license issued by the commissioner.
2393 A licensee may change the name of the licensee or address of the office
2394 specified on the most recent filing with the system if at least thirty
2395 calendar days prior to such change, the licensee files such change with

2396 the system and the commissioner does not disapprove such change, in
2397 writing, or request further information from the licensee within such
2398 thirty-day period.

2399 (c) The commissioner may automatically suspend any license for a
2400 violation of subsection (a) or (b) of this section. After the license has
2401 been automatically suspended pursuant to this subsection, the
2402 commissioner shall (1) give the licensee notice of the automatic
2403 suspension, pending proceedings for revocation of or refusal to renew
2404 the license pursuant to section 36a-543, as amended by this act, and an
2405 opportunity for a hearing in accordance with section 36a-51, as
2406 amended by this act, and (2) require the licensee to take or refrain from
2407 taking action as the commissioner deems necessary to effectuate the
2408 purpose of this section.

2409 (d) Not later than fifteen days after the date a licensee ceases to
2410 engage in this state in the business of a sales finance company for any
2411 reason, including a business decision to terminate operations in this
2412 state, license revocation, bankruptcy or voluntary dissolution, such
2413 licensee shall surrender to the commissioner, [in person or by
2414 registered or certified mail] in accordance with subsection (c) of section
2415 36a-51, as amended by this act, its license for each location in which
2416 such licensee has ceased to engage in such business.

2417 Sec. 28. Section 36a-541 of the general statutes is repealed and the
2418 following is substituted in lieu thereof (*Effective October 1, 2018*):

2419 (a) If the commissioner finds, upon the filing of an application for a
2420 license as a sales finance company, that the financial responsibility,
2421 character, reputation, integrity and general fitness of the applicant,
2422 [and of the partners thereof if the applicant is a partnership, of the
2423 members if the applicant is a limited liability company or association,
2424 and of the officers, directors and principal employees if the applicant is
2425 a corporation,] the applicant's control persons, qualified individual
2426 and any branch manager are such as to warrant belief that the business
2427 will be operated soundly and efficiently, in the public interest and
2428 consistent with the purposes of sections 36a-535 to [36a-546] 36a-547,

2429 inclusive, as amended by this act, the commissioner may thereupon
2430 issue the applicant the license. If the commissioner fails to make such
2431 findings, or if the commissioner finds that the applicant has made any
2432 material misstatement in the application, the commissioner shall not
2433 issue a license, and shall notify the applicant of the denial and the
2434 reasons for such denial. The commissioner may deny an application if
2435 the commissioner finds that the applicant or [any partner, member,
2436 officer, director or principal employee of the applicant] the applicant's
2437 control persons, qualified individual or any branch manager has been
2438 convicted of any misdemeanor involving any aspect of the sales
2439 finance business, or any felony. Any denial of an application by the
2440 commissioner shall, when applicable, be subject to the provisions of
2441 section 46a-80. [Withdrawal of an application for a license shall
2442 become effective upon receipt by the commissioner of a notice of intent
2443 to withdraw such application. The commissioner may deny a license
2444 up to the date one year after the date the withdrawal became effective.]

2445 (b) The minimum standards for renewal of a sales finance license
2446 shall include the following: (1) The applicant continues to meet the
2447 minimum standards under subsection (a) of this section; (2) the
2448 applicant has paid all required fees for renewal of the license; and (3)
2449 the applicant has paid all outstanding examination fees or other
2450 moneys due to the commissioner. If the commissioner finds that
2451 requirements for license renewal set forth in this subsection are not
2452 met, the applicant's license shall expire. The commissioner may adopt
2453 procedures for the reinstatement of expired licenses consistent with the
2454 standards established by the system.

2455 (c) Each license shall remain in force and effect until the license has
2456 been surrendered, revoked or suspended or has expired in accordance
2457 with the provisions of sections 36a-535 to 36a-547, inclusive, as
2458 amended by this act.

2459 Sec. 29. Section 36a-542 of the general statutes is repealed and the
2460 following is substituted in lieu thereof (*Effective October 1, 2018*):

2461 [(a) Each person licensed as a sales finance company may renew

2462 such license by filing with the commissioner on or before September
2463 first of the year in which the license expires or, in the case of a license
2464 that expires on June 30, 2003, on or before June 1, 2003, a renewal
2465 application on a form prescribed by the commissioner under oath,
2466 together with such exhibits and other pertinent information as the
2467 commissioner may require. The license fee shall be eight hundred
2468 dollars, provided the license fee for renewal of a license that expires on
2469 June 30, 2003, shall be nine hundred dollars. Any renewal application
2470 filed with the commissioner under this section after September first, or
2471 in the case of a license that expires on June 30, 2003, after June 1, 2003,
2472 shall be accompanied by a one-hundred-dollar late fee and any such
2473 filing shall be deemed to be timely and sufficient for purposes of
2474 subsection (b) of section 4-182.

2475 (b) If the commissioner determines that a check filed with the
2476 commissioner to pay a fee under subsection (a) of this section for a
2477 renewal application has been dishonored, the commissioner shall
2478 automatically suspend the license or a renewal license that has been
2479 issued but is not yet effective. The commissioner shall give the licensee
2480 notice of the automatic suspension pending proceedings for revocation
2481 or refusal to renew and an opportunity for a hearing on such actions in
2482 accordance with section 36a-51.]

2483 (a) Except as otherwise specified in subsections (a) and (b) of section
2484 36a-540, as amended by this act, each sales finance company applicant
2485 or licensee, and each control person, qualified individual or branch
2486 manager of such applicant or licensee shall file on the system or, if the
2487 information cannot be filed on the system, notify the commissioner, in
2488 writing, of any change in the information such applicant, licensee,
2489 control person, qualified individual or branch manager most recently
2490 submitted to the system in connection with a sales finance company
2491 application or license not later than fifteen days from the date such
2492 applicant, licensee, control person, qualified individual or branch
2493 manager had reason to know of the change.

2494 (b) A sales finance company licensee shall file on the system or, if

2495 the information cannot be filed on the system, notify the commissioner,
2496 in writing, of the occurrence of any of the following developments not
2497 later than fifteen days after the date the licensee had reason to know of
2498 the occurrence of any such development:

2499 (1) Filing of a bankruptcy petition by the licensee or the
2500 consummation of a corporate restructuring of the licensee;

2501 (2) Filing of a criminal indictment against the licensee in any way
2502 related to the sales finance activities of the licensee, or receipt of
2503 notification of the filing of any criminal felony indictment or felony
2504 conviction of any control person, branch manager or qualified
2505 individual of the licensee;

2506 (3) Receiving notification of the initiation of license denial, cease and
2507 desist, suspension or revocation procedures, or other formal or
2508 informal action by any governmental agency against the licensee or
2509 any control person, branch managers or qualified individual of the
2510 licensee and the reasons therefor;

2511 (4) Receiving notification of the initiation of any action against the
2512 licensee or any control person, branch manager or qualified individual
2513 of the licensee by the Attorney General or the attorney general of any
2514 other state and the reasons therefor; or

2515 (5) Receiving notification of the filing for bankruptcy of any control
2516 person, branch manager or qualified individual of the licensee.

2517 (c) Any person filing or submitting any information on the system
2518 shall do so in accordance with the procedures and requirements of the
2519 system and shall pay the applicable fees or charges to the system. Each
2520 sales finance company licensee, to the extent required by the system,
2521 shall timely submit to the system accurate reports of condition that
2522 shall be in such form and shall contain such information as the system
2523 may require. Failure by a licensee to submit a timely and accurate
2524 report of condition shall constitute a violation of this provision.

2525 (d) The unique identifier of any person licensed under section 36a-

2526 541, as amended by this act, shall be clearly shown on all solicitations
2527 and advertisements, including business cards and web sites, and any
2528 other documents as established by rule, regulation or order of the
2529 commissioner, and shall be clearly stated in all audio solicitations and
2530 advertisements. The solicitations or advertisements of any person
2531 licensed under section 36a-541, as amended by this act: (1) Shall not
2532 include any statement that such person is endorsed in any way by this
2533 state, except that such solicitations and advertisements may include a
2534 statement that such person is licensed in this state; (2) shall not include
2535 any statement or claim that is deceptive, false or misleading; (3) shall
2536 otherwise conform to the requirements of sections 36a-535 to 36a-547,
2537 inclusive, as amended by this act, any regulations issued thereunder
2538 and any other applicable law; and (4) shall be retained for two years
2539 from the date of use of such solicitation or advertisement.

2540 Sec. 30. Section 36a-543 of the general statutes is repealed and the
2541 following is substituted in lieu thereof (*Effective October 1, 2018*):

2542 (a) The commissioner may suspend, revoke or refuse to renew any
2543 sales finance company license or take any other action, in accordance
2544 with section 36a-51, as amended by this act, if any fact or condition
2545 exists which, if it had existed at the time of the original application for
2546 such license, would have warranted the commissioner's denial of such
2547 license or if the commissioner finds that [: (1) The] the licensee [,
2548 knowingly] or any control person of the licensee, qualified individual
2549 or branch manager with supervisory authority, trustee, employee or
2550 agent of such licensee has done any of the following: (1) Knowingly or
2551 without the exercise of due care to prevent such violation, has violated
2552 any provision of [sections 36a-535 to 36a-546, inclusive, or of any other
2553 law regulating] this title, or of any regulation or order adopted or
2554 issued pursuant thereto pertaining to such person, or any other law or
2555 regulation applicable to the conduct of such licensee's installment sales
2556 financing [, or has] business; (2) failed to comply with any demand or
2557 requirement [,] made by the commissioner under and within the
2558 commissioner's authority; [of sections 36a-535 to 36a-546, inclusive; or
2559 (2) there has been] (3) made any material misstatement [or failure to

2560 give a true reply to a question] in the application [for] or in any filing
2561 made in connection with the license; [or (3) the licensee has] (4)
2562 defrauded any retail buyer to the buyer's damage; or (5) wilfully failed
2563 to perform any written agreement with any retail buyer. [; or (4) any
2564 fact or condition exists which, if it had existed at the time of the
2565 original application for such license, would have warranted the
2566 commissioner's denial of such license originally; or (5) in the case of a
2567 licensee other than a natural person, (A) any officer, director, trustee,
2568 member or partner of such licensee has been guilty of any act or
2569 omission which would be cause for revoking or suspending a license
2570 of such party as an individual; or (B) any other agent or employee of
2571 such licensee has been guilty of such act or omission and the licensee
2572 has approved or had knowledge thereof and, after such approval or
2573 knowledge, has retained the benefit, proceeds, profit or advantage of
2574 such act or omission or otherwise ratified it.]

2575 (b) The commissioner in the commissioner's discretion may revoke
2576 or suspend only the particular license with respect to which grounds
2577 for revocation or suspension are of general application to all locations,
2578 or if to more than one location, operated by such licensee, the
2579 commissioner shall revoke or suspend all of the licenses issued to such
2580 licensee or those licenses to which the grounds for revocation or
2581 suspension apply, as the case may be.

2582 (c) No suspension, revocation or surrender of any license shall
2583 impair or affect the obligation of any installment contract, obligation or
2584 credit agreement lawfully acquired previously thereto by the licensee.

2585 (d) Whenever it appears to the commissioner that (1) any person has
2586 violated, is violating or is about to violate any provision of sections
2587 36a-535 to [36a-546] 36a-547, inclusive, as amended by this act, within
2588 the jurisdiction of the commissioner or any regulation adopted under
2589 said sections, [or that any] (2) any person is, was or would be a cause
2590 of the violation of any such provision or regulation due to an act or
2591 omission such person knew or should have known would contribute
2592 to such violation; or (3) any licensee has defrauded any retail buyer to

2593 the buyer's damage or wilfully failed to perform any written
2594 agreement with any retail buyer, the commissioner may take action
2595 against such person or such licensee in accordance with sections 36a-50
2596 and 36a-52.

2597 (e) The commissioner, in accordance with section 5 of this act, may
2598 order a licensee to remove any individual conducting business under
2599 sections 36a-535 to 36a-547, inclusive, as amended by this act, from
2600 office and from employment or retention as an independent contractor
2601 in the sales finance business in this state.

2602 (f) The commissioner may issue a temporary order to cease business
2603 under a license if the commissioner determines that such license was
2604 issued erroneously. Such temporary order shall be issued in
2605 accordance with subsection (j) of section 36a-24b.

2606 Sec. 31. Subdivision (4) of subsection (a) of section 36a-557 of the
2607 general statutes is repealed and the following is substituted in lieu
2608 thereof (*Effective October 1, 2018*):

2609 (4) A person who is a passive buyer of a small loan. For purposes of
2610 this subdivision, "passive buyer" means a person who: (A) Has
2611 acquired a small loan for investment purposes from a person who is
2612 either licensed or exempt from licensure under subdivisions (1) to (3),
2613 inclusive, of [this] subsection (b) of this section; (B) will receive the
2614 principal and interest and any other moneys due under the small loan
2615 through a person who is either licensed or exempt from licensure
2616 under subdivisions (1) to (3), inclusive, of [this] subsection (b) of this
2617 section; and (C) has had and will have no communications of any kind
2618 with the Connecticut borrower regarding the small loan it has
2619 acquired;

2620 Sec. 32. Subsection (c) of section 36a-557 of the general statutes is
2621 repealed and the following is substituted in lieu thereof (*Effective*
2622 *October 1, 2018*):

2623 (c) Loans made by an exempt person described in subsection (b) of

2624 this section shall be exempt from the provisions of sections 36a-555 to
2625 36a-573, inclusive, as amended by this act, including, without
2626 limitation, the provisions applicable to licensed persons, even if: (1)
2627 The exempt person utilizes the services of a person exempt from
2628 licensing or required to be licensed pursuant to section 36a-556 in
2629 connection with the small loans that are made or offered by the exempt
2630 person described in subsection (b) of this section; and (2) a person
2631 exempt from licensing or required to be licensed pursuant to section
2632 36a-556 engages in activities intended to assist a prospective
2633 Connecticut borrower or a Connecticut borrower in obtaining a small
2634 loan that is made or to be made by an exempt person described in
2635 subsection (b) of this section. Nothing in this subsection shall be
2636 construed as exempting persons required to be licensed pursuant to
2637 section 36a-556 from the requirements to obtain and maintain a license
2638 or from the provisions of sections 36a-562 to 36a-573, inclusive, as
2639 amended by this act. Notwithstanding the foregoing, no person
2640 licensed or required to be licensed under section 36a-556 shall engage
2641 in any of the activities described in subsection (a) of section 36a-556 for
2642 any small loan that has a disclosed APR in excess of thirty-six per cent
2643 if that small loan contains any condition or provision inconsistent with
2644 the requirements of subsections (d) to (g), inclusive, of section 36a-558,
2645 as amended by this act.

2646 Sec. 33. Subdivision (3) of section 36a-560 of the general statutes is
2647 repealed and the following is substituted in lieu thereof (*Effective*
2648 *October 1, 2018*):

2649 (3) Take any (A) confession of judgment, (B) power of attorney, (C)
2650 note or promise to pay that does not state the actual amount of the
2651 loan, the time period for which the loan is made [of] and the charges
2652 for such loan, or (D) instrument related to the loan in which blanks are
2653 left to be filled after the loan is made;

2654 Sec. 34. Section 36a-562 of the general statutes is repealed and the
2655 following is substituted in lieu thereof (*Effective October 1, 2018*):

2656 In each case where a license is required by section 36a-556, the

2657 licensee shall have a main office license and may have a branch office
2658 license. All offices shall be located in the United States. Each main
2659 office shall have a qualified individual, who shall be responsible for
2660 the actions of the licensee and for supervising all aspects of the
2661 licensee's small loan business. Each branch shall have a branch
2662 manager, who shall be responsible for the actions of the licensee and
2663 for supervising all aspects of the branch's small loan business.

2664 Sec. 35. Section 36a-564 of the general statutes is repealed and the
2665 following is substituted in lieu thereof (*Effective October 1, 2018*):

2666 (a) Each applicant for a small loan license shall pay to the system
2667 any required fees or charges and a license fee of four hundred dollars.
2668 Each such license shall expire at the close of business on December
2669 thirty-first of the year in which the license was approved, unless such
2670 license is renewed, and provided any such license that is approved on
2671 or after November first shall expire at the close of business on
2672 December thirty-first of the year following the year in which it is
2673 approved. An application for renewal of a license shall be filed
2674 between November first and December thirty-first of the year in which
2675 the license expires. Each applicant for renewal of a small loan license
2676 shall pay to the system any required fees or charges and a renewal fee
2677 of four hundred dollars.

2678 (b) In accordance with section [36a-27b] 36a-24b, the commissioner
2679 [shall] may automatically suspend any license if such person receives a
2680 deficiency on the system indicating that a required payment was
2681 Returned-ACH or returned pursuant to any other term as may be
2682 utilized by the system to indicate that payment was not accepted. After
2683 the license has been automatically suspended pursuant to this
2684 subsection, the commissioner shall (1) give [such] the licensee notice of
2685 the automatic suspension pending proceedings for revocation or
2686 refusal to renew pursuant to section 36a-570, as amended by this act,
2687 and an opportunity for a hearing on such action in accordance with
2688 section 36a-51, as amended by this act, and (2) require such licensee to
2689 take or refrain from taking such action [that, in the opinion of the

2690 commissioner, will] as the commissioner deems necessary to effectuate
2691 the purposes of this section.

2692 (c) No abatement of the license fee shall be made if an application is
2693 denied or withdrawn prior to the issuance of the license or if the
2694 license is surrendered, revoked or suspended prior to the expiration of
2695 the period for which the license was issued. All fees required by this
2696 section shall be nonrefundable.

2697 Sec. 36. Subsections (e) and (f) of section 36a-565 of the general
2698 statutes are repealed and the following is substituted in lieu thereof
2699 (*Effective October 1, 2018*):

2700 (e) The minimum standards for renewal of a small loan license shall
2701 include the following: (1) The applicant continues to meet the
2702 minimum standards under [subsection (a)] subsections (a) and (d) of
2703 this section; (2) the applicant has paid all required fees for renewal of
2704 the license; and (3) the applicant has paid any outstanding examination
2705 fees or other moneys due to the commissioner. The license of a small
2706 loan lender failing to satisfy the minimum standards for license
2707 renewal shall expire. The commissioner may adopt procedures for the
2708 reinstatement of expired licenses consistent with the standards
2709 established by the system.

2710 (f) [(1) Withdrawal of an application for a license shall become
2711 effective upon the commissioner's acceptance on the system of a
2712 withdrawal request. The commissioner may deny a license up to the
2713 date one year after the date the withdrawal became effective.]
2714 Surrender of a license shall be governed by subsection (c) of section
2715 36a-51, as amended by this act. Not later than fifteen days after the
2716 date a licensee ceases to engage in this state in the business of a small
2717 loan lender for any reason, including a business decision to terminate
2718 operations in this state, license revocation, bankruptcy or voluntary
2719 dissolution, such licensee shall request surrender of the license on the
2720 system for each location in which such licensee has ceased to engage in
2721 such business.

2722 [(2) If the license expires due to the licensee's failure to renew, the
2723 commissioner may institute a revocation or suspension proceeding or
2724 issue an order suspending or revoking such license pursuant to section
2725 36a-570 not later than one year after the date of such expiration.]

2726 Sec. 37. Section 36a-566 of the general statutes is repealed and the
2727 following is substituted in lieu thereof (*Effective October 1, 2018*):

2728 (a) No license issued under section 36a-556 shall be assignable or
2729 transferable. Any [proposed] change in [the] any control [persons]
2730 person shall be the subject of an advance change notice filed on the
2731 system at least thirty days prior to the effective date of such change
2732 and [any] no such change [to the control persons] shall [not] occur
2733 without the commissioner's approval.

2734 (b) No licensee may use any name other than its legal name or a
2735 fictitious name approved by the commissioner, provided such licensee
2736 may not use its legal name if the commissioner disapproves of such
2737 name. No licensee shall engage in any activity requiring a small loan
2738 license under any other name or at any other place of business than
2739 that named in the license. Any proposed change in a licensee's name or
2740 to the licensee's place of business shall be the subject of an advance
2741 change notice filed on the system at least thirty days prior to the
2742 effective date of such change and [any] no such change to the licensee's
2743 name or place of business shall [not] be made without the
2744 commissioner's approval of such change.

2745 (c) The commissioner may automatically suspend any license for a
2746 violation of this section or upon a failure of the licensee to designate a
2747 qualified individual or branch manager who meets the requirements
2748 set forth in section 36a-562, as amended by this act, not later than
2749 thirty-days after such position becomes vacant. After a license has been
2750 automatically suspended pursuant to this subsection, the
2751 commissioner shall (1) give the licensee notice of the automatic
2752 suspension, pending proceedings for revocation of or refusal to renew
2753 the license pursuant to section 36a-570, as amended by this act, and an
2754 opportunity for a hearing in accordance with section 36a-51, as

2755 amended by this act, and (2) require the licensee to take or refrain from
2756 taking action as the commissioner deems necessary to effectuate the
2757 purpose of this section.

2758 Sec. 38. Section 36a-567 of the general statutes is repealed and the
2759 following is substituted in lieu thereof (*Effective October 1, 2018*):

2760 (a) [A] Except as otherwise specified in section 36a-566, as amended
2761 by this act, each small loan license applicant or licensee, and each
2762 control person, qualified individual and branch manager of the
2763 applicant or licensee shall file any change in the information most
2764 recently submitted to the system by such licensee, control person,
2765 qualified individual or branch manager in connection with the
2766 application or license, [with the system] or, if the information cannot
2767 be filed on the system, [directly] notify the commissioner, in writing, of
2768 such change in the information not later than fifteen days after the date
2769 the applicant, licensee, control person, qualified individual or branch
2770 manager has reason to know of such change.

2771 (b) A licensee shall file with the system or, if the information cannot
2772 be filed on the system, [directly] notify the commissioner, in writing, of
2773 the occurrence of any of the following developments not later than
2774 fifteen days after the licensee had reason to know of the occurrence: (1)
2775 Filing for bankruptcy or the consummation of a corporate
2776 restructuring of the licensee; (2) filing of a criminal indictment against
2777 the licensee in any way related to the activities of the licensee or
2778 receiving notification of the filing of any criminal felony indictment or
2779 felony conviction of any of the licensee's control persons or qualified
2780 individual or branch manager; (3) receiving notification of the
2781 institution of a license denial, cease and desist, suspension or
2782 revocation procedures, or other formal or informal action by any
2783 governmental agency against the licensee or any control person,
2784 branch manager or qualified individual of the licensee and the reasons
2785 therefor; (4) receiving notification of the initiation of any action by the
2786 Attorney General or the attorney general of any other state and the
2787 reasons therefor; (5) receiving notification of a material adverse action

2788 against the licensee or any control person, branch manager or qualified
2789 individual of the licensee with respect to any existing line of credit or
2790 warehouse credit agreement; (6) receiving notification of any of the
2791 licensee's control persons or qualified individual or branch manager
2792 filing or having filed for bankruptcy; or (7) a decrease in the available
2793 funds required by section 36a-565, as amended by this act.

2794 Sec. 39. Subsection (b) of section 36a-568 of the general statutes is
2795 repealed and the following is substituted in lieu thereof (*Effective*
2796 *October 1, 2018*):

2797 (b) The advertising of a licensee: (1) Shall not include any statement
2798 that [it] such licensee is endorsed in any way by this state, except it
2799 may include a statement that [it] such licensee is licensed in this state;
2800 (2) shall not include any statement or claim which is deceptive, false or
2801 misleading; (3) shall be retained for [one year] two years from the date
2802 of its use; and (4) shall otherwise conform to the requirements of
2803 sections 36a-555 to 36a-573, inclusive, as amended by this act, and any
2804 regulations issued thereunder.

2805 Sec. 40. Section 36a-570 of the general statutes is repealed and the
2806 following is substituted in lieu thereof (*Effective October 1, 2018*):

2807 (a) The commissioner may suspend, revoke or refuse to renew any
2808 license issued under sections 36a-555 to 36a-573, inclusive, as amended
2809 by this act, or take any other action, in accordance with the provisions
2810 of section 36a-51, as amended by this act, for any reason that would be
2811 sufficient grounds for the commissioner to deny an application for
2812 such license under sections 36a-555 to 36a-573, inclusive, as amended
2813 by this act, or if the commissioner finds that the licensee or any control
2814 person of the licensee, qualified individual or branch manager with
2815 supervisory authority, trustee, employee or agent of such licensee has
2816 done any of the following: (1) Made any material misstatement in the
2817 application; (2) committed any fraud, misappropriated funds or
2818 misrepresented, concealed, suppressed, intentionally omitted or
2819 otherwise intentionally failed to disclose any of the material particulars
2820 of any small loan transaction to anyone entitled to such information,

2821 including, but not limited to, any disclosures required by part III of
2822 chapter 669 or regulations adopted pursuant thereto; (3) violated any
2823 of the provisions of this title [, any regulations] or any regulation or
2824 order adopted or issued pursuant thereto pertaining to any such
2825 person, or any other law or regulation applicable to the conduct of [its]
2826 such licensee's small loan business; or (4) failed to perform any
2827 agreement with a licensee or a borrower.

2828 (b) Whenever it appears to the commissioner that (1) any person has
2829 violated, is violating or is about to violate any of the provisions of
2830 sections 36a-555 to 36a-573, inclusive, as amended by this act, or any
2831 regulation adopted pursuant thereto, (2) any person is, was or would
2832 be a cause of the violation of any such provision or regulation due to
2833 an act or omission such person knew or should have known would
2834 contribute to such violation, or (3) any licensee has failed to perform
2835 any agreement with a borrower, committed any fraud,
2836 misappropriated funds or misrepresented, concealed, suppressed,
2837 intentionally omitted or otherwise intentionally failed to disclose any
2838 of the material particulars of any small loan transaction to anyone
2839 entitled to such information, including disclosures required by part III
2840 of chapter 669 or regulations adopted pursuant thereto, the
2841 commissioner may take action against such person or licensee in
2842 accordance with sections 36a-50 and 36a-52.

2843 (c) [(1)] The commissioner may order a licensee to remove any
2844 individual conducting business under sections 36a-555 to 36a-573,
2845 inclusive, as amended by this act, from office and from employment or
2846 retention as an independent contractor in the small loan business in
2847 this state [whenever the commissioner finds as the result of an
2848 investigation that such individual: (A) Has violated any of said
2849 sections or any regulations adopted pursuant thereto or any order
2850 issued thereunder, or (B) for any reason that would be sufficient
2851 grounds for the commissioner to deny a license under section 36a-565,
2852 by sending a notice to such individual by registered or certified mail,
2853 return receipt requested or by any express delivery carrier that
2854 provides a dated delivery receipt. The notice shall be deemed received

2855 by such individual on the earlier of the date of actual receipt or seven
2856 days after mailing or sending. Any such notice shall include: (i) A
2857 statement of the time, place and nature of the hearing; (ii) a statement
2858 of the legal authority and jurisdiction under which the hearing is to be
2859 held; (iii) a reference to the particular sections of the general statutes,
2860 regulations or orders alleged to have been violated; (iv) a short and
2861 plain statement of the matters asserted; and (v) a statement indicating
2862 that such individual may file a written request for a hearing on the
2863 matters asserted not later than fourteen days after receipt of the notice.
2864 If the commissioner finds that the protection of borrowers requires
2865 immediate action, the commissioner may suspend any such individual
2866 from office and require such individual to take or refrain from taking
2867 such action as, in the opinion of the commissioner, will effectuate the
2868 purposes of this subsection, by incorporating a finding to that effect in
2869 such notice. The suspension or prohibition shall become effective upon
2870 receipt of such notice and, unless stayed by a court, shall remain in
2871 effect until the entry of a permanent order or the dismissal of the
2872 matters asserted] in accordance with section 5 of this act.

2873 [(2) If a hearing is requested within the time specified in the notice,
2874 the commissioner shall hold a hearing upon the matters asserted in the
2875 notice unless such individual fails to appear at the hearing. After the
2876 hearing, if the commissioner finds that any of the grounds set forth in
2877 subparagraph (A) or (B) of subdivision (1) of this subsection exist with
2878 respect to such individual, the commissioner may order a licensee to
2879 remove such individual from office and from any employment in the
2880 small loan business in this state. If such individual fails to appear at the
2881 hearing, the commissioner may order the removal of such individual
2882 from office and from employment in the small loan business in this
2883 state.]

2884 (d) The commissioner may issue a temporary order to cease
2885 business under a license if the commissioner determines that such
2886 license was issued erroneously. [The commissioner shall give the
2887 licensee an opportunity for a hearing on such action in accordance
2888 with section 36a-52. Such temporary order shall become effective upon

2889 receipt by the licensee and, unless set aside or modified by a court,
2890 shall remain in effect until the effective date of a permanent order or
2891 dismissal of the matters asserted in the notice.] Such temporary order
2892 shall be issued in accordance with subsection (j) of section 36a-24b.

2893 Sec. 41. Section 36a-573 of the general statutes is repealed and the
2894 following is substituted in lieu thereof (*Effective October 1, 2018*):

2895 The commissioner may adopt such regulations, in accordance with
2896 chapter 54, as the commissioner deems necessary to administer and
2897 enforce the provisions of this section and sections 36a-555 to [36a-572]
2898 36a-570, inclusive, as amended by this act.

2899 Sec. 42. Section 36a-580 of the 2018 supplement to the general
2900 statutes is repealed and the following is substituted in lieu thereof
2901 (*Effective October 1, 2018*):

2902 (a) For purposes of this chapter:

2903 (1) "Advertise" or "advertising" has the same meaning as provided
2904 in section 36a-485, as amended by this act.

2905 (2) "Branch office" means a location other than the main office at
2906 which a licensee or any person on behalf of a licensee engages in the
2907 business of cashing checks, drafts or money orders for consideration.

2908 [(2)] (3) "Control person" has the same meaning as provided in
2909 section 36a-485, as amended by this act.

2910 [(3)] (4) "General facility" means a facility at a fixed location where a
2911 licensee may engage in the business of cashing checks, drafts or money
2912 orders and which is open to the general public for at least six hours per
2913 day four days per week.

2914 [(4)] (5) "Limited facility" means a mobile facility, where on no more
2915 than two days per week, on property occupied by an employer, a
2916 licensed operator of a general facility may, under written contract with
2917 such employer, engage in the business of cashing payroll checks for

2918 the employees of the employer.

2919 (6) "Main office" has the same meaning as provided in section 36a-
2920 485, as amended by this act.

2921 (7) "Unique identifier" has the same meaning as provided in section
2922 36a-485, as amended by this act.

2923 (b) The provisions of this section and sections 36a-581 to 36a-589,
2924 inclusive, as amended by this act, shall not apply to: (1) Checks, drafts
2925 or money orders cashed without consideration or charge; (2) checks,
2926 drafts or money orders cashed as an incident to the conduct of any
2927 other lawful business where not more than fifty cents is charged for
2928 cashing such check, draft or money order; or (3) any institution subject
2929 to and under the general supervision of any agency of the United
2930 States or any Connecticut bank or Connecticut credit union.

2931 Sec. 43. Section 36a-581 of the 2018 supplement to the general
2932 statutes is repealed and the following is substituted in lieu thereof
2933 (*Effective October 1, 2018*):

2934 (a) Except as provided for in section 36a-580, as amended by this
2935 act, no person shall engage in the business of cashing checks, drafts or
2936 money orders for consideration without obtaining a general facility
2937 license [to operate a general facility or a license to operate a limited
2938 facility] for its main office and a general or limited facility license for
2939 each branch office location where such business is to be conducted. No
2940 person shall conduct any activity that is subject to licensure pursuant
2941 to sections 36a-580 to 36a-589, inclusive, as amended by this act, at any
2942 office outside of the United States.

2943 (b) Each licensee of a limited facility shall continuously maintain at
2944 least one operating general facility. A licensee of a limited facility shall
2945 not pay any compensation or consideration to any employer.

2946 (c) An application for a check cashing license or renewal of such
2947 license shall be [in writing, under oath and on a] made and processed
2948 on the system pursuant to section 36a-24b, in the form provided by the

2949 commissioner. Each such form shall contain content as set forth by
2950 instruction or procedure of the commissioner and may be changed or
2951 updated as necessary by the commissioner in order to carry out the
2952 purposes of sections 36a-580 to 36a-589, inclusive, as amended by this
2953 act. The [application] applicant shall, [set forth: (1) The name and
2954 address of the applicant; (2) if the applicant is a firm or partnership,
2955 the names and addresses of each member of the firm or partnership;
2956 (3) if the applicant is a corporation, the names and addresses of each
2957 officer, director, authorized agent and each shareholder owning ten
2958 per cent or more of the outstanding stock of such corporation; (4) if the
2959 applicant is a limited liability company, the names and addresses of
2960 each member and authorized agent of such limited liability company;
2961 (5) (A) the history of criminal convictions of the applicant; the
2962 members, if the applicant is a firm or partnership; the officers,
2963 directors, authorized agent and each shareholder owning ten per cent
2964 or more of the outstanding stock of the applicant, if the applicant is a
2965 corporation, and (B) sufficient information pertaining to the history of
2966 criminal convictions in a form acceptable to the commissioner on such
2967 applicant, members, officers, directors, authorized agent and
2968 shareholders as the commissioner deems necessary to make the
2969 findings under subsection (e) of this section; (6) each location where
2970 the check cashing business is to be conducted and the type of facility
2971 that will be operated at that location; (7) the business plan, which shall
2972 include the proposed days and hours of operation; (8) the amount of
2973 liquid assets available for each location which shall not be less than the
2974 amount specified in subdivision (7) of subsection (e) of this section; (9)
2975 for each limited facility, a copy of the executed contract evidencing the
2976 proposed arrangement between the applicant and the employer; and
2977 (10) any other information the commissioner may require. The
2978 commissioner, in accordance with section 29-17a, may conduct a state
2979 and national criminal history records check of the applicant and of
2980 each member, officer, director, authorized agent and shareholder
2981 owning ten per cent or more of the outstanding stock of the applicant]
2982 at minimum, furnish to the system information concerning the identity
2983 of the applicant, any control person of the applicant, the qualified

2984 individual and any branch manager responsible for the actions of the
2985 licensee, including, but not limited to, information related to such
2986 person's personal history and experience, and any administrative, civil
2987 or criminal findings by any governmental jurisdiction relating to such
2988 person. Each application for an initial license shall also include: (1)
2989 Each location where the check cashing business is to be conducted and
2990 the type of facility that will be operated at that location; (2) the
2991 business plan of each location, which shall include the proposed days
2992 and hours of operation; (3) the amount of liquid assets available for
2993 each location, which shall not be less than the amount specified in
2994 subdivision (4) of subsection (e) of this section; (4) for each limited
2995 facility, a copy of the executed contract evidencing the proposed
2996 arrangement between the applicant and the employer; and (5) any
2997 other information that the commissioner may require. As part of an
2998 application, the commissioner may (A) in accordance with section 29-
2999 17a, conduct a state or national criminal history records check of the
3000 applicant, any control person of the applicant, the qualified individual
3001 and any branch manager, and (B) in accordance with section 36a-24b,
3002 (i) require the submission of fingerprints of the applicant, any control
3003 person of the applicant, the qualified individual and any branch
3004 manager to the Federal Bureau of Investigation or other state, national
3005 or international criminal databases, and (ii) investigate the financial
3006 condition of each such person and require authorization of each such
3007 person for the system and the commissioner to obtain an independent
3008 credit report from a consumer reporting agency, as described in
3009 Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a, as
3010 amended from time to time.

3011 (d) [A licensee shall not change the name or the location specified
3012 on its license unless, prior to such change in name or location, the
3013 licensee files an application with the commissioner accompanied by
3014 the applicable name change fee or location transfer fee specified in
3015 section 36a-582 and receives the approval of the commissioner. A
3016 licensee of a limited facility shall not change its approved days and
3017 hours of operation unless, prior to any such change, the licensee files
3018 an application with and receives the approval of the commissioner. No

3019 licensee shall use any name other than the name specified on the
3020 license issued by the commissioner.] (1) No licensee may use any name
3021 other than its legal name or a fictitious name approved by the
3022 commissioner, provided such licensee may not use its legal name if the
3023 commissioner disapproves use of such name. No licensee shall use any
3024 name or address other than the name and address specified on the
3025 license issued by the commissioner. A licensee may change the name
3026 of the licensee or address of the office specified on the most recent
3027 filing with the system if, at least thirty calendar days prior to such
3028 change, the licensee files such change with the system and the
3029 commissioner does not disapprove such change, in writing, or request
3030 further information from the licensee within such thirty-day period.

3031 (2) A licensee of a limited facility shall not change its approved days
3032 and hours of operation, unless the licensee files an amendment on the
3033 system at least thirty days prior to the effective date of such change
3034 and receives the approval of the commissioner.

3035 (e) Upon the filing of the required application, [and] the applicable
3036 license fee and [location fees] any other required fees or charges, the
3037 commissioner shall investigate the facts and may issue a license if the
3038 commissioner finds that (1) the applicant [is] and the applicant's
3039 control persons, qualified individual and any branch managers are in
3040 all respects properly qualified and of good character, including, but
3041 not limited to, financial character, (2) [if the applicant is a firm or
3042 partnership, each member of the firm or partnership is in all respects
3043 properly qualified and of good character, (3) if the applicant is a
3044 corporation, each officer, director, authorized agent and each
3045 shareholder owning ten per cent or more of the outstanding stock of
3046 such corporation is in all respects properly qualified and of good
3047 character, (4) if the applicant is a limited liability company, each
3048 member and authorized agent is in all respects properly qualified and
3049 of good character, (5)] granting such license would not be against the
3050 public interest, [(6)] (3) the applicant has a feasible plan for conducting
3051 business, [(7)] (4) the applicant has available and shall continuously
3052 maintain liquid assets of at least ten thousand dollars for each general

3053 facility location and at least two thousand five hundred dollars for
3054 each limited facility location specified in the application, and [(8)] (5)
3055 the name of the applicant is not likely to cause a consumer to
3056 reasonably believe that such applicant is in any way endorsed by or
3057 affiliated with this state. If the commissioner fails to make such
3058 findings or if the commissioner finds that the applicant has made any
3059 material misstatement in the application, the commissioner shall not
3060 issue a license and shall notify the applicant of the denial and the
3061 reasons for such denial. The commissioner may deny an application if
3062 the commissioner finds that the applicant [or any member, officer,
3063 director or authorized agent or shareholder owning ten per cent or
3064 more of the outstanding stock of the applicant] or any control person,
3065 qualified individual or branch manager of the applicant has been
3066 convicted of any misdemeanor involving any aspect of the check
3067 cashing services business, or any felony. Any denial of an application
3068 by the commissioner shall, when applicable, be subject to the
3069 provisions of section 46a-80.

3070 (f) [An applicant or licensee shall promptly notify the commissioner,
3071 in writing, of any change in the information provided in its initial or
3072 renewal application for licensure or most recent renewal of such
3073 license.] Except as otherwise specified in subdivision (1) of subsection
3074 (a) of section 36a-583, as amended by this act, and subdivision (1) of
3075 subsection (d) of this section, each check cashing applicant or licensee
3076 and each individual designated as a control person, qualified
3077 individual or branch manager of such applicant or licensee shall file on
3078 the system any change in the information such licensee, applicant,
3079 control person, qualified individual or branch manager most recently
3080 submitted to the system in connection with the application or license,
3081 or, if the information cannot be filed on the system, notify the
3082 commissioner, in writing, not later than fifteen days after the date such
3083 applicant, licensee, control person, qualified individual or branch
3084 manager had reason to know of the change. A check cashing licensee
3085 shall file with the system or, if the information cannot be filed on the
3086 system, notify the commissioner, in writing, of the occurrence of any of
3087 the following developments not later than fifteen days after the date

3088 the licensee had reason to know of the development:

3089 (1) Filing for bankruptcy or the consummation of a corporate
3090 restructuring of the licensee;

3091 (2) Filing of a criminal indictment against the licensee in any way
3092 related to the check cashing activities of the licensee, or receiving
3093 notification of the filing of any criminal felony indictment or felony
3094 conviction of any control person, branch manager or qualified
3095 individual of the licensee;

3096 (3) Receiving notification of the institution of license denial, cease
3097 and desist, suspension or revocation procedures, or other formal or
3098 informal action by any governmental agency against the licensee or
3099 any control person, branch manager or qualified individual of the
3100 licensee and the reasons therefor;

3101 (4) Receiving notification of the initiation of any action against the
3102 licensee or any control person, branch manager or qualified individual
3103 of the licensee by the Attorney General or the attorney general of any
3104 other state and the reasons therefor;

3105 (5) Receiving notification of filing for bankruptcy of any control
3106 person, branch manager or qualified individual of the licensee; or

3107 (6) Any decrease in the amount of liquid assets available for each
3108 location below the minimum amount required pursuant to subdivision
3109 (4) of subsection (e) of this section.

3110 (g) The commissioner may deem an application for a license for a
3111 general facility or limited facility abandoned if the applicant fails to
3112 respond to any request for information required under sections 36a-
3113 580 to 36a-589, inclusive, as amended by this act, or any regulations
3114 adopted pursuant to said sections 36a-580 to 36a-589, inclusive, as
3115 amended by this act. The commissioner shall notify the applicant [, in
3116 writing,] on the system that if such information is not submitted not
3117 later than sixty days after such request, the application shall be
3118 deemed abandoned. An application filing fee paid prior to the date an

3119 application is deemed abandoned pursuant to this subsection shall not
3120 be refunded. Abandonment of an application pursuant to this
3121 subsection shall not preclude the applicant from submitting a new
3122 application for a license under sections [36a-560] 36a-580 to 36a-589,
3123 inclusive, as amended by this act.

3124 (h) The minimum standards for renewal of a check cashing license
3125 shall include the following: (1) The applicant continues to meet the
3126 minimum standards under subsection (c) of this section; (2) the
3127 applicant has paid all required fees for renewal of the license; and (3)
3128 the applicant has paid any outstanding examination fees or other
3129 moneys due to the commissioner. The license of a check cashing
3130 licensee failing to satisfy the minimum standards for license renewal
3131 shall expire. The commissioner may adopt procedures for the
3132 reinstatement of expired licenses consistent with the standards
3133 established by the system. Each license shall remain in force and effect
3134 until the license has been surrendered, revoked or suspended or has
3135 expired in accordance with the provisions of sections 36a-580 to 36a-
3136 589, inclusive, as amended by this act.

3137 Sec. 44. Section 36a-582 of the general statutes is repealed and the
3138 following is substituted in lieu thereof (*Effective October 1, 2018*):

3139 (a) Each applicant for a check cashing license shall pay to the
3140 [commissioner] system any required fees or charges and a
3141 nonrefundable initial license fee of [two] one thousand one hundred
3142 dollars. [and a nonrefundable location fee of two hundred dollars for
3143 each location, except that if such application is filed not earlier than
3144 one year before the date such license will expire, the applicant shall
3145 pay to the commissioner a nonrefundable initial license fee of one
3146 thousand dollars and a nonrefundable location fee of one hundred
3147 dollars for each location. Each licensee shall pay to the commissioner a
3148 nonrefundable (1) name change fee of one hundred dollars for each
3149 application to change a name, and (2) location transfer fee of one
3150 hundred dollars for each application to transfer a location.] Each
3151 license issued pursuant to section 36a-581, as amended by this act,

3152 shall expire at the close of business on [September thirtieth of the odd-
3153 numbered year following its issuance unless such license is renewed,
3154 provided any license that is renewed effective July 1, 2007, shall expire
3155 on September 30, 2009, unless renewed. Each licensee shall, on or
3156 before September first of the year in which the license expires, pay to
3157 the commissioner a renewal license fee of one thousand five hundred
3158 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
3193 to this subsection, the commissioner shall (1) give the licensee notice of
3194 such automatic suspension pending proceedings for revocation of or
3195 refusal to renew the license pursuant to section 36a-587, as amended
3196 by this act, and an opportunity for a hearing in accordance with
3197 section 36a-51, as amended by this act, and (2) require the licensee to
3198 take or refrain from taking action as the commissioner deems
3199 necessary to effectuate the purpose of this section.

3200 (c) Each [applicant or] licensee shall pay the expenses of any
3201 examination or other investigation under sections 36a-580 to 36a-589,
3202 inclusive, as amended by this act.

3203 (d) No abatement of [the license or location fee] any fee required by
3204 this section shall be made if the application is denied or withdrawn
3205 prior to issuance of the license or if the license is surrendered,
3206 cancelled, revoked or suspended prior to the expiration of the period
3207 for which it was issued.

3208 Sec. 45. Section 36a-583 of the general statutes is repealed and the
3209 following is substituted in lieu thereof (*Effective October 1, 2018*):

3210 (a) (1) [The license for each facility shall be conspicuously posted in
3211 that facility during the hours of operation. Such] A license issued
3212 under section 36a-581, as amended by this act, shall not be transferable
3213 or assignable. A change in any control person shall be the subject of an
3214 advance change notice filed on the system at least sixty days prior to
3215 the effective date of such change and no such change shall occur
3216 without the commissioner's approval.

3217 (2) The commissioner may automatically suspend any license for a
3218 violation of subdivision (1) of this subsection or for a violation of

3219 subdivision (1) of subsection (d) of section 36a-581, as amended by this
3220 act. After a license has been automatically suspended pursuant to this
3221 subsection, the commissioner shall (A) give the licensee notice of the
3222 automatic suspension, pending proceedings for revocation of or
3223 refusal to renew the license pursuant to section 36a-587, as amended
3224 by this act, and an opportunity for a hearing in accordance with
3225 section 36a-51, as amended by this act, and (B) require the licensee to
3226 take or refrain from taking action as the commissioner deems
3227 necessary to effectuate the purpose of this section.

3228 (b) Not later than fifteen days after the date a licensee ceases to
3229 engage in this state in the business of cashing checks, drafts or money
3230 orders for consideration at a general facility or limited facility for any
3231 reason, including, but not limited to, a business decision to terminate
3232 operations in this state, license revocation, bankruptcy or voluntary
3233 dissolution, such licensee shall surrender, [to the commissioner in
3234 person or by registered or certified mail] in accordance with subsection
3235 (c) of section 36a-51, as amended by this act, its license for each
3236 location in which such licensee has ceased to engage in such business.

3237 Sec. 46. Subsection (c) of section 36a-584 of the general statutes is
3238 repealed and the following is substituted in lieu thereof (*Effective*
3239 *October 1, 2018*):

3240 (c) Not later than January 15, [2006] 2019, and quarterly thereafter,
3241 each check cashing licensee shall submit a report to the commissioner
3242 that specifies the number and type of checks cashed by such licensee
3243 [and the number of checks cashed] that exceed [two] six thousand [five
3244 hundred] dollars during the previous calendar quarter, unless no such
3245 activity occurred in the previous quarter, in which case the licensee
3246 shall file a written statement to that effect. Each check cashing licensee
3247 shall, to the extent required by the system, timely submit to the system
3248 accurate reports of condition that shall be in such form and contain
3249 such information as the system may require. Failure by a licensee to
3250 submit timely and accurate reports shall constitute a violation of this
3251 provision. Any person making any filing or submission of any

3252 information on the system shall do so in accordance with the
3253 procedures and requirements of the system and pay the applicable fees
3254 or charges to the system.

3255 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.

3321 Sec. 48. Section 36a-587 of the general statutes is repealed and the
3322 following is substituted in lieu thereof (*Effective October 1, 2018*):

3323 (a) The commissioner may suspend, revoke or refuse to renew any
3324 license issued pursuant to section 36a-581, as amended by this act, or
3325 take any other action, in accordance with the provisions of section 36a-
3326 51, as amended by this act, for any reason which would be sufficient
3327 grounds for the commissioner to deny an application for a license
3328 under sections 36a-580 to 36a-589, inclusive, as amended by this act, or
3329 if the commissioner finds that the licensee or any [owner, director,
3330 officer, member, partner, shareholder] control person of the licensee,
3331 qualified individual or branch manager with supervisory authority,
3332 trustee, employee or agent of such licensee has done any of the
3333 following: (1) Made any material misstatement in the application; (2)
3334 committed any fraud, engaged in dishonest activities or made any
3335 misrepresentation; (3) violated any [provision of sections 36a-580 to
3336 36a-589, inclusive,] provision of this title or any regulation
3337 [promulgated under said sections] or order adopted or issued
3338 pursuant thereto pertaining to such person, or any other law or
3339 regulation applicable to the conduct of such licensee's check cashing
3340 business; or (4) demonstrated incompetency or untrustworthiness to
3341 act as a licensed check cashing service.

3342 (b) Whenever it appears to the commissioner that (1) any person has
3343 violated, is violating or is about to violate any of the provisions of
3344 sections 36a-580 to 36a-589, inclusive, as amended by this act, or any
3345 regulation adopted pursuant to said sections, [or] (2) any person is,
3346 was or would be a cause of the violation of any such provision or
3347 regulation due to an act or omission such person knew or should have
3348 known would contribute to such violation; or (3) any licensee or any
3349 [owner, director, officer, member, partner, shareholder] control person
3350 of the licensee, qualified individual or branch manager with
3351 supervisory authority, trustee, employee or agent of such licensee has

3352 committed any fraud, engaged in dishonest activities or made any
3353 misrepresentation, the commissioner may take action against such
3354 person or licensee in accordance with sections 36a-50 and 36a-52.

3355 (c) The commissioner may order a licensee to remove any individual
3356 conducting business under sections 36a-580 to 36a-589, inclusive, as
3357 amended by this act, from office and from employment or retention as
3358 an independent contractor in the check cashing business in this state in
3359 accordance with section 5 of this act.

3360 (d) The commissioner may issue a temporary order to cease
3361 business under a license if the commissioner determines that such
3362 license was issued erroneously. Such temporary order shall be issued
3363 in accordance with subsection (j) of section 36a-24b.

3364 Sec. 49. Section 36a-596 of the 2018 supplement to the general
3365 statutes is repealed and the following is substituted in lieu thereof
3366 (*Effective October 1, 2018*):

3367 As used in sections 36a-595 to 36a-612, inclusive, as amended by this
3368 act:

3369 (1) "Advertise" or "advertising" has the same meaning as provided
3370 in section 36a-485, as amended by this act.

3371 (2) "Authorized delegate" means a person designated by a person
3372 licensed pursuant to sections 36a-595 to 36a-612, inclusive, as amended
3373 by this act, to provide money transmission services on behalf of such
3374 licensed person.

3375 (3) "Control person" has the same meaning as provided in section
3376 36a-485, as amended by this act.

3377 (4) "Electronic payment instrument" means a card or other tangible
3378 object for the transmission of money or monetary value or payment of
3379 money which contains a microprocessor chip, magnetic stripe, or other
3380 means for the storage of information, that is prefunded and for which
3381 the value is decremented upon each use, but does not include a card or

3382 other tangible object that is redeemable by the issuer in the issuer's
3383 goods or services.

3384 (5) "Holder" means a person, other than a purchaser, who is either in
3385 possession of a payment instrument and is the named payee thereon or
3386 in possession of a payment instrument issued or endorsed to such
3387 person or bearer or in blank. "Holder" does not include any person
3388 who is in possession of a lost, stolen or forged payment instrument.

3389 (6) "Licensee" means any person licensed or required to be licensed
3390 pursuant to sections 36a-595 to 36a-612, inclusive, as amended by this
3391 act.

3392 (7) "Main office" has the same meaning as provided in section 36a-
3393 485, as amended by this act.

3394 [(7)] (8) "Monetary value" means a medium of exchange, whether or
3395 not redeemable in money.

3396 [(8)] (9) "Money transmission" means engaging in the business of
3397 issuing or selling payment instruments or stored value, receiving
3398 money or monetary value for current or future transmission or the
3399 business of transmitting money or monetary value within the United
3400 States or to locations outside the United States by any and all means
3401 including, but not limited to, payment instrument, wire, facsimile or
3402 electronic transfer.

3403 [(9)] (10) "Outstanding" means (A) in the case of a payment
3404 instrument or stored value, that: (i) It is sold or issued in the United
3405 States; (ii) a report of it has been received by a licensee from its
3406 authorized delegates; and (iii) it has not yet been paid by the issuer,
3407 and (B) for all other money transmissions, the value reported to the
3408 licensee for which the licensee or any authorized delegate has received
3409 money or its equivalent value from the customer for transmission, but
3410 has not yet completed the money transmission by delivering the
3411 money or monetary value to the person designated by the customer.

3412 [(10)] (11) "Payment instrument" means a check, draft, money order,

3413 travelers check or electronic payment instrument that evidences either
3414 an obligation for the transmission of money or monetary value or
3415 payment of money, or the purchase or the deposit of funds for the
3416 purchase of such check, draft, money order, travelers check or
3417 electronic payment instrument.

3418 [(11)] (12) "Permissible investment" means: (A) Cash in United
3419 States currency; (B) time deposits, as defined in section 36a-2, as
3420 amended by this act, or other debt instruments of a bank; (C) bills of
3421 exchange or bankers acceptances which are eligible for purchase by
3422 member banks of the Federal Reserve System; (D) commercial paper of
3423 prime quality; (E) interest-bearing bills, notes, bonds, debentures or
3424 other obligations issued or guaranteed by: (i) The United States or any
3425 of its agencies or instrumentalities, or (ii) any state, or any agency,
3426 instrumentality, political subdivision, school district or legally
3427 constituted authority of any state if such investment is of prime
3428 quality; (F) interest-bearing bills or notes, or bonds, debentures or
3429 preferred stocks, traded on any national securities exchange or on a
3430 national over-the-counter market, if such debt or equity investments
3431 are of prime quality; (G) receivables due from authorized delegates
3432 consisting of the proceeds of the sale of payment instruments which
3433 are not past due or doubtful of collection; (H) gold; and (I) any other
3434 investments approved by the commissioner. Notwithstanding the
3435 provisions of this subdivision, if the commissioner at any time finds
3436 that an investment of a licensee is unsatisfactory for investment
3437 purposes, the investment shall not qualify as a permissible investment.

3438 [(12)] (13) "Prime quality" of an investment means that it is within
3439 the top four rating categories in any rating service recognized by the
3440 commissioner unless the commissioner determines for any licensee
3441 that only those investments in the top three rating categories qualify as
3442 "prime quality".

3443 [(13)] (14) "Purchaser" means a person who buys or has bought a
3444 payment instrument or who has given money or monetary value for
3445 current or future transmission.

3446 [(14)] (15) "Stored value" means monetary value that is evidenced by
3447 an electronic record. For the purposes of this subdivision, "electronic
3448 record" means information that is stored in an electronic medium and
3449 is retrievable in perceivable form.

3450 [(15)] (16) "Travelers check" means a payment instrument for the
3451 payment of money that contains a provision for a specimen signature
3452 of the purchaser to be completed at the time of a purchase of the
3453 instrument and a provision for a countersignature of the purchaser to
3454 be completed at the time of negotiation.

3455 (17) "Unique identifier" has the same meaning as provided in
3456 section 36a-485, as amended by this act.

3457 [(16)] (18) "Virtual currency" means any type of digital unit that is
3458 used as a medium of exchange or a form of digitally stored value or
3459 that is incorporated into payment system technology. Virtual currency
3460 shall be construed to include digital units of exchange that (A) have a
3461 centralized repository or administrator; (B) are decentralized and have
3462 no centralized repository or administrator; or (C) may be created or
3463 obtained by computing or manufacturing effort. Virtual currency shall
3464 not be construed to include digital units that are used (i) solely within
3465 online gaming platforms with no market or application outside such
3466 gaming platforms, or (ii) exclusively as part of a consumer affinity or
3467 rewards program, and can be applied solely as payment for purchases
3468 with the issuer or other designated merchants, but cannot be converted
3469 into or redeemed for fiat currency.

3470 Sec. 50. Subsection (a) of section 36a-597 of the general statutes is
3471 repealed and the following is substituted in lieu thereof (*Effective*
3472 *October 1, 2018*):

3473 (a) No person shall engage in the business of money transmission in
3474 this state, or advertise or solicit such services, without a main office
3475 license issued by the commissioner as provided in sections 36a-595 to
3476 36a-612, inclusive, as amended by this act, except as an authorized
3477 delegate of a person that has been issued a license by the commissioner

3478 and in accordance with section 36a-607, as amended by this act. No
3479 person shall conduct activity subject to licensure under sections 36a-
3480 595 to 36a-612, inclusive, as amended by this act, or conduct any
3481 activity permitted without a license in the capacity of an authorized
3482 delegate in accordance with section 36a-607, as amended by this act, at
3483 any office located outside of the United States. A person engaged in
3484 the business of money transmission is acting in this state under this
3485 section if such person: (1) Has a place of business located in this state,
3486 (2) receives money or monetary value in this state or from a person
3487 located in this state, (3) transmits money or monetary value from a
3488 location in this state or to a person located in this state, (4) issues
3489 stored value or payment instruments that are sold in this state, or (5)
3490 sells stored value or payment instruments in this state. [The licensee
3491 shall promptly notify the commissioner, in writing, of the termination
3492 of the contract between such licensee and authorized delegate.]

3493 Sec. 51. Section 36a-598 of the 2018 supplement to the general
3494 statutes is repealed and the following is substituted in lieu thereof
3495 (*Effective October 1, 2018*):

3496 (a) Each application for an initial or renewal license required under
3497 sections 36a-595 to 36a-612, inclusive, as amended by this act, shall be
3498 made [in writing and under oath to the commissioner in such form as
3499 the commissioner may prescribe. The application shall include:

3500 (1) The exact name of the applicant and, if incorporated, the date of
3501 incorporation and the state where incorporated;

3502 (2) The complete address of the principal office from which the
3503 business is to be conducted and of the office where the books and
3504 records of the applicant are to be maintained;

3505 (3) The complete name and address of each of the applicant's
3506 locations and authorized delegates, if any, through which the applicant
3507 intends to engage in the business of money transmission in this state;

3508 (4) The name, title, address and telephone number of the person to

3509 whom notice of the commissioner's approval or disapproval of the
3510 application shall be sent and to whom any inquiries by the
3511 commissioner concerning the application shall be directed;

3512 (5) The name and residence address of the individual, if the
3513 applicant is an individual; the partners, if the applicant is a
3514 partnership; the directors, trustees, principal officers, and any
3515 shareholder owning ten per cent or more of each class of its securities,
3516 if the applicant is a corporation or association; or the members, if the
3517 applicant is a limited liability company;] and processed on the system
3518 pursuant to section 36a-24b, in the form prescribed by the
3519 commissioner. Each such form shall contain content as set forth by
3520 instruction or procedure of the commissioner and may be changed or
3521 updated as necessary by the commissioner in order to carry out the
3522 purposes of sections 36a-595 to 36a-612, inclusive, as amended by this
3523 act. The applicant shall, at a minimum, furnish to the system
3524 information concerning the identity of the applicant, any control
3525 person of the applicant, the qualified individual and any branch
3526 manager responsible for the actions of the licensee, including, but not
3527 limited to, information related to such person's personal history and
3528 experience and any administrative, civil or criminal findings by any
3529 governmental jurisdiction. As part of an application, the commissioner
3530 may (1) in accordance with section 29-17a, conduct a state or national
3531 criminal history records check of the applicant, any control person of
3532 the applicant, the qualified individual and any branch manager, and
3533 (2) in accordance with section 36a-24b (A) require the submission of
3534 fingerprints of any such person to the Federal Bureau of Investigation
3535 or other state, national or international criminal databases, and (B)
3536 investigate the financial condition of any such person and require
3537 authorization from any such person for the system and the
3538 commissioner to obtain an independent credit report from a consumer
3539 reporting agency, as described in Section 603(p) of the Fair Credit
3540 Reporting Act, 15 USC 1681a, as amended from time to time. An
3541 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,
3575 trustees, principal officers, members and any shareholder owning ten
3576 per cent or more of each class of the applicant's securities;]

3577 ~~[(9)]~~ (3) (A) The surety bond required by subsection (a) of section
3578 36a-602, if applicable;

3579 (B) A list of the investments maintained in accordance with
3580 subsection (d) of section 36a-602, if applicable, and the book and
3581 market values of any such investments (i) as of the date of the financial
3582 statement filed in accordance with subdivision ~~[(6)]~~ (1) of this
3583 subsection; and (ii) as of a date no earlier than thirty business days
3584 prior to the filing of the application;

3585 ~~[(10)]~~ (4) A statement describing the type of money transmission
3586 business that will be conducted by the applicant in this state and
3587 whether such money transmission will include the transmission of
3588 monetary value in the form of virtual currency;

3589 ~~[(11)]~~ (5) The name and address of any financial institution used by
3590 the applicant for its money transmission business in this state;

3591 ~~[(12)]~~ (6) For each authorized delegate, a sample of the contract
3592 evidencing the proposed arrangement between the applicant and the
3593 authorized delegate; and

3594 ~~[(13)]~~ (7) Any other information the commissioner may require.

3595 (b) [The commissioner, in accordance with section 29-17a, may
3596 conduct a state and national criminal history records check of the
3597 individual applicant and of each partner, director, trustee, principal
3598 officer, member and shareholder owning ten per cent or more of each
3599 class of the securities of the applicant.] The commissioner may deem
3600 an application for a license to engage in the business of money
3601 transmission in this state abandoned if the applicant fails to respond to
3602 any request for information required under sections 36a-595 to 36a-612,
3603 inclusive, as amended by this act, or any regulations adopted pursuant
3604 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.
3638 A licensee may change the name of the licensee or the address of the
3639 office specified on the most recent filing with the system if, at least
3640 thirty calendar days prior to such change, the licensee files such

3641 change with the system and provides a bond rider, endorsement or
3642 addendum, as applicable, to the surety bond on file with the
3643 commissioner that reflects the new name or address, and the
3644 commissioner does not disapprove such change, in writing, or request
3645 further information within such thirty-day period.

3646 (3) The commissioner may automatically suspend any license for a
3647 violation of this subsection. After a license has been automatically
3648 suspended pursuant to this subsection, the commissioner shall (A)
3649 give the licensee notice of the automatic suspension, pending
3650 proceedings for revocation of or refusal to renew the license pursuant
3651 to section 36a-608, as amended by this act, and an opportunity for a
3652 hearing in accordance with section 36a-51, as amended by this act, and
3653 (B) require the licensee to take or refrain from taking action as the
3654 commissioner deems necessary to effectuate the purpose of this
3655 section.

3656 (e) A licensee shall file with the system or, if the information cannot
3657 be filed on the system, provide a written notice to the commissioner
3658 not later than one business day after the licensee has reason to know of
3659 the occurrence of any of the following events:

3660 (1) The filing of a petition by or against the licensee under the
3661 United States Bankruptcy Code for bankruptcy or reorganization or
3662 the filing of a petition under the United States Bankruptcy Code for
3663 bankruptcy or reorganization by any control person, qualified
3664 individual or authorized delegate of the licensee;

3665 (2) The filing of a petition by or against the licensee for receivership,
3666 the commencement of any other judicial or administrative proceeding
3667 for its dissolution or reorganization, or the making of a general
3668 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.
3700 Each licensee shall pay to the commissioner a nonrefundable name
3701 change fee of two hundred dollars for each application to change a
3702 name. No licensee shall use any name other than the name specified on
3703 the license issued by the commissioner.] Each applicant for a money

3704 transmission license shall pay to the system any required fees or
3705 charges and a license fee of one thousand eight hundred seventy-five
3706 dollars. Each such license shall expire at the close of business on
3707 December thirty-first of the year in which the license was approved,
3708 unless such license is renewed, except that any such license approved
3709 on or after November first shall expire at the close of business on
3710 December thirty-first of the year following the year in which it is
3711 approved. An application for renewal of a license shall be filed
3712 between November first and December thirty-first of the year in which
3713 the license expires. Each applicant for renewal of a money
3714 transmission license shall pay to the system any required fees or
3715 charges and a renewal fee of one thousand one hundred twenty-five
3716 dollars.

3717 (b) [A license issued pursuant to sections 36a-595 to 36a-612,
3718 inclusive, shall expire at the close of business on September thirtieth of
3719 the odd-numbered year following its issuance, unless renewed or
3720 earlier surrendered, suspended or revoked pursuant to said sections.]
3721 Not later than fifteen days after the date a licensee ceases to engage in
3722 the business of money transmission in this state for any reason,
3723 including a business decision to terminate operations in this state,
3724 license revocation, bankruptcy or voluntary dissolution, such licensee
3725 shall [provide written notice of surrender and] request surrender [to
3726 the commissioner its] of the license in accordance with subsection (c) of
3727 section 36a-51, as amended by this act, for each location [in which]
3728 where such licensee has ceased to engage in such business. The
3729 [written notice of surrender] licensee shall also identify, in writing, to
3730 the commissioner the location where the records of the licensee will be
3731 stored and the name, address and telephone number of an individual
3732 authorized to provide access to the records. The surrender of a license
3733 does not reduce or eliminate the licensee's civil or criminal liability
3734 arising from acts or omissions occurring prior to the surrender of the
3735 license, including any administrative actions undertaken by the
3736 commissioner to revoke or suspend a license, assess a civil penalty,
3737 order restitution or exercise any other authority provided to the
3738 commissioner.

3739 (c) Each license shall remain in force and effect until the license has
3740 been surrendered, revoked or suspended or has expired in accordance
3741 with the provisions of sections 36a-595 to 36a-612, inclusive, as
3742 amended by this act. No abatement of the license fee shall be made if
3743 the applicant is denied or withdrawn prior to issuance of the license or
3744 if the license is surrendered, revoked or suspended prior to the
3745 expiration of the period for which it was issued. All fees required by
3746 this section shall be nonrefundable.

3747 Sec. 53. Section 36a-600 of the general statutes is repealed and the
3748 following is substituted in lieu thereof (*Effective October 1, 2018*):

3749 (a) Upon the filing of an application for an initial license, and the
3750 payment of [the fees for investigation and license] required fees, the
3751 commissioner shall investigate the financial condition and
3752 responsibility, financial and business experience, character and general
3753 fitness of the applicant, and the applicant's control persons and
3754 qualified individual. The commissioner may issue a license if the
3755 commissioner finds that:

3756 (1) The applicant's financial condition is sound;

3757 (2) The applicant's business will be conducted honestly, fairly,
3758 equitably, carefully and efficiently within the purposes and intent of
3759 sections 36a-595 to 36a-612, inclusive, as amended by this act, and in a
3760 manner commanding the confidence and trust of the community;

3761 (3) [(A) If the applicant is an individual, such individual is in all
3762 respects properly qualified and of good character, (B) if the applicant is
3763 a partnership, each partner is in all respects properly qualified and of
3764 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
3861 cancellation shall take effect. [Such] If the bond is issued electronically
3862 on the system, such written notice may be provided by the surety
3863 company to the licensee and the commissioner through the system at
3864 least thirty days prior to the date of cancellation. Any notice of
3865 cancellation not provided through the system shall be sent by certified
3866 mail to the licensee and the commissioner at least thirty days prior to
3867 the date of cancellation. A surety bond shall not be cancelled unless the

3868 surety company notifies the commissioner in writing not less than
3869 thirty days prior to the effective date of cancellation. After receipt of
3870 such notification from the surety company, the commissioner shall
3871 give written notice to the licensee of the date such bond cancellation
3872 shall take effect. The commissioner shall automatically suspend the
3873 license on such date, unless the licensee, prior to such date, submits (1)
3874 a letter of reinstatement of the bond from the surety company, (2) a
3875 new bond, (3) evidence that all of the principal sum of such surety
3876 bond has been invested as provided in subsection (d) of this section,
3877 (4) a new bond that replaces the surety bond in part and evidence that
3878 the remaining part of the principal sum of such surety bond has been
3879 invested as provided in subsection (d) of this section, or (5) evidence
3880 that the licensee has ceased business and has surrendered the license.
3881 After a license has been automatically suspended, the commissioner
3882 shall (A) give the licensee notice of the automatic suspension pending
3883 proceedings for revocation or refusal to renew such license and an
3884 opportunity for a hearing on such actions in accordance with section
3885 36a-51, as amended by this act, and (B) require the licensee to take or
3886 refrain from taking such action as [in the opinion of] the commissioner
3887 [will] deems necessary to effectuate the purposes of this section.

3888 Sec. 56. Section 36a-605 of the general statutes is repealed and the
3889 following is substituted in lieu thereof (*Effective October 1, 2018*):

3890 In connection with the examination of a licensee under section 36a-
3891 17, as amended by this act, the commissioner may also examine the
3892 authorized delegates of such licensee. [The commissioner, in lieu of
3893 conducting an examination, may accept the report of examination of
3894 any other state or federal supervisory agency or any organization
3895 affiliated with or representing such supervisory agency with respect to
3896 the examination or other supervision of any person subject to the
3897 provisions of sections 36a-595 to 36a-612, inclusive, or a report
3898 prepared by an independent accounting firm, and reports so accepted
3899 are considered for purposes of sections 36a-595 to 36a-612, inclusive, as
3900 an official examination report of the commissioner.]

3901 Sec. 57. Section 36a-606 of the general statutes is repealed and the
3902 following is substituted in lieu thereof (*Effective October 1, 2018*):

3903 (a) [On or before the thirtieth day of April each year, each licensee
3904 shall file with the commissioner:] Any person making any filing or
3905 submission of any information on the system shall do so in accordance
3906 with the procedures and requirements of the system and pay the
3907 applicable fees or charges to the system. Licensees shall complete any
3908 reports of condition and any reports relating to authorized delegates
3909 required by the system. Any such report shall be timely and accurately
3910 filed on the system in accordance with the due dates and formats
3911 required by the system.

3912 (b) Each licensee shall file with the commissioner not later than
3913 ninety days from the licensee's fiscal year end:

3914 (1) [(A)] A copy of audited financial statements for the most recent
3915 fiscal year. [, (B) if] If the licensee is a wholly-owned subsidiary of
3916 another corporation, [(i)] it shall file (A) the most recent audited
3917 consolidated annual financial statements of the parent corporation or
3918 the licensee's most recent audited consolidated annual financial
3919 statement, and [(ii)] (B) the most recent audited unconsolidated
3920 financial statement of the licensee, including its balance sheet and
3921 receipts and disbursements for the preceding year. [, (C) if] If the
3922 licensee is publicly traded, it shall file a copy of the most recent 10-K
3923 report that was filed with the Securities and Exchange Commission or,
3924 if the licensee is a wholly-owned subsidiary of a publicly-traded
3925 company, a copy of the parent company's most recent 10-K report that
3926 was filed with said commission. [, and (D) if a] If the licensee or parent
3927 company of a wholly-owned subsidiary licensee is publicly traded on a
3928 foreign exchange, it shall file a copy of documentation similar to the
3929 10-K report [filed pursuant to subparagraph (C) of this subdivision]
3930 that was filed with the applicable securities regulator;

3931 (2) [A] To the extent it is not already captured by a report of
3932 condition, a list of permissible investments, the book and market value
3933 of such investments, and the dollar amount of the licensee's aggregate

3934 outstanding money transmissions; and

3935 (3) [A] To the extent it is not already captured by a report of
3936 condition, a list of investments maintained in accordance with
3937 subsection (d) of section 36a-602, if applicable, the book and market
3938 values of such investments and the dollar amount of the licensee's
3939 aggregate outstanding money transmissions in this state.

3940 [(b)] (c) The lists and other information filed as provided in
3941 subdivisions (2) and (3) of subsection [(a)] (b) of this section shall be as
3942 of the same date as the financial statement filed in accordance with
3943 subdivision (1) of subsection [(a)] (b) of this section.

3944 [(c)] (d) The commissioner may require of any licensee such
3945 additional reports, under oath, certified, or otherwise, concerning such
3946 licensee's business in this state as the commissioner may consider
3947 necessary for the enforcement of sections 36a-595 to 36a-612, inclusive,
3948 as amended by this act. Any licensee that fails to timely and accurately
3949 furnish any report required by this section shall be in violation of this
3950 section.

3951 Sec. 58. Subsection (a) of section 36a-607 of the 2018 supplement to
3952 the general statutes is repealed and the following is substituted in lieu
3953 thereof (*Effective October 1, 2018*):

3954 (a) A licensee may conduct its business at one or more locations
3955 within this state as follows:

3956 (1) The business may be conducted by the licensee or through or by
3957 means of such authorized delegates as the licensee may periodically
3958 designate or appoint on the system in such form and manner as
3959 required by the commissioner. The licensee shall pay any associated
3960 processing fees imposed by the system. The licensee shall notify the
3961 commissioner on the system of all authorized delegates that act on its
3962 behalf. An authorized delegate may not engage in the business of
3963 money transmission in this state on behalf of a licensee through or by
3964 means of any person who is not identified on the system as an

3965 authorized delegate of the licensee.

3966 (2) No license under sections 36a-595 to 36a-612, inclusive, as
3967 amended by this act, shall be required of any authorized delegate.

3968 (3) Each authorized delegate shall, from the moment of receipt, hold
3969 the proceeds of a sale or delivery of a licensee's money transmissions
3970 in this state in trust for the benefit of such licensee.

3971 (4) A licensee shall be liable for the loss caused to any purchaser or
3972 holder of the licensee's payment instruments or stored value sold in
3973 this state by the failure of an authorized delegate to forward to the
3974 licensee the amount due from the proceeds of a sale or delivery of the
3975 licensee's payment instruments or stored value, or money or monetary
3976 value received for transmission.

3977 (5) The licensee shall enter into a contract with each of its authorized
3978 delegates that requires the authorized delegate to operate in full
3979 compliance with sections 36a-595 to 36a-612, inclusive, as amended by
3980 this act, and provides that appointment of the authorized delegate is
3981 not effective during any period when the license of the licensee has
3982 been suspended. The licensee shall provide each authorized delegate
3983 with policies and procedures sufficient to ensure compliance with
3984 sections 36a-595 to 36a-612, inclusive, as amended by this act.

3985 (6) An authorized delegate shall remit all money owing to the
3986 licensee in accordance with the terms of the contract between the
3987 licensee and the authorized delegate.

3988 (7) An authorized delegate shall not provide money transmission
3989 services in this state outside the scope of activity permissible under the
3990 contract between the authorized delegate and the licensee.

3991 Sec. 59. Section 36a-608 of the general statutes is repealed and the
3992 following is substituted in lieu thereof (*Effective October 1, 2018*):

3993 (a) The commissioner shall make such investigations as the
3994 commissioner considers necessary to determine whether any licensee

3995 or any other person has violated, is violating or is about to violate any
3996 of the provisions of sections 36a-595 to 36a-612, inclusive, as amended
3997 by this act, or whether any licensee has acted in such manner as
3998 otherwise would justify the suspension or revocation of the license or a
3999 refusal to renew the license. The provisions of section 36a-17, as
4000 amended by this act, shall apply to such investigation. For purposes of
4001 this section, "unsafe or unsound practice" means a practice or conduct
4002 by a licensee or an authorized delegate that is likely to result in a
4003 material loss, insolvency or dissipation of the licensee's assets or
4004 otherwise materially prejudice the interests of purchasers.

4005 (b) The commissioner may suspend, ~~or~~ revoke or refuse to renew a
4006 license or take any other action, in accordance with section 36a-51, as
4007 amended by this act, (1) on any ground on which the commissioner
4008 might [refuse to issue] deny an initial license, (2) for any violation [of
4009 sections 36a-595 to 36a-612, inclusive,] by the licensee, or by the
4010 licensee's control persons, qualified individual, trustee, employee or
4011 agent, including, but not limited to, the licensee's authorized delegates,
4012 of any provision of this title or of any regulation or order adopted
4013 [under said sections, for noncompliance with an order that the
4014 commissioner may issue under said sections to a licensee,] or issued
4015 pursuant thereto pertaining to such person, or any other law or
4016 regulation applicable to the conduct of such licensee's money
4017 transmission business, (3) for failure of the licensee to pay a judgment
4018 ordered by any court within or outside this state within thirty days
4019 after the judgment becomes final or within thirty days after expiration
4020 or termination of a stay of execution of the judgment, (4) for engaging
4021 in fraud, intentional misrepresentation or gross negligence, or (5) for
4022 engaging in an unsafe or unsound practice.

4023 (c) Whenever it appears to the commissioner that (1) any person has
4024 violated, is violating or is about to violate any provision of sections
4025 36a-595 to 36a-612, inclusive, as amended by this act, or any regulation
4026 adopted under said sections, (2) any person is, was or would be a
4027 cause of the violation of any such provision or regulation due to an act
4028 or omission such person knew or should have known would

4029 contribute to such violation, or (3) any licensee has failed to pay a
4030 judgment ordered by any court within or outside of this state thirty
4031 days after the date on which the judgment becomes final or thirty days
4032 after the date of the expiration or termination of a stay of execution of
4033 the judgment, or engaged in fraud, intentional misrepresentation or
4034 gross negligence, or engaged in an unsafe or unsound practice, the
4035 commissioner may take action against such person in accordance with
4036 sections 36a-50 and 36a-52.

4037 (d) The commissioner may order a licensee to terminate its
4038 relationship with any authorized delegate if the commissioner finds
4039 that: (1) The authorized delegate violated any provision of sections
4040 36a-595 to 36a-612, inclusive, as amended by this act, or any regulation
4041 adopted under said sections or any other law or regulation applicable
4042 to the conduct of its business; (2) the authorized delegate failed to
4043 cooperate with an examination or investigation by the commissioner;
4044 (3) the authorized delegate engaged in fraud, intentional
4045 misrepresentation, or gross negligence or misappropriated funds; (4)
4046 the authorized delegate has been convicted of a violation of a state or
4047 federal anti-money laundering statute; (5) the competence, experience,
4048 character or general fitness of the authorized delegate or [a manager,
4049 partner, director, trustee, principal officer, member or shareholder
4050 owning ten per cent or more of each class of the authorized delegate's
4051 securities] any control person of the authorized delegate demonstrates
4052 that it would not be in the public interest to permit such authorized
4053 delegate to engage in the business of money transmission in this state
4054 on behalf of a licensee; (6) the authorized delegate is engaging in an
4055 unsafe or unsound practice; or (7) the authorized delegate is convicted
4056 of any act involving fraud or dishonesty.

4057 (e) The commissioner may order a licensee to remove any
4058 individual conducting business under sections 36a-595 to 36a-612,
4059 inclusive, as amended by this act, from office and from employment or
4060 retention as an independent contractor in the money transmission
4061 business in this state in accordance with section 5 of this act.

4062 (f) The commissioner may issue a temporary order to cease business
4063 under a license if the commissioner determines that such license was
4064 issued erroneously. Such temporary order shall be issued in
4065 accordance with subsection (j) of section 36a-24b.

4066 Sec. 60. Section 36a-611 of the general statutes is repealed and the
4067 following is substituted in lieu thereof (*Effective October 1, 2018*):

4068 (a) Each licensee [, as defined in section 36a-596,] shall maintain and
4069 prepare such records as will enable the [Banking Commissioner]
4070 commissioner to determine whether the licensee and any of its
4071 authorized delegates are complying with the provisions of sections
4072 36a-595 to [36a-609] 36a-612, inclusive, as amended by this act, [this
4073 section, and section 36a-612] at the office named in the license, or, if
4074 requested by the commissioner, shall make such records available at
4075 such office or send such records to the commissioner by registered or
4076 certified mail, return receipt requested, or by any express delivery
4077 carrier that provides a dated delivery receipt, not later than five
4078 business days after such request by the commissioner. Upon request,
4079 the commissioner may grant a licensee additional time to make such
4080 records available or send such records to the commissioner.

4081 (b) Each licensee shall maintain the following records for at least
4082 five years:

4083 (1) A record of each payment instrument or stored-value obligation
4084 sold within this state;

4085 (2) A general ledger posted at least monthly containing all asset,
4086 liability, capital, income and expense accounts;

4087 (3) Bank statements and bank reconciliation records;

4088 (4) Records of outstanding money transmissions in this state;

4089 (5) Records of each payment instrument and stored value obligation
4090 paid during the previous five years;

4091 (6) A list of the last known names and addresses of all of the
4092 licensee's authorized delegates; and

4093 (7) Any other records the commissioner may require.

4094 (c) The unique identifier of any person licensed under section 36a-
4095 600, as amended by this act, shall be clearly shown on all solicitations
4096 and advertisements, including business cards and web sites, and any
4097 other documents as established by rule, regulation or order of the
4098 commissioner, and shall be clearly stated in all audio solicitations and
4099 advertisements. The solicitations or advertisements of any person
4100 licensed under section 36a-600, as amended by this act, (1) shall not
4101 include any statement that such person is endorsed in any way by this
4102 state, except that such solicitations and advertisements may include a
4103 statement that such person is licensed in this state; (2) shall not include
4104 any statement or claim that is deceptive, false or misleading; (3) shall
4105 otherwise conform to the requirements of sections 36a-595 to 36a-612,
4106 inclusive, as amended by this act, any regulations issued thereunder
4107 and any other applicable law; and (4) shall be retained for two years
4108 from the date of use of such solicitation or advertising.

4109 Sec. 61. Section 36a-612 of the general statutes is repealed and the
4110 following is substituted in lieu thereof (*Effective October 1, 2018*):

4111 A licensee [, as defined in section 36a-596,] shall notify the [Banking
4112 Commissioner in writing] commissioner on the system not later than
4113 fifteen days after the date of any change in the list of the licensee's
4114 authorized delegates or locations where the licensee or the licensee's
4115 authorized delegates engage in the business of money transmission in
4116 this state. Such notice shall state the name and address of each location
4117 and authorized delegate removed or added to the licensee's list.

4118 Sec. 62. Section 36a-655 of the 2018 supplement to the general
4119 statutes is repealed and the following is substituted in lieu thereof
4120 (*Effective October 1, 2018*):

4121 As used in sections 36a-655 to 36a-665, inclusive:

4122 (1) "Advertise" or "advertising" has the same meaning as provided
4123 in section 36a-485, as amended by this act.

4124 (2) "Bona fide nonprofit organization" means any organization that
4125 is exempt from taxation under Section 501(c)(3) of the Internal Revenue
4126 Code of 1986, or any subsequent corresponding internal revenue code
4127 of the United States, as amended from time to time.

4128 (3) "Branch office" means a location other than the main office at
4129 which a licensee or any other person on behalf of a licensee engages in
4130 the business of debt adjustment.

4131 [(3)] (4) "Control person" has the same meaning as provided in
4132 section 36a-485, as amended by this act.

4133 [(4)] (5) "Debt adjustment" means, for or with the expectation of a
4134 fee, commission or other valuable consideration, receiving, as agent of
4135 a debtor, money or evidences thereof for the purpose of distributing
4136 such money or evidences thereof among creditors in full or partial
4137 payment of obligations of the debtor.

4138 [(5)] (6) "Debtor" means any individual who has incurred
4139 indebtedness or owes a debt for personal, family or household
4140 purposes.

4141 (7) "Main office" has the same meaning as provided in section 36a-
4142 485, as amended by this act.

4143 (8) "Unique identifier" has the same meaning as provided in section
4144 36a-485, as amended by this act.

4145 Sec. 63. Section 36a-656 of the general statutes is repealed and the
4146 following is substituted in lieu thereof (*Effective October 1, 2018*):

4147 (a) No person shall engage in the business of debt adjustment in this
4148 state [without a debt adjuster license. Any person desiring to obtain
4149 such a license shall file with the commissioner an application under
4150 oath, setting forth such information as the commissioner may require.

4151 Each applicant for a license and each licensee shall notify the
4152 commissioner of any change in the applicant's business from that
4153 stated in the application for the license] unless such person has first
4154 obtained a license for the main office and for each branch office where
4155 such business is conducted in accordance with the provisions of
4156 sections 36a-655 to 36a-665, inclusive, as amended by this act. No
4157 person shall conduct any activity that is subject to licensure pursuant
4158 to sections 36a-655 to 36a-665, inclusive, as amended by this act, at any
4159 office located outside of the United States.

4160 (b) An application for a debt adjuster license or renewal of such
4161 license shall be [in writing on a form provided by the commissioner
4162 and shall include (1) the history of criminal convictions of the
4163 applicant; the partners, if the applicant is a partnership; the members,
4164 if the applicant is a limited liability company or association; or the
4165 officers, directors and principal employees if the applicant is a
4166 corporation, and (2) sufficient information pertaining to the history of
4167 criminal convictions, in a form acceptable to the commissioner, on such
4168 applicant, partners, members, officers, directors and principal
4169 employees as the commissioner deems necessary to make the findings
4170 under subsection (c) of this section. The commissioner, in accordance
4171 with section 29-17a, may conduct a state and national criminal history
4172 records check of the applicant and of each partner, member, officer,
4173 director and principal employee of the applicant.] processed on the
4174 system pursuant to section 36a-24b, in the form prescribed by the
4175 commissioner. Each such form shall contain content as set forth by
4176 instruction or procedure of the commissioner and may be changed or
4177 updated as necessary by the commissioner in order to carry out the
4178 purposes of sections 36a-655 to 36a-665, inclusive, as amended by this
4179 act. The applicant shall, at a minimum, furnish to the system
4180 information concerning the identity of the applicant, any control
4181 person of the applicant, the qualified individual and any branch
4182 manager responsible for the actions of the licensee, including, but not
4183 limited to, information related to such person's personal history and
4184 experience and any administrative, civil or criminal findings by any
4185 governmental jurisdiction. As part of an application, the commissioner

4186 may (1) in accordance with section 29-17a, conduct a state or national
4187 criminal history records check of the applicant, any control person of
4188 the applicant, the qualified individual and any branch manager, and
4189 (2) in accordance with section 36a-24b (A) require the submission of
4190 fingerprints of the applicant, any control person of the applicant, the
4191 qualified individual and any branch manager to the Federal Bureau of
4192 Investigation or other state, national or international criminal
4193 databases, and (B) investigate the financial condition of any such
4194 person and require authorization from any such person for the system
4195 and the commissioner to obtain an independent credit report from a
4196 consumer reporting agency, as described in Section 603(p) of the Fair
4197 Credit Reporting Act, 15 USC 1681a, as amended from time to time.

4198 (c) (1) If the commissioner finds, upon the filing of an application for
4199 a debt adjuster license, that: [(1)] (A) The financial responsibility,
4200 character, reputation, integrity and general fitness of the applicant
4201 [and of the partners thereof if the applicant is a partnership, of the
4202 members if the applicant is a limited liability company or association,
4203 and of the officers, directors and principal employees if the applicant is
4204 a corporation,] and any control person, qualified individual and
4205 branch manager of the applicant are such as to warrant belief that the
4206 business will be operated soundly and efficiently, in the public interest
4207 and consistent with the purposes of sections 36a-655 to 36a-665,
4208 inclusive, as amended by this act, [; and (2)] (B) the applicant is solvent
4209 and no proceeding in bankruptcy, receivership or assignment for the
4210 benefit of creditors has been commenced against the applicant, (C) the
4211 applicant has the bond required pursuant to section 36a-664, as
4212 amended by this act, the commissioner may thereupon issue the
4213 applicant a debt adjuster license. If the commissioner fails to make
4214 such findings, the commissioner shall not issue a license and shall
4215 notify the applicant of the reasons for such denial. The commissioner
4216 may deny an application if the commissioner finds that the applicant
4217 or any [partner, member, officer, director or principal employee of the
4218 applicant] control person, qualified individual or branch manager of
4219 the applicant has been convicted of any misdemeanor involving any
4220 aspect of the debt adjuster business, or any felony or has made a

4221 material misstatement in the application. Any denial of an application
4222 by the commissioner shall, when applicable, be subject to the
4223 provisions of section 46a-80. [Withdrawal of an application for a
4224 license shall become effective upon receipt by the commissioner of a
4225 notice of intent to withdraw such application. The commissioner may
4226 deny a license up to the date one year after the effective date of
4227 withdrawal.]

4228 (2) The minimum standards for renewal of a debt adjuster license
4229 shall include the following: (A) The applicant continues to meet the
4230 minimum standards under subdivision (1) of this subsection; (B) the
4231 applicant has paid all required fees for renewal of the license; and (C)
4232 the applicant has paid any outstanding examination fees or other
4233 moneys due to the commissioner. The license of a debt adjuster that
4234 fails to satisfy the minimum standards for license renewal shall expire.
4235 The commissioner may adopt procedures for the reinstatement of
4236 expired licenses consistent with the standards established by the
4237 system.

4238 (d) Each applicant for [an original] a debt adjuster license [that is a
4239 bona fide nonprofit organization shall, at the time of making such
4240 application, pay to the commissioner an application fee of two
4241 hundred fifty dollars. Each applicant for an original or a renewal of a
4242 debt adjuster license that is not a bona fide nonprofit organization
4243 shall, at the time of making such application, pay to the commissioner
4244 an application fee of one thousand six hundred dollars or, in the case
4245 of an application that is filed not earlier than the date one year before
4246 the date of expiration of such license, a license fee of eight hundred
4247 dollars. Each such license shall expire at the close of business on
4248 September thirtieth of the odd-numbered year following its issuance
4249 unless such license is renewed. Each licensee shall, on or before
4250 September first of the year in which the license expires, file such
4251 renewal application as the commissioner may require] shall pay to the
4252 system any required fees or charges and a license fee in the amount of
4253 (1) two hundred fifty dollars if such applicant is a bona fide nonprofit
4254 organization, and (2) eight hundred dollars if such applicant is not a

4255 bona fide nonprofit organization. Each such license shall expire at the
4256 close of business on December thirty-first of the year in which the
4257 license was approved, unless such license is renewed, and provided
4258 any such license approved on or after November first shall expire at
4259 the close of business on December thirty-first of the year following the
4260 year in which it is approved. An application for renewal of a license
4261 shall be filed between November first and December thirty-first of the
4262 year in which the license expires. Each applicant for renewal of a debt
4263 adjuster license shall pay to the system any required fees or charges
4264 and, if not a bona fide nonprofit organization, a license fee of eight
4265 hundred dollars.

4266 (e) [If the commissioner determines that a check filed with the
4267 commissioner to pay an application fee has been dishonored, the
4268 commissioner shall automatically suspend the license or a renewal
4269 license that has been issued but is not yet effective. The commissioner
4270 shall give the licensee notice of the automatic suspension pending
4271 proceedings for revocation or refusal to renew and an opportunity for
4272 a hearing on such actions in accordance with section 36a-51.] In
4273 accordance with section 36a-24b, the commissioner may automatically
4274 suspend any license if such person receives a deficiency on the system
4275 indicating that a required payment was Returned-ACH or returned
4276 pursuant to any other term as may be utilized by the system to indicate
4277 that payment was not accepted. After a license has been automatically
4278 suspended pursuant to this subsection, the commissioner shall (1) give
4279 the licensee notice of the automatic suspension pending proceedings
4280 for revocation or refusal to renew pursuant to section 36a-657, as
4281 amended by this act, and an opportunity for a hearing on such action
4282 in accordance with section 36a-51, as amended by this act, and (2)
4283 require such licensee to take or refrain from taking such action as the
4284 commissioner deems necessary to effectuate the purposes of this
4285 section.

4286 (f) No abatement of the license fee shall be made if the application is
4287 denied or withdrawn prior to the issuance of the license or if the
4288 license is surrendered, revoked or suspended prior to the expiration of

4289 the period for which it was issued. [The fee] All fees required by
4290 subsection (d) of this section shall be nonrefundable.

4291 (g) The commissioner may deem an application for a license to
4292 engage in the business of debt adjustment abandoned if the applicant
4293 fails to respond to any request for information required under sections
4294 36a-655 to 36a-665, inclusive, as amended by this act, or any
4295 regulations adopted pursuant to said sections 36a-655 to 36a-665,
4296 inclusive, as amended by this act. The commissioner shall notify the
4297 applicant [, in writing,] on the system that if the applicant fails to
4298 submit such information not later than sixty days after the date on
4299 which such request for information was made, the application shall be
4300 deemed abandoned. In the event an application is deemed abandoned,
4301 any application filing fee paid prior to the date on which the
4302 application was filed is deemed abandoned and shall not be refunded.
4303 Abandonment of an application pursuant to this subsection shall not
4304 preclude the applicant from submitting a new application for a license
4305 under sections 36a-655 to 36a-665, inclusive, as amended by this act.

4306 (h) Every debt adjuster license shall remain in force and effect until
4307 the license has been surrendered, revoked or suspended or has expired
4308 in accordance with the provisions of sections 36a-655 to 36a-665,
4309 inclusive, as amended by this act. Not later than fifteen days after the
4310 date a licensee ceases to engage in the business of a debt adjuster in
4311 this state for any reason, including a business decision to terminate
4312 operations in this state, license revocation, bankruptcy or voluntary
4313 dissolution, such licensee shall surrender to the commissioner its
4314 license for each location in which such licensee has ceased to engage in
4315 such business in accordance with subsection (c) of section 36a-51, as
4316 amended by this act.

4317 Sec. 64. Section 36a-657 of the general statutes is repealed and the
4318 following is substituted in lieu thereof (*Effective October 1, 2018*):

4319 (a) The commissioner may suspend, revoke or refuse to renew any
4320 license or take any other action, in accordance with the provisions of
4321 section 36a-51, as amended by this act, for any reason which would be

4322 sufficient grounds for the commissioner to deny an application for a
4323 license under sections 36a-655 to 36a-665, inclusive, as amended by this
4324 act, or if the commissioner finds that the licensee or any [proprietor,
4325 director, officer, member, partner, shareholder] control person,
4326 qualified individual, branch manager, trustee, employee or agent of
4327 such licensee has done any of the following: (1) Made any material
4328 misstatement in the application; (2) committed any fraud or
4329 misappropriated funds; (3) violated any of the provisions of [sections
4330 36a-655 to 36a-665, inclusive, or any other law or regulation] this title
4331 or of any regulation or order adopted or issued pursuant thereto
4332 pertaining to any person or any other law or regulation applicable to
4333 the conduct of [its] such licensee's debt adjustment business; or (4)
4334 failed to perform any agreement with a debtor.

4335 (b) Whenever it appears to the commissioner that (1) any person has
4336 violated, is violating or is about to violate the provisions of sections
4337 36a-655 to 36a-665, inclusive, as amended by this act, or any regulation
4338 adopted thereunder; (2) any person is, was or would be the cause of
4339 the violation of any such provision or regulation due to an act or
4340 omission such person knew or should have known would contribute
4341 to such violation; or (3) any licensee or any [proprietor, director,
4342 officer, member, partner, shareholder] control person, qualified
4343 individual, branch manager, trustee, employee or agent of such
4344 licensee has committed any fraud, misappropriated funds or failed to
4345 perform any agreement with a debtor, the commissioner may take
4346 action against such person or licensee in accordance with sections 36a-
4347 50 and 36a-52.

4348 (c) The commissioner may order a licensee to remove any individual
4349 conducting business under sections 36a-655 to 36a-665, inclusive, as
4350 amended by this act, from office and from employment or retention as
4351 an independent contractor in the debt adjuster business in this state in
4352 accordance with section 5 of this act.

4353 (d) The commissioner may issue a temporary order to cease
4354 business under a license if the commissioner determines that such

4355 license was issued erroneously. Such temporary order shall be issued
4356 in accordance with subsection (j) of section 36a-24b.

4357 Sec. 65. Section 36a-658 of the general statutes is repealed and the
4358 following is substituted in lieu thereof (*Effective October 1, 2018*):

4359 (a) Each license shall state the location at which the business is to be
4360 conducted and shall state fully the name of the licensee. If the licensee
4361 desires to engage in the business of debt adjustment in more than one
4362 location, the licensee shall procure a license for each location where the
4363 business is to be conducted. [Each license shall be maintained at the
4364 location for which the license was issued and shall be available for
4365 public inspection. Such] A license issued under section 36a-656, as
4366 amended by this act, shall not be transferable or assignable. [provided
4367 any change of location of a licensee shall require only prior written
4368 notice to the commissioner.] Any change in any control person shall be
4369 the subject of an advance change notice filed on the system at least
4370 sixty days prior to the effective date of such change and no such
4371 change shall occur without the commissioner's approval.

4372 (b) No licensee shall use any name or address other than the name
4373 and address stated on the license issued by the commissioner. No
4374 licensee may use any name other than its legal name or a fictitious
4375 name approved by the commissioner, provided such licensee may not
4376 use its legal name if the commissioner disapproves use of such name.
4377 A licensee may change the name of the licensee or address of the office
4378 specified on the most recent filing with the system if (1) at least thirty
4379 calendar days prior to such change, the licensee files such change with
4380 the system and provides to the commissioner a bond rider,
4381 endorsement or addendum, as applicable; and (2) the commissioner
4382 does not disapprove such change, in writing, or request further
4383 information from the licensee within such thirty-day period.

4384 (c) The commissioner may automatically suspend any license for a
4385 violation of subsection (a) or (b) of this section. After a license has been
4386 automatically suspended pursuant to this subsection, the
4387 commissioner shall (1) give the licensee notice of such automatic

4388 suspension pending proceedings for revocation of or refusal to renew
4389 the license pursuant to section 36a-657, as amended by this act, and an
4390 opportunity for a hearing in accordance with section 36a-51, as
4391 amended by this act, and (2) require the licensee to take or refrain from
4392 taking action as the commissioner deems necessary to effectuate the
4393 purpose of this section.

4394 (d) Not later than fifteen days after the date a licensee ceases to
4395 engage in this state in the business of debt adjustment for any reason,
4396 including a business decision to terminate operations in this state,
4397 license revocation, bankruptcy or voluntary dissolution, such licensee
4398 shall surrender to the commissioner [in person or by registered or
4399 certified mail] its license for each location in which such licensee has
4400 ceased to engage in such business in accordance with subsection (c) of
4401 section 36a-51, as amended by this act.

4402 (e) Except as otherwise specified in subsections (a) and (b) of this
4403 section, each debt adjuster applicant or licensee, and each control
4404 person, qualified individual or branch manager of such applicant or
4405 licensee shall file on the system or, if the information cannot be filed on
4406 the system, notify the commissioner, in writing, of any change in the
4407 information such applicant, licensee, control person, qualified
4408 individual or branch manager most recently submitted to the system in
4409 connection with the application or license not later than fifteen days
4410 after the date such applicant, licensee, control person, qualified
4411 individual or branch manager had reason to know of the change.

4412 (f) A debt adjuster licensee shall file on the system or, if the
4413 information cannot be filed on the system, notify the commissioner, in
4414 writing, of the occurrence of any of the following developments not
4415 later than fifteen days after the date the licensee had reason to know of
4416 the occurrence of any of the following developments:

4417 (1) Filing for bankruptcy or the consummation of a corporate
4418 restructuring of the licensee;

4419 (2) Filing of a criminal indictment against the licensee in any way

4420 related to the debt adjuster activities of the licensee, or receiving
4421 notification of the filing of any criminal felony indictment or felony
4422 conviction of any control person, branch manager or qualified
4423 individual of the licensee;

4424 (3) Receiving notification of the institution of license denial, cease
4425 and desist, suspension or revocation procedures, or other formal or
4426 informal action by any governmental agency against the licensee or
4427 any control person, branch manager or qualified individual of the
4428 licensee and the reasons therefor;

4429 (4) Receiving notification of the initiation of any action against the
4430 licensee or any control person, branch manager or qualified individual
4431 of the licensee by the Attorney General or the attorney general of any
4432 other state and the reasons therefor; or

4433 (5) Receiving notification of filing for bankruptcy of any control
4434 person, branch manager or qualified individual of the licensee.

4435 (g) Any person filing or submitting any information on the system
4436 shall do so in accordance with the procedures and requirements of the
4437 system and shall pay the applicable fees or charges to the system. Each
4438 debt adjuster licensee, to the extent required by the system, shall
4439 timely submit to the system accurate reports of condition that shall be
4440 in such form and shall contain such information as the system may
4441 require. Failure by a licensee to submit a timely and accurate report of
4442 condition shall constitute a violation of this provision.

4443 (h) The unique identifier of any person licensed under section 36a-
4444 656, as amended by this act, shall be clearly shown on all solicitations
4445 and advertisements, including business cards and web sites, and any
4446 other documents as established by rule, regulation or order of the
4447 commissioner, and shall be clearly stated in all audio solicitations and
4448 advertisements. The solicitations or advertisements of any person
4449 licensed under section 36a-656, as amended by this act: (1) Shall not
4450 include any statement that such person is endorsed in any way by this
4451 state, except that such solicitations and advertisements may include a

4452 statement that such person is licensed in this state; (2) shall not include
4453 any statement or claim that is deceptive, false or misleading; (3) shall
4454 otherwise conform to the requirements of sections 36a-655 to 36a-665,
4455 inclusive, as amended by this act, any regulations issued thereunder
4456 and any other applicable law; and (4) shall be retained for two years
4457 from the date of use of such solicitation or advertisement.

4458 Sec. 66. Section 36a-664 of the general statutes is repealed and the
4459 following is substituted in lieu thereof (*Effective October 1, 2018*):

4460 (a) (1) Except as provided in subdivision (2) of this subsection, no
4461 such license, and no renewal thereof, shall be granted unless the
4462 applicant has filed a surety bond with the commissioner written by a
4463 surety authorized to write such bonds in this state, provided any
4464 applicant that files applications for licenses for more than one location
4465 shall file a single bond. Except as provided in this subdivision, for
4466 every applicant, the principal amount of the bond shall be the greater
4467 of (A) forty thousand dollars, or (B) (i) twice the amount of the average
4468 daily balance of the payments received by the applicant from
4469 Connecticut debtors in connection with the applicant's debt adjustment
4470 activity during the preceding twelve months ending [July thirty-first]
4471 June thirtieth of each year, or (ii) in the case of an applicant that has
4472 acquired the business of a predecessor debt adjuster, the lesser of the
4473 amount of the predecessor's debt adjustment activity during such
4474 preceding period or one million dollars. The commissioner may
4475 require a larger bond if the commissioner determines that a licensee
4476 has engaged in a pattern of conduct resulting in bona fide consumer
4477 complaints of misconduct and that such increased bond is necessary
4478 for the protection of consumers, or may increase or decrease the
4479 amount of the bond based upon the applicant's or licensee's financial
4480 condition, business plan and the actual or estimated aggregate amount
4481 of payments and fees paid by Connecticut debtors to such applicant.
4482 [Each] To the extent not captured on a required report of condition on
4483 the system, each licensee shall submit to the commissioner, by
4484 September first of each year, in a form and manner as may be
4485 prescribed by the commissioner, a report containing information on

4486 the average daily balance of the payments received by the licensee
4487 from Connecticut debtors during the preceding twelve months ending
4488 [July thirty-first] June thirtieth of each such year. [The report shall be
4489 subscribed and affirmed as true by the licensee and shall be in a form
4490 prescribed by the commissioner.]

4491 (2) If a licensee or applicant for renewal of a license establishes that
4492 such licensee or applicant is unable to comply with the bond required
4493 by subdivision (1) of this subsection, it shall file a bond for the highest
4494 principal amount it can obtain, provided such amount shall be a
4495 minimum of forty thousand dollars, and the licensee or applicant for
4496 renewal shall, in lieu of the balance of the required amount of the
4497 bond, deposit a sum equal to the amount of the bond required by
4498 subdivision (1) of this subsection, less the amount of the bond filed
4499 with the commissioner, in cash or cash equivalents, with such bank,
4500 out-of-state bank that has a branch in this state, Connecticut credit
4501 union or federal credit union as such applicant or licensee may
4502 designate and the commissioner may approve, and subject to such
4503 conditions as the commissioner deems necessary for the protection of
4504 consumers and in the public interest. No licensee or applicant shall
4505 make such deposit until the depository institution and the licensee or
4506 applicant executes a deposit agreement satisfactory to the
4507 commissioner. The deposit agreement shall pledge the amount
4508 deposited to the commissioner and provide that the depository
4509 institution shall not release any of the moneys pledged without the
4510 authorization of the commissioner. The amount deposited shall secure
4511 the same obligation as would a surety bond filed under this section
4512 and shall be held at such banks or credit unions to cover claims during
4513 the period the license remains in full force and effect and the
4514 succeeding two years after such license has been surrendered, revoked
4515 or suspended or has expired. The licensee or applicant may collect
4516 interest on such deposit in accordance with its deposit agreement. The
4517 deposits made pursuant to this section shall be deemed, by operation
4518 of law, to be held in trust for the benefit of any debtor, who may be
4519 damaged by failure of a licensee or applicant to perform any written
4520 agreements or by the wrongful conversion of funds paid to a licensee

4521 in the event of the bankruptcy of the licensee, and shall be immune
4522 from attachment by creditors or judgment creditors.

4523 (3) The form of any surety bond submitted pursuant to this section
4524 shall be approved by the Attorney General. Any surety bond filed
4525 under this section shall be conditioned upon the licensee faithfully
4526 performing any and all written agreements with debtors, truly and
4527 faithfully accounting for all funds received by the licensee in the
4528 licensee's capacity as a debt adjuster, and conducting such business
4529 consistent with the provisions of sections 36a-655 to 36a-665, inclusive,
4530 as amended by this act. Any debtor who may be damaged by failure to
4531 perform any written agreements, or by the wrongful conversion of
4532 funds paid to a licensee, may proceed on any such surety bond against
4533 the principal or surety thereon, or both, to recover damages. The
4534 commissioner may proceed on any such surety bond against the
4535 principal or surety thereon, or both, to collect any civil penalty
4536 imposed upon the licensee pursuant to subsection (a) of section 36a-50.
4537 On and after April 1, 2019, the commissioner may also proceed on any
4538 restitution imposed pursuant to subsection (c) of section 36a-50, and
4539 any unpaid costs of examination and unpaid assessment as determined
4540 pursuant to section 36a-65, as amended by this act, as applicable. The
4541 proceeds of any bond, even if commingled with other assets of the
4542 licensee, shall be deemed by operation of law to be held in trust for the
4543 benefit of such claimants against the licensee in the event of
4544 bankruptcy of the licensee and shall be immune from attachment by
4545 creditors and judgment creditors. Any bond required by this section
4546 shall be maintained during the entire period of the license granted to
4547 the applicant, and the aggregate liability under any such bond shall
4548 not exceed the principal amount of the bond or the limit of liability.

4549 (b) The surety shall have the right to cancel any bond filed under
4550 subsection (a) of this section at any time by a written notice to the
4551 licensee and the commissioner, stating the date cancellation shall take
4552 effect. [Such notice] If such bond is issued electronically on the system,
4553 written notice of cancellation may be provided by the surety to the
4554 principal and the commissioner through the system at least thirty days

4555 prior to the date of cancellation. Any notice of cancellation not
4556 provided through the system shall be sent by certified mail to the
4557 licensee and the commissioner at least thirty days prior to the date of
4558 cancellation. No such bond shall be cancelled unless the surety notifies
4559 the commissioner in writing not less than thirty days prior to the
4560 effective date of cancellation. After receipt of such notification from the
4561 surety, the commissioner shall give written notice to the licensee of the
4562 date such bond cancellation shall take effect. The commissioner shall
4563 automatically suspend the license on such date, unless prior to such
4564 date the licensee submits a letter of reinstatement of the bond from the
4565 surety or a new bond or the licensee has surrendered the license. After
4566 a license has been automatically suspended, the commissioner shall (1)
4567 give the licensee notice of the automatic suspension pending
4568 proceedings for revocation or refusal to renew and an opportunity for
4569 a hearing on such actions in accordance with section 36a-51, as
4570 amended by this act, and (2) require the licensee to take or refrain from
4571 taking such action as [in the opinion of] the commissioner [will] deems
4572 necessary to effectuate the purposes of this section.

4573 (c) No licensee shall use, attempt to use or make reference to, either
4574 directly or indirectly, any word or phrase which states or implies that
4575 the licensee is endorsed, sponsored, recommended or bonded by the
4576 state.

4577 Sec. 67. Section 36a-671 of the 2018 supplement to the general
4578 statutes is repealed and the following is substituted in lieu thereof
4579 (*Effective October 1, 2018*):

4580 (a) As used in this section and sections 36a-671a to 36a-671f,
4581 inclusive, as amended by this act:

4582 (1) "Advertise" or "advertising" has the same meaning as provided
4583 in section 36a-485, as amended by this act.

4584 (2) "Branch office" means a location other than the main office at
4585 which a licensee or any person on behalf of a licensee engages or offers
4586 to engage in debt negotiation.

4587 [(2)] (3) "Control person" has the same meaning as provided in
4588 section 36a-485, as amended by this act.

4589 [(3)] (4) "Debt negotiation" means, for or with the expectation of a
4590 fee, commission or other valuable consideration, assisting a debtor in
4591 negotiating or attempting to negotiate on behalf of a debtor the terms
4592 of a debtor's obligations with one or more mortgagees or creditors of
4593 the debtor, including the negotiation of short sales of residential
4594 property or foreclosure rescue services.

4595 [(4)] (5) "Debtor" means any individual who has incurred
4596 indebtedness or owes a debt for personal, family or household
4597 purposes.

4598 [(5)] (6) "Foreclosure rescue services" means services related to or
4599 promising assistance in connection with (A) avoiding or delaying
4600 actual or anticipated foreclosure proceedings concerning residential
4601 property, or (B) curing or otherwise addressing a default or failure to
4602 timely pay with respect to a mortgage loan secured by residential
4603 property, and includes, but is not limited to, the offer, arrangement or
4604 placement of a mortgage loan secured by residential property or other
4605 extension of credit when those services are advertised, offered or
4606 promoted in the context of foreclosure related services.

4607 (7) "Main office" has the same meaning as provided in section 36a-
4608 485, as amended by this act.

4609 [(6)] (8) "Mortgagee" means the original lender under a mortgage
4610 loan secured by residential property or its agents, successors or
4611 assigns.

4612 [(7)] (9) "Mortgagor" means a debtor who is an owner of residential
4613 property, including, but not limited to, a single-family unit in a
4614 common interest community, who is also the borrower under a
4615 mortgage encumbering such residential property.

4616 [(8)] (10) "Residential property" means a one-to-four family owner-
4617 occupied real property.

4618 [(9)] (11) "Short sale" means the sale of residential property by a
4619 mortgagor for an amount less than the outstanding balance owed on
4620 the loan secured by such property where, prior to the sale, the
4621 mortgagee or an assignee of the mortgagee agrees to accept less than
4622 the outstanding loan balance in full or partial satisfaction of the
4623 mortgage debt and the proceeds of the sale are paid to the mortgagee
4624 or an assignee of the mortgagee.

4625 (12) "Unique identifier" has the same meaning as provided in
4626 section 36a-485, as amended by this act.

4627 (b) No person shall engage or offer to engage in debt negotiation in
4628 this state [without a license issued under this section for each location
4629 where debt negotiation will be conducted. Any person desiring to
4630 obtain such a license shall file with the commissioner an application
4631 under oath, setting forth such information as the commissioner may
4632 require. Each applicant for a license and each licensee shall notify the
4633 commissioner of any change in the applicant's business from that
4634 stated in the application for the license] unless such person has first
4635 obtained a license for its main office and for each branch office where
4636 such business is conducted in accordance with the provisions of
4637 sections 36a-671 to 36a-671f, inclusive, as amended by this act. No
4638 person shall conduct any activity that is subject to licensure pursuant
4639 to sections 36a-671 to 36a-671f, inclusive, as amended by this act, at
4640 any office located outside of the United States. A person is engaging in
4641 debt negotiation in this state if such person: (1) Has a place of business
4642 located within this state; (2) has a place of business located outside of
4643 this state and the debtor is a resident of this state who negotiates or
4644 agrees to the terms of the services in person, by mail, by telephone or
4645 via the Internet; or (3) has its place of business located outside of this
4646 state and the services concern a debt that is secured by property
4647 located within this state.

4648 (c) An application for an original or renewal debt negotiation license
4649 shall be [in writing on a form provided by the commissioner and shall
4650 include (1) the history of criminal convictions of the (A) applicant, (B)

4651 partners, if the applicant is a partnership, (C) members, if the applicant
4652 is a limited liability company or association, or (D) officers, directors
4653 and principal employees, if the applicant is a corporation; and (2)
4654 sufficient information pertaining to the history of criminal convictions,
4655 in a form acceptable to the commissioner, on such applicant, partners,
4656 members, officers, directors and principal employees as the
4657 commissioner deems necessary to make the findings under subsection
4658 (d) of this section. The commissioner, in accordance with section 29-
4659 17a, may conduct a state and national criminal history records check of
4660 the applicant and of each partner, member, officer, director and
4661 principal employee of the applicant] made and processed on the
4662 system pursuant to section 36a-24b, in the form prescribed by the
4663 commissioner. Each such form shall contain content as set forth by
4664 instruction or procedure of the commissioner and may be changed or
4665 updated as necessary by the commissioner in order to carry out the
4666 purposes of sections 36a-671 to 36a-671f, inclusive, as amended by this
4667 act. The applicant shall, at a minimum, furnish to the system
4668 information concerning the identity of the applicant, any control
4669 person of the applicant, the qualified individual and any branch
4670 manager responsible for the actions of the applicant, including, but not
4671 limited to, information related to such person's personal history and
4672 experience, and any administrative, civil or criminal findings by any
4673 governmental jurisdiction. As part of the application, the
4674 commissioner may (1) in accordance with section 29-17a, conduct a
4675 state or national criminal history records check of the applicant, any
4676 control person of the applicant, the qualified individual or any branch
4677 manager, and (2) in accordance with section 36a-24b (A) require the
4678 submission of fingerprints of the applicant, any control person of the
4679 applicant, the qualified individual or any branch manager to the
4680 Federal Bureau of Investigation or other state, national or international
4681 criminal databases, and (B) investigate the financial condition of any
4682 such person and require authorization from any such person for the
4683 system and the commissioner to obtain an independent credit report
4684 from a consumer reporting agency, as described in Section 603(p) of
4685 the Fair Credit Reporting Act, 15 USC 1681a, as amended from time to

4686 time. The commissioner may deem an application for a debt
4687 negotiation license abandoned if the applicant fails to respond to any
4688 request for information required under sections 36a-671 to [36a-671e]
4689 36a-671f, inclusive, as amended by this act, or any regulations adopted
4690 pursuant to said sections 36a-671 to [36a-671e] 36a-671f, inclusive, as
4691 amended by this act. The commissioner shall notify the applicant [, in
4692 writing,] on the system that if the applicant fails to submit such
4693 information not later than sixty days after the date on which such
4694 request for information was made, the application shall be deemed
4695 abandoned. An application filing fee paid prior to the date an
4696 application is deemed abandoned pursuant to this subsection shall not
4697 be refunded. Abandonment of an application pursuant to this
4698 subsection shall not preclude the applicant from submitting a new
4699 application for a license under sections 36a-671 to [36a-671e] 36a-671f,
4700 inclusive, as amended by this act.

4701 (d) (1) If the commissioner finds, upon the filing of an application
4702 for a debt negotiation license, that: [(1)] (A) The financial
4703 responsibility, character, reputation, integrity and general fitness of the
4704 [(A)] applicant [, (B) partners thereof, if the applicant is a partnership,
4705 (C) members, if the applicant is a limited liability company or
4706 association, and (D) officers, directors and principal employees, if the
4707 applicant is a corporation,] and any control person, qualified
4708 individual and branch manager of the applicant are such as to warrant
4709 belief that the business will be operated soundly and efficiently, in the
4710 public interest and consistent with the purposes of sections 36a-671 to
4711 36a-671f, inclusive, as amended by this act; [and (2)] (B) the applicant is
4712 solvent and no proceeding in bankruptcy, receivership or assignment
4713 for the benefit of creditors has been commenced against the applicant;
4714 [.] and (C) the applicant has the bond required by section 36a-671d, as
4715 amended by this act, the commissioner may thereupon issue the
4716 applicant a debt negotiation license. [Such debt negotiation license
4717 shall not be transferable. Any change of location of a licensee shall
4718 require prior written notice to the commissioner. No licensee shall use
4719 any name unless such name has been approved by the commissioner.]
4720 If the commissioner fails to make such findings, the commissioner

4721 shall not issue a license and shall notify the applicant of the reasons for
4722 such denial. The commissioner may deny an application if the
4723 commissioner finds that the applicant or any [partner, member, officer,
4724 director or principal employee] control person, qualified individual or
4725 branch manager of the applicant has been convicted of any
4726 misdemeanor involving any aspect of the debt negotiation business or
4727 any felony or has made a material misstatement in the application.
4728 Any denial of an application by the commissioner shall, when
4729 applicable, be subject to the provisions of section 46a-80. [Withdrawal
4730 of an application for a license shall become effective upon receipt by
4731 the commissioner of a notice of intent to withdraw such application.
4732 The commissioner may deny a license up to the date one year after the
4733 effective date of withdrawal.]

4734 (2) The minimum standards for renewal of a debt negotiation
4735 license shall include the following: (A) The applicant continues to meet
4736 the minimum standards for license issuance under subdivision (1) of
4737 this subsection; (B) the applicant has paid all required fees for renewal
4738 of the license; and (C) the applicant has paid any outstanding
4739 examination fees or other moneys due to the commissioner.

4740 (e) [Each applicant for an original or renewal debt negotiation
4741 license shall, at the time of making such application, pay to the
4742 commissioner an application fee of one thousand six hundred dollars,
4743 provided, if such application is filed not earlier than one year before
4744 the date such license will expire, such person shall pay a license fee of
4745 eight hundred dollars. Each such license shall expire at the close of
4746 business on September thirtieth of the odd-numbered year following
4747 its issuance unless such license is renewed. Each licensee shall, on or
4748 before September first of the year in which the license expires, file such
4749 renewal application as the commissioner may require. Whenever an
4750 application for a license is filed under this section by any person who
4751 was a licensee under this section and whose license expired less than
4752 sixty days prior to the date such application was filed, such application
4753 shall be accompanied by a one-hundred-dollar processing fee in
4754 addition to the application fee.] Each applicant for a debt negotiation

4755 license shall pay to the system any required fees or charges and a
4756 license fee of eight hundred dollars. Each such license shall expire at
4757 the close of business on December thirty-first of the year in which the
4758 license was approved, unless such license is renewed, except that any
4759 such license approved on or after November first shall expire at the
4760 close of business on December thirty-first of the year following the
4761 year in which it is approved. An application for renewal of a license
4762 shall be filed between November first and December thirty-first of the
4763 year in which the license expires. Each applicant for renewal of a debt
4764 negotiation license shall pay to the system any required fees or charges
4765 and a renewal fee of eight hundred dollars.

4766 (f) [If the commissioner determines that a check filed with the
4767 commissioner to pay an application fee has been dishonored, the
4768 commissioner shall automatically suspend the license or a renewal
4769 license that has been issued but is not yet effective. The commissioner
4770 shall give the licensee notice of the automatic suspension pending
4771 proceedings for revocation or refusal to renew and an opportunity for
4772 a hearing on such actions in accordance with section 36a-51.] The
4773 commissioner may automatically suspend a license if the licensee
4774 receives a deficiency on the system indicating that a required payment
4775 was Returned-ACH or returned pursuant to such other term as may be
4776 utilized by the system to indicate that the payment was not accepted.
4777 After a license has been automatically suspended pursuant to this
4778 section, the commissioner shall (1) give the licensee notice of the
4779 automatic suspension, pending proceedings for revocation or refusal
4780 to renew pursuant to section 36a-671a, as amended by this act, and an
4781 opportunity for a hearing on such action in accordance with section
4782 36a-51, as amended by this act, and (2) require such licensee to take or
4783 refrain from taking such action as the commissioner deems necessary
4784 to effectuate the purposes of this section.

4785 (g) No abatement of the license fee shall be made if the application
4786 is denied or withdrawn prior to issuance of the license or if the license
4787 is surrendered, revoked or suspended prior to the expiration of the
4788 period for which it was issued. [The fee] All fees required by

4789 subsection (e) of this section shall be nonrefundable.

4790 (h) The license shall not be transferable or assignable. Any change in
4791 any control person of the licensee shall be the subject of an advance
4792 change notice filed on the system at least sixty days prior to the
4793 effective date of such change and no such change shall occur without
4794 the commissioner's approval.

4795 (i) No licensee may use any name other than its legal name or a
4796 fictitious name approved by the commissioner, provided such licensee
4797 may not use its legal name if the commissioner disapproves use of
4798 such name. No licensee shall use any name or address other than the
4799 name and address specified on the license issued by the commissioner.
4800 A licensee may change the name of the licensee or the address of the
4801 office specified on the most recent filing with the system if, at least
4802 thirty calendar days prior to such change, the licensee files such
4803 change with the system and provides to the commissioner a bond
4804 rider, endorsement or addendum, as applicable, and the commissioner
4805 does not disapprove such change, in writing, or request further
4806 information within such thirty-day period.

4807 (j) The commissioner may automatically suspend any license for a
4808 violation of subsection (h) or (i) of this section. After a license has been
4809 automatically suspended pursuant to this subsection, the
4810 commissioner shall (1) give the licensee notice of the automatic
4811 suspension, pending proceedings for revocation of or refusal to renew
4812 the license pursuant to section 36a-671a, as amended by this act, and
4813 an opportunity for a hearing in accordance with section 36a-51, as
4814 amended by this act, and (2) require the licensee to take or refrain from
4815 taking action as the commissioner deems necessary to effectuate the
4816 purpose of this section.

4817 (k) Not later than fifteen days after the date a licensee ceases to
4818 engage in the business of debt negotiation in this state for any reason,
4819 including, but not limited to, a business decision to terminate
4820 operations in this state, bankruptcy or voluntary dissolution, such
4821 licensee shall surrender to the commissioner its license for each

4822 location in which such licensee has ceased to engage in such business
4823 in accordance with subsection (c) of section 36a-51, as amended by this
4824 act.

4825 (l) Except as otherwise specified in subsections (h) and (i) of this
4826 section, each debt negotiation applicant or licensee, and each
4827 individual designated as a control person, qualified individual or
4828 branch manager of such applicant or licensee, shall file on the system
4829 any change in the information most recently submitted to the system
4830 by such applicant, licensee, control person, qualified individual or
4831 branch manager in connection with the application or license, or, if the
4832 information cannot be filed on the system, notify the commissioner of
4833 such change, in writing, not later than fifteen days from the date such
4834 applicant, licensee, control person, qualified individual or branch
4835 manager had reason to know of the change. A debt negotiation
4836 licensee shall file with the system or, if the information cannot be filed
4837 on the system, notify the commissioner, in writing, not later than
4838 fifteen days after the date the licensee had reason to know of the
4839 occurrence of any of the following events:

4840 (1) Filing for bankruptcy or the consummation of a corporate
4841 restructuring of the licensee;

4842 (2) Filing of a criminal indictment against the licensee for activities
4843 related to debt negotiation, or receiving notification of the filing of any
4844 criminal felony indictment or felony conviction of any control person,
4845 branch manager or qualified individual of the licensee;

4846 (3) Receiving notification of the institution of license denial, cease
4847 and desist, suspension or revocation procedures, or other formal or
4848 informal regulatory action by any governmental agency against the
4849 licensee or any control person, branch manager or qualified individual
4850 of the licensee and the reasons therefor;

4851 (4) Receiving notification of the initiation of any action against the
4852 licensee or any control person, branch manager or qualified individual
4853 of the licensee by the Attorney General or the attorney general of any

4854 other state and the reasons therefor; or

4855 (5) Receiving notification of filing for bankruptcy of any control
4856 person, branch manager or qualified individual of the licensee.

4857 (m) Any person making any filing or submission of any information
4858 on the system shall do so in accordance with the procedures and
4859 requirements of the system and pay the applicable fees or charges to
4860 the system. Each debt negotiation licensee shall, to the extent required
4861 by the system, timely submit to the system accurate reports of
4862 condition that shall be in such form and shall contain such information
4863 as the system may require. Failure by a licensee to submit a timely and
4864 accurate report of condition shall constitute a violation of this
4865 provision.

4866 (n) The unique identifier of any person licensed under section 36a-
4867 671, as amended by this act, shall be clearly shown on all solicitations
4868 and advertisements, including business cards and web sites, and any
4869 other documents as established by rule, regulation or order of the
4870 commissioner, and shall be clearly stated in all audio solicitations and
4871 advertisements. The solicitations and advertisements of any person
4872 licensed under section 36a-671, as amended by this act: (1) Shall not
4873 include any statement that such person is endorsed in any way by this
4874 state, except that such solicitations and advertisements may include a
4875 statement that such person is licensed in this state; (2) shall not include
4876 any statement or claim that is deceptive, false or misleading; (3) shall
4877 otherwise conform to the requirements of sections 36a-671 to 36a-671f,
4878 inclusive, as amended by this act, any regulations issued thereunder
4879 and any other applicable law; and (4) shall be retained for two years
4880 from the date of use of such solicitation or advertisement.

4881 Sec. 68. Section 36a-671a of the general statutes is repealed and the
4882 following is substituted in lieu thereof (*Effective October 1, 2018*):

4883 (a) The commissioner may suspend, revoke or refuse to renew any
4884 license or take any other action, in accordance with the provisions of
4885 section 36a-51, as amended by this act, for any reason that would be

4886 sufficient grounds for the commissioner to deny an application for a
4887 license under sections 36a-671 to [36a-671e] 36a-671f, inclusive, as
4888 amended by this act, or if the commissioner finds that the licensee or
4889 any [proprietor, director, officer, member, partner, shareholder]
4890 control person, qualified individual, branch manager, trustee,
4891 employee or agent of such licensee has done any of the following: (1)
4892 Made any material misstatement in the application; (2) committed any
4893 fraud or misappropriated funds; (3) violated any [of the provisions of
4894 sections 36a-671 to 36a-671e, inclusive] provision of this title or of any
4895 regulation or order adopted or issued pursuant thereto pertaining to
4896 such person, or any other law or regulation applicable to the conduct
4897 of [its] such licensee's debt negotiation business; or (4) failed to
4898 perform any agreement with a debtor.

4899 (b) Whenever it appears to the commissioner that (1) any person has
4900 violated, is violating or is about to violate the provisions of sections
4901 36a-671 to [36a-671e] 36a-671f, inclusive, as amended by this act, or any
4902 regulation adopted thereunder; (2) any person is, was or would be a
4903 cause of the violation of any such provision or regulation due to an act
4904 or omission such person knew or should have known would
4905 contribute to such violation; or (3) any licensee or any [proprietor,
4906 director, officer, member, partner, shareholder] control person,
4907 qualified individual, branch manager, trustee, employee or agent of
4908 such licensee has committed any fraud, misappropriated funds or
4909 failed to perform any agreement with a debtor, the commissioner may
4910 take action against such person or licensee in accordance with sections
4911 36a-50 and 36a-52. For purposes of sections 36a-671 to [36a-671e] 36a-
4912 671f, inclusive, as amended by this act, each engagement and each
4913 offer to engage in debt negotiation shall constitute a separate violation.

4914 (c) Upon complaint, the commissioner may review any fees or
4915 charges assessed by a person engaging or offering to engage in debt
4916 negotiation services and order the reduction of such fees or charges or
4917 repayment of such amount of the fees or charges that the
4918 commissioner deems excessive, taking into consideration the fees that
4919 other persons performing similar debt negotiation services charge for

4920 such services and the benefit to the consumer of such services. In
4921 conducting an investigation pursuant to this subsection, the
4922 commissioner shall have the same authority as specified in section 36a-
4923 17, as amended by this act.

4924 (d) The commissioner may order a licensee to remove any
4925 individual conducting business under sections 36a-671 to 36a-671f,
4926 inclusive, as amended by this act, from office and from employment or
4927 retention as an independent contractor in the debt negotiation business
4928 in this state in accordance with section 5 of this act.

4929 (e) The commissioner may issue a temporary order to cease business
4930 under a license if the commissioner determines that such license was
4931 issued erroneously. Such temporary order shall be issued in
4932 accordance with subsection (j) of section 36a-24b.

4933 Sec. 69. Section 36a-671d of the general statutes is repealed and the
4934 following is substituted in lieu thereof (*Effective October 1, 2018*):

4935 (a) (1) No debt negotiation license, and no renewal thereof, shall be
4936 granted unless the applicant has filed the surety bond required by this
4937 section, which bond shall be written by a surety authorized to write
4938 such bonds in this state.

4939 (2) No application for a debt negotiation license for a main office,
4940 and no renewal of such a license, shall be granted unless the applicant
4941 has filed a single surety bond with the commissioner in an aggregate
4942 amount of fifty thousand dollars, or such other amount required by
4943 subdivision (4) of this subsection. No application for a debt negotiation
4944 license branch office, and no renewal of such a license, shall be granted
4945 unless the applicant has identified such branch office as a bonded
4946 location by addendum to the main office surety bond required by this
4947 section.

4948 (3) Each debt negotiation licensee shall file a single surety bond that
4949 complies with the requirements of this section in connection with the
4950 main office license with the commissioner in an aggregate amount of

4951 fifty thousand dollars or such other amount required in subdivision (4)
4952 of this subsection, which bond shall identify any licensed branch office
4953 as a bonded location on such bond by addendum.

4954 (4) In the case of a debt negotiation licensee engaging or offering to
4955 engage in the business of negotiating residential mortgage loans on
4956 behalf of mortgagors, such debt negotiation licensee shall file a bond in
4957 the penal sum amount set forth in subsection (e) of this section based
4958 on the aggregate dollar amount of the residential mortgage loans
4959 negotiated or offered to be negotiated by its sponsored mortgage loan
4960 originator licensees. The principal on a bond required by this
4961 subdivision shall [annually] file quarterly reports on the system
4962 reflecting residential mortgage loan volume in accordance with
4963 subsection (g) of this section and subsection (m) of section 36a-671, as
4964 amended by this act, to confirm that it maintains the required penal
4965 sum in the amount required by this subdivision.

4966 (5) [Not later than September 1, 2012, and each September first
4967 thereafter, a] Each debt negotiation licensee shall file with the
4968 commissioner such information as the commissioner may require to
4969 confirm that the penal sum of the bond remains consistent with the
4970 amount required by this section. The principal shall file, [not later than
4971 September first of the applicable year, or on such other date] as the
4972 commissioner may require, [pursuant to subsection (g) of this section,]
4973 any bond rider or endorsement to the surety bond on file with the
4974 commissioner to reflect any changes necessary to maintain the surety
4975 bond coverage required by this section.

4976 (b) The form of any surety bond submitted pursuant to subsection
4977 (a) of this section shall be approved by the Attorney General. Any
4978 surety bond filed under subsection (a) of this section shall be
4979 conditioned upon the debt negotiation licensee and any sponsored
4980 mortgage loan originator licensee faithfully performing any and all
4981 written agreements or commitments with or for the benefit of debtors
4982 and mortgagors, as applicable, truly and faithfully accounting for all
4983 funds received from a debtor or mortgagor by the principal or a

4984 mortgage loan originator sponsored by the principal in the principal's
4985 capacity as debt negotiation licensee, and conducting such business
4986 consistent with the provisions of sections 36a-485 to [36a-498f] 36a-
4987 498e, inclusive, as amended by this act, 36a-534a, 36a-534b, as
4988 amended by this act, and 36a-671 to [36a-671e] 36a-671f, inclusive, as
4989 amended by this act. Any debtor or mortgagor who may be damaged
4990 by a failure to perform any written agreements, by the wrongful
4991 conversion of funds paid by a debtor or mortgagor to a debt
4992 negotiation licensee or mortgage loan originator licensee, or by
4993 conduct inconsistent with the provisions of sections 36a-485 to [36a-
4994 498f] 36a-498e, inclusive, as amended by this act, 36a-534a, 36a-534b, as
4995 amended by this act, and 36a-671 to [36a-671e] 36a-671f, inclusive, as
4996 amended by this act, may proceed on any such surety bond against the
4997 principal or surety thereon, or both, to recover damages. The
4998 commissioner may proceed on any such surety bond against the
4999 principal or surety thereon, or both, to collect any civil penalty
5000 imposed upon the licensee pursuant to subsection (a) of section 36a-50
5001 and any unpaid costs of examination of a licensee as determined
5002 pursuant to section 36a-65, as amended by this act, and effective April
5003 1, 2019, any restitution imposed pursuant to subsection (c) of section
5004 36a-50 and unpaid assessment as determined pursuant to section 36a-
5005 65, as amended by this act, as applicable. The proceeds of any bond,
5006 even if commingled with other assets of the principal, shall be deemed
5007 by operation of law to be held in trust for the benefit of such claimants
5008 against the principal in the event of bankruptcy of the principal and
5009 shall be immune from attachment by creditors and judgment creditors.
5010 Any bond required by this section shall be maintained during the
5011 entire period of the license granted to the applicant, and the aggregate
5012 liability under any such bond shall not exceed the penal amount of the
5013 bond. The principal shall notify the commissioner of the
5014 commencement of an action on the bond. When an action is
5015 commenced on a principal's bond, the commissioner may require the
5016 filing of a new bond and immediately on recovery on any action on the
5017 bond, the principal shall file a new bond. Any mortgagor or
5018 prospective mortgagor who may be damaged by a failure of the debt

5019 negotiation licensee or mortgage loan originator licensee to satisfy a
5020 judgment against the licensee arising from the negotiation of or offer to
5021 negotiate a nonprime home loan, as defined in section 36a-760, may
5022 proceed on such bond against the principal or surety on such bond, or
5023 both, to recover the amount of the judgment.

5024 (c) The surety shall have the right to cancel any bond written or
5025 issued under subsection (a) of this section at any time by a written
5026 notice to the debt negotiation licensee and the commissioner stating
5027 the date cancellation shall take effect. [Such notice] If such bond is
5028 issued electronically on the system, written notice of cancellation may
5029 be provided by the surety to the licensee and the commissioner
5030 through the system at least thirty days prior to the date of cancellation.
5031 Any notice of cancellation not provided through the system shall be
5032 sent by certified mail to the licensee and the commissioner at least
5033 thirty days prior to the date of cancellation. No such bond shall be
5034 cancelled unless the surety notifies the commissioner in writing not
5035 less than thirty days prior to the effective date of cancellation. After
5036 receipt of such notification from the surety, the commissioner shall
5037 give written notice to the debt negotiation licensee of the date such
5038 bond cancellation shall take effect. The commissioner shall
5039 automatically suspend the licenses of the debt negotiation licensee on
5040 such date and inactivate the license of any sponsored mortgage loan
5041 originator, unless prior to such date the debt negotiation licensee
5042 submits a letter of reinstatement of the bond from the surety or a new
5043 bond, surrenders all licenses or, in the case of a mortgage loan
5044 originator sponsored by a debt negotiation licensee, the sponsorship
5045 has been terminated and a new sponsor has been requested and
5046 approved. After a license has been automatically suspended, the
5047 commissioner shall (1) give the debt negotiation licensee notice of the
5048 automatic suspension pending proceedings for revocation or refusal to
5049 renew and an opportunity for a hearing on such actions in accordance
5050 with section 36a-51, as amended by this act, and [shall] (2) require the
5051 debt negotiation licensee to take or refrain from taking such action as [,
5052 in the opinion of] the commissioner [, will] deems necessary to
5053 effectuate the purposes of this section.

5054 (d) No licensee shall use, attempt to use or make reference to, either
5055 directly or indirectly, any word or phrase that states or implies that the
5056 licensee is endorsed, sponsored, recommended, bonded or insured by
5057 the state.

5058 (e) The penal sum of the bond required by subdivision (4) of
5059 subsection (a) of this section shall be determined as follows:

5060 (1) An initial applicant for a debt negotiation license shall file a bond
5061 in a penal sum of fifty thousand dollars.

5062 (2) A debt negotiation licensee exempt from licensure as a mortgage
5063 lender, mortgage correspondent lender or mortgage broker pursuant
5064 to subdivision (4) of subsection (a) of section 36a-487, as amended by
5065 this act, and sponsoring and bonding at least one mortgage loan
5066 originator as an exempt registrant under subdivision (2) of subsection
5067 (a) and subsection (d) of section 36a-487, as amended by this act, shall
5068 file a bond with a penal sum in the following amount:

5069 (A) If the aggregate dollar amount of all residential mortgage loans
5070 negotiated or offered to be negotiated by all sponsored mortgage loan
5071 originators during the preceding twelve-month period ending July
5072 thirty-first of the current year is less than thirty million dollars, the
5073 penal sum of the bond shall be fifty thousand dollars;

5074 (B) If the aggregate dollar amount of all residential mortgage loans
5075 negotiated or offered to be negotiated by all sponsored mortgage loan
5076 originators during the preceding twelve-month period ending July
5077 thirty-first of the current year is thirty million dollars or more but less
5078 than fifty million dollars, the penal sum of the bond shall be one
5079 hundred thousand dollars; and

5080 (C) If the aggregate dollar amount of all residential mortgage loans
5081 negotiated or offered to be negotiated by all sponsored mortgage loan
5082 originators during the preceding twelve-month period ending July
5083 thirty-first of the current year is fifty million dollars or more, the penal
5084 sum of the bond shall be one hundred fifty thousand dollars.

5085 (f) For purposes of subsection (e) of this section, "the aggregate
5086 dollar amount of all residential mortgage loans negotiated or offered to
5087 be negotiated" means the aggregate underlying dollar amount of all
5088 residential mortgage loans for which a sponsored mortgage loan
5089 originator provides debt negotiation services.

5090 (g) Financial information necessary to verify the aggregate amount
5091 of residential mortgage loans negotiated or offered to be negotiated
5092 shall be filed with the commissioner as the commissioner may require,
5093 and shall be reported on the system [, as defined in section 36a-485,] at
5094 such time and in such form as the system may require. The
5095 commissioner may require a change in the penal sum of the bond if the
5096 commissioner determines at any time that the aggregate dollar amount
5097 of all residential mortgage loans negotiated or offered to be negotiated
5098 warrants a change in the penal sum of the bond.

5099 (h) The commissioner may adopt regulations in accordance with
5100 chapter 54 with respect to the requirements for such surety bonds.

5101 Sec. 70. Subdivision (2) of section 36a-715 of the general statutes is
5102 repealed and the following is substituted in lieu thereof (*Effective*
5103 *October 1, 2018*):

5104 (2) The terms "advertise or advertising", "control person",
5105 "individual", "main office", "mortgage broker", "mortgage
5106 correspondent lender", "mortgage lender", "office", [and] "person" and
5107 "unique identifier" have the same meanings as provided in section 36a-
5108 485, as amended by this act.

5109 Sec. 71. Section 36a-718 of the general statutes is repealed and the
5110 following is substituted in lieu thereof (*Effective October 1, 2018*):

5111 (a) On and after January 1, 2015, no person shall act as a mortgage
5112 servicer, directly or indirectly, without first obtaining a license under
5113 section 36a-719, as amended by this act, from the commissioner for its
5114 main office and for each branch office where such business is
5115 conducted, unless such person is exempt from licensure pursuant to

5116 subsection (b) of this section. No person shall conduct any activity that
5117 is subject to licensure pursuant to sections 36a-715 to 36a-719l,
5118 inclusive, as amended by this act, at any office located outside of the
5119 United States.

5120 (b) The following persons are exempt from mortgage servicer
5121 licensing requirements: (1) Any bank, out-of-state bank, Connecticut
5122 credit union, federal credit union or out-of-state credit union, provided
5123 such bank or credit union is federally insured; (2) any wholly-owned
5124 subsidiary of such bank or credit union; (3) any operating subsidiary
5125 where each owner of such operating subsidiary is wholly owned by
5126 the same such bank or credit union; (4) any person licensed as a
5127 mortgage lender in this state while acting as a mortgage servicer from
5128 a location licensed as a main office or branch office under sections 36a-
5129 485 to [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-534a
5130 and 36a-534b, as amended by this act, provided (A) such person meets
5131 the supplemental mortgage servicer surety bond, fidelity bond and
5132 errors and omissions coverage requirements under section 36a-719c, as
5133 amended by this act, and (B) during any period that the license of the
5134 mortgage lender in this state has been suspended, such exemption
5135 shall not be effective; and (5) any person licensed as a mortgage
5136 correspondent lender in this state while acting as a mortgage servicer
5137 with respect to any residential mortgage loan it has made and during
5138 the permitted ninety-day holding period for such loan from a location
5139 licensed as a main office or branch office under sections 36a-485 to
5140 [36a-498f] 36a-498e, inclusive, as amended by this act, 36a-534a and
5141 36a-534b, as amended by this act, provided during any period the
5142 license of the mortgage correspondent lender in this state has been
5143 suspended, such exemption shall not be effective.

5144 (c) The provisions of sections 36a-719e to 36a-719h, inclusive, as
5145 amended by this act, shall apply to any person, including a person
5146 exempt from licensure pursuant to subsection (b) of this section, who
5147 acts as a mortgage servicer in this state on or after January 1, 2015.

5148 Sec. 72. Section 36a-719 of the 2018 supplement to the general

5149 statutes is repealed and the following is substituted in lieu thereof
5150 (*Effective October 1, 2018*):

5151 (a) The [Banking Commissioner] commissioner shall issue a
5152 mortgage servicer license to an applicant for such license if the
5153 commissioner finds that: (1) The applicant has identified a qualified
5154 individual for its main office and a branch manager for each branch
5155 office where such business is conducted, provided such qualified
5156 individual and branch manager have supervisory authority over the
5157 mortgage servicer activities at the respective office location and at least
5158 three years' experience in the mortgage servicing business within the
5159 five years immediately preceding the date of the application for
5160 licensure; (2) notwithstanding the provisions of section 46a-80, the
5161 applicant, the control persons of the applicant, the qualified individual
5162 and any branch manager [with supervisory authority at the office for
5163 which the license is sought] have not been convicted of or pled guilty
5164 or nolo contendere to, in a domestic, foreign or military court, a felony
5165 during the seven-year period preceding the date of the application for
5166 licensing or a felony involving an act of fraud or dishonesty, a breach
5167 of trust or money laundering at any time preceding the date of
5168 application, provided any pardon or expungement of a conviction
5169 shall not be a conviction for purposes of this subdivision; (3) the
5170 applicant demonstrates that the financial responsibility, character and
5171 general fitness of the applicant, the control persons of the applicant,
5172 the qualified individual and any branch manager [having supervisory
5173 authority over the office for which the license is sought] command the
5174 confidence of the community and warrant a determination that the
5175 applicant will operate honestly, fairly and efficiently within the
5176 purposes of sections 36a-715 to 36a-719l, inclusive, as amended by this
5177 act; (4) the applicant has met the surety bond, fidelity bond and errors
5178 and omissions coverage requirement under section 36a-719c, as
5179 amended by this act; (5) the applicant, [has] the control persons of the
5180 applicant, the qualified individual and any branch manager have not
5181 made a material misstatement in the application; and (6) the applicant
5182 has met any other similar requirements as determined by the
5183 commissioner. If the commissioner fails to make such findings, the

5184 commissioner shall not issue a license, and shall notify the applicant of
5185 the denial and the reasons for such denial. The commissioner may
5186 waive the requirements of subdivision (1) of this subsection relating to
5187 the supervision and experience of (A) a qualified individual where the
5188 applicant establishes to the satisfaction of the commissioner that the
5189 applicant (i) will not conduct any activity subject to licensure under
5190 sections 36a-715 to 36a-719l, inclusive, as amended by this act, at the
5191 main office, and (ii) has designated a qualified individual who is
5192 responsible for the actions of the applicant; and (B) a qualified
5193 individual or a branch manager where the applicant establishes to the
5194 satisfaction of the commissioner that the applicant (i) holds only
5195 mortgage servicing rights at the main office or branch office and
5196 conducts no other activity at such office, and (ii) has designated a
5197 qualified individual or branch manager at such main office or branch
5198 office who is responsible for the actions of the application. No person
5199 licensed as a mortgage servicer and granted a waiver by the
5200 commissioner shall engage in any activity that would have precluded
5201 the issuance of such waiver without first designating a qualified
5202 individual or branch manager, as the case may be, who meets all
5203 applicable requirements of subdivision (1) of this subsection and is
5204 approved by the commissioner. For purposes of this subsection, the
5205 level of offense of the crime and the status of any conviction, pardon or
5206 expungement shall be determined by reference to the law of the
5207 jurisdiction where the case was prosecuted. In the event such
5208 jurisdiction does not use the term "felony", "pardon" or
5209 "expungement", such terms shall include legally equivalent events. For
5210 purposes of subdivision (1) of this subsection, "experience in the
5211 mortgage servicing business" means paid experience in the [(A)] (I)
5212 servicing of mortgage loans, [(B)] (II) accounting, receipt and
5213 processing of payments on behalf of mortgagees or creditors, or [(C)]
5214 (III) supervision of such activities, or any other relevant experience as
5215 determined by the commissioner, and "at the respective office location"
5216 may be established if the qualified individual or branch manager
5217 resides not more than one hundred miles from the location of the office
5218 or otherwise demonstrates to the satisfaction of the commissioner an

5219 ability to provide full-time, in-person supervision of the office.

5220 (b) An application for a license as a mortgage servicer or renewal of
5221 such license shall be [filed,] made and processed on the system
5222 pursuant to section 36a-24b in a form prescribed by the commissioner
5223 [, with the system] and accompanied by the fees required by section
5224 36a-719b. Each such form shall contain content as set forth by
5225 instruction or procedure of the commissioner and may be changed or
5226 updated as necessary by the commissioner in order to carry out the
5227 purpose of sections 36a-715 to [36a-718, inclusive, and sections 36a-
5228 719a to] 36a-719l, inclusive, as amended by this act. The applicant
5229 shall, at a minimum, furnish to the system information concerning the
5230 identity of the applicant, any control person of the applicant, the
5231 qualified individual and any branch manager, including personal
5232 history and experience in a form prescribed by the system and
5233 information related to any administrative, civil or criminal findings by
5234 any governmental jurisdiction. [The applicant shall notify the
5235 commissioner on the system of any change to the information
5236 submitted in connection with its most recent application for licensure
5237 not later than fifteen days after the applicant has reason to know of
5238 such change.] For the purpose of this subsection, evidence of
5239 experience of the qualified individual and any branch manager shall
5240 include: (1) A statement specifying the duties and responsibilities of
5241 such person's employment, the term of employment, including month
5242 and year, and the name, address and telephone number of a
5243 supervisor, employer or, if self-employed, a business reference; and (2)
5244 if required by the commissioner, copies of W-2 forms, 1099 tax forms
5245 or, if self-employed, 1120 corporate tax returns, signed letters from the
5246 employer on the employer's letterhead verifying such person's duties
5247 and responsibilities and term of employment including month and
5248 year, and, if such person is unable to provide such letters, other proof
5249 satisfactory to the commissioner that such person meets the experience
5250 requirement. [The commissioner may conduct a criminal history
5251 records check of the applicant, any control person of the applicant, the
5252 qualified individual and any branch manager with supervisory
5253 authority at the office for which the license is sought and require the

5254 applicant to submit the fingerprints of such persons as part of the
5255 application.] As part of an application, the commissioner may (A) in
5256 accordance with section 29-17a, conduct a state or national criminal
5257 history records check of the applicant, any control person of the
5258 applicant, the qualified individual and any branch manager, and (B) in
5259 accordance with section 36a-24b (i) require the submission of
5260 fingerprints of the applicant, any control person of the applicant, the
5261 qualified individual and any branch manager to the Federal Bureau of
5262 Investigation or other state, national or international criminal
5263 databases, and (ii) investigate the financial condition of any such
5264 person and require authorization from any such person for the system
5265 and the commissioner to obtain an independent credit report from a
5266 consumer reporting agency, as described in Section 603(p) of the Fair
5267 Credit Reporting Act, 15 USC 1681a, as amended from time to time.

5268 (c) (1) The minimum standards for license renewal for a mortgage
5269 servicer shall include the following: (A) The applicant continues to
5270 meet the minimum standards under subsection (a) of this section;
5271 [and] (B) the mortgage servicer has paid all required fees for renewal
5272 of the license; and (C) the applicant has paid any outstanding
5273 examination fees or other moneys due to the commissioner.

5274 (2) The license of a mortgage servicer failing to satisfy the minimum
5275 standards for license renewal shall expire. The commissioner may
5276 adopt procedures for the reinstatement of expired licenses consistent
5277 with the standards established by the system. The commissioner may
5278 automatically suspend a mortgage servicer license if the licensee
5279 receives a deficiency on the system indicating that the payment
5280 required by section 36a-719b was Returned-ACH or returned pursuant
5281 to such other term as may be utilized by the system to indicate that the
5282 payment was not accepted. After a license has been automatically
5283 suspended pursuant to this section, the commissioner shall (A) give
5284 [such] the licensee notice of the automatic suspension, pending
5285 proceedings for revocation or refusal to renew pursuant to section 36a-
5286 719j, as amended by this act, and an opportunity for a hearing on such
5287 action in accordance with section 36a-51, as amended by this act, and

5288 (B) require such licensee to take or refrain from taking such action
5289 [that, in the opinion of] as the commissioner [, will] deems necessary to
5290 effectuate the purposes of this section.

5291 [(d) (1) Withdrawal of an application for a license filed under this
5292 section shall become effective upon the commissioner's acceptance on
5293 the system of a withdrawal request. The commissioner may deny a
5294 license up to one year after the effective date of withdrawal.

5295 (2) If the license of a mortgage servicer expires due to the licensee's
5296 failure to renew, the commissioner may institute a revocation or
5297 suspension proceeding or issue an order suspending or revoking such
5298 license pursuant to subsection (a) of section 36a-719j not later than one
5299 year after the date of such expiration.]

5300 [(e)] (d) The commissioner may deem an application for a license
5301 under this section abandoned if the applicant fails to respond to any
5302 request for information required under sections 36a-715 to 36a-719l,
5303 inclusive, as amended by this act, or the regulations adopted pursuant
5304 to said sections. The commissioner shall notify the applicant on the
5305 system that if such information is not submitted not later than sixty
5306 days from the date of such request, the application shall be deemed
5307 abandoned. An application filing fee paid prior to the date an
5308 application is deemed abandoned pursuant to this subsection shall not
5309 be refunded. Abandonment of an application pursuant to this
5310 subsection shall not preclude the applicant from submitting a new
5311 application for a license.

5312 [(f)] (e) As part of its application and upon a change to such
5313 information, a mortgage servicer shall file with the commissioner a
5314 current schedule of the ranges of costs and fees it charges mortgagors
5315 for its servicing-related activities.

5316 (f) Any person making any filing or submission of any information
5317 on the system shall do so in accordance with the procedures and
5318 requirements of the system and shall pay the applicable fees or charges
5319 to the system. Each mortgage servicer licensee shall, to the extent

5320 required by the system, timely submit to the system accurate reports of
5321 condition that shall be in such form and shall contain such information
5322 as the system may require. Failure by a licensee to submit a timely and
5323 accurate report of condition shall constitute a violation of this
5324 provision. At least annually, a licensee shall file with the commissioner
5325 a report in a form and format acceptable to the commissioner detailing
5326 the mortgage servicer's activities in the state, including (1) the number
5327 of residential mortgage loans the mortgage servicer is servicing, (2) the
5328 type and characteristics of the residential mortgage loans in this state,
5329 (3) the number of serviced residential mortgage loans in default, along
5330 with a breakdown of thirty-day, sixty-day and ninety-day
5331 delinquencies, (4) information on loss mitigation activities, and (5)
5332 information on foreclosures commenced in this state.

5333 (g) The unique identifier of any person licensed under this section
5334 shall be clearly shown on all solicitations and advertisements,
5335 including business cards and web sites, and any other documents as
5336 established by rule, regulation or order of the commissioner, and shall
5337 be clearly stated in all audio solicitations and advertisements. The
5338 solicitations and advertisements of any person licensed under this
5339 section: (1) Shall not include any statement that such person is
5340 endorsed in any way by this state, except that such solicitations and
5341 advertisements may include a statement that such person is licensed in
5342 this state; (2) shall not include any statement or claim that is deceptive,
5343 false or misleading; (3) shall otherwise conform to the requirements of
5344 sections 36a-715 to 36a-719l, inclusive, as amended by this act, any
5345 regulations issued thereunder and any other applicable law; and (4)
5346 shall be retained for two years from the date of use of such solicitation
5347 or advertisement.

5348 Sec. 73. Section 36a-719a of the general statutes is repealed and the
5349 following is substituted in lieu thereof (*Effective October 1, 2018*):

5350 (a) A mortgage servicer license shall not be transferable or
5351 assignable. [No licensee may use any name other than its legal name or
5352 a fictitious name approved by the Banking Commissioner, provided

5353 such licensee may not use its legal name if the commissioner
5354 disapproves use of such name.] Any change in any control person shall
5355 be the subject of an advance change notice filed on the system at least
5356 sixty days prior to the effective date of such change and no such
5357 change shall occur without the commissioner's approval. Any licensee
5358 who intends to permanently cease acting as a mortgage servicer at any
5359 time during a license period for any cause, including, but not limited
5360 to, bankruptcy or voluntary dissolution, shall file a request to
5361 surrender the license in accordance with subsection (c) of section 36a-
5362 51, as amended by this act, for each office at which the licensee intends
5363 to cease to do business, on the system, not later than fifteen days after
5364 the date of such cessation, provided this requirement shall not apply
5365 when a license has been suspended pursuant to section 36a-51, as
5366 amended by this act. No surrender shall be effective until accepted by
5367 the commissioner.

5368 (b) No licensee may use any name other than its legal name or a
5369 fictitious name approved by the commissioner, provided such licensee
5370 may not use its legal name if the commissioner disapproves use of
5371 such name. No licensee shall use any name or address other than the
5372 name and address stated on the license issued by the commissioner. A
5373 mortgage servicer licensee may change the name of the licensee or
5374 address of any office specified on the most recent filing with the
5375 system if (1) at least thirty calendar days prior to such change, the
5376 licensee files such change with the system and, in the case of a main
5377 office or branch office, provides [, directly to] the commissioner [.] a
5378 bond rider or endorsement, or addendum, as applicable, to any bond
5379 or evidence of errors and omissions coverage on file with the
5380 commissioner that reflects the new name or address of the main office
5381 or branch office; and (2) the commissioner does not disapprove such
5382 change, in writing, or request further information within such thirty-
5383 day period.

5384 (c) [The] Except as otherwise specified in subsections (a) and (b) of
5385 this section, each mortgage servicer applicant or licensee, and each
5386 individual designated as a control person, qualified individual or

5387 branch manager of such applicant or licensee, shall file to the system
5388 any change in the information most recently submitted to the system
5389 by such applicant, licensee, control person, qualified individual or
5390 branch manager in connection with the application or license, or, if the
5391 information cannot be filed on the system, notify the commissioner of
5392 such change, in writing, not later than fifteen days from the date such
5393 applicant, licensee, control person, qualified individual or branch
5394 manager had reason to know of the change. A mortgage servicer
5395 licensee shall file with the system or, if the information cannot be filed
5396 on the system, directly notify the commissioner, in writing, not later
5397 than [five] fifteen business days after the licensee has reason to know
5398 of the occurrence of any of the following events:

5399 (1) Filing for bankruptcy, or the consummation of a corporate
5400 restructuring, of the licensee;

5401 (2) Filing of a criminal indictment against the licensee or receiving
5402 notification of the filing of any criminal felony indictment or felony
5403 conviction of any [of the licensee's officers, directors, members,
5404 partners or shareholders owning ten per cent or more of the
5405 outstanding stock] control person, qualified individual or branch
5406 manager of the licensee;

5407 (3) Receiving notification of the institution of license denial, cease
5408 and desist, suspension or revocation procedures, or other formal or
5409 informal regulatory action by any governmental agency against the
5410 licensee or any control person, qualified individual or branch manager
5411 of the licensee and the reasons for such action;

5412 (4) Receiving notification of the initiation of any action against the
5413 licensee or any control person, qualified individual or branch manager
5414 of the licensee by the Attorney General or the attorney general of any
5415 other state and the reasons for such action;

5416 (5) Suspension or termination of the licensee's status as an approved
5417 seller or servicer by the Federal National Mortgage Association,
5418 Federal Home Loan Mortgage Corporation or Government National

5419 Mortgage Association;

5420 (6) Receiving notification that certain servicing rights of the licensee
5421 will be rescinded or cancelled, and the reasons provided therefor;

5422 (7) Receiving notification of filing for bankruptcy of any [of the
5423 licensee's officers, directors, members, partners or shareholders
5424 owning ten per cent or more of the outstanding stock] control person,
5425 qualified individual or branch manager of the licensee; or

5426 (8) Receiving notification of the initiation of a class action lawsuit on
5427 behalf of consumers against the licensee that is related to the operation
5428 of the licensed business.

5429 (d) The commissioner may automatically suspend any license for a
5430 violation of subsection (a) or (b) of this section or upon a failure of the
5431 licensee to designate a qualified individual or branch manager who
5432 meets the requirements set forth in section 36a-719, as amended by this
5433 act, not later than thirty days after a vacancy in the position. After a
5434 license has been automatically suspended pursuant to this section, the
5435 commissioner shall (1) give such licensee notice of the automatic
5436 suspension, pending proceedings for revocation or refusal to renew
5437 pursuant to section 36a-719j, as amended by this act, and an
5438 opportunity for a hearing on such action in accordance with section
5439 36a-51, as amended by this act, and (2) require such licensee to take or
5440 refrain from taking such action as the commissioner deems necessary
5441 to effectuate the purposes of this section.

5442 Sec. 74. Section 36a-719c of the general statutes is repealed and the
5443 following is substituted in lieu thereof (*Effective October 1, 2018*):

5444 (a) Each mortgage servicer applicant or licensee and any person
5445 exempt from mortgage servicer licensure pursuant to subdivision (4)
5446 of subsection (b) of section 36a-718, as amended by this act, shall file
5447 with the [Banking Commissioner] commissioner (1) a surety bond,
5448 written by a surety authorized to write such bonds in this state,
5449 covering its main office and any branch office from which it acts as

5450 mortgage servicer, in a penal sum of one hundred thousand dollars
5451 per office location in accordance with subsection (b) of this section, (2)
5452 a fidelity bond, written by a surety authorized to write such bonds in
5453 this state, in accordance with the requirements of subsection (c) of this
5454 section, and (3) evidence of errors and omissions coverage, written by
5455 a surety authorized to write such coverage in this state, in accordance
5456 with the requirements of subsection (c) of this section. No mortgage
5457 servicer licensee and no person otherwise exempt from mortgage
5458 servicer licensure pursuant to subdivision (4) of subsection (b) of
5459 section 36a-718, as amended by this act, shall act as a mortgage servicer
5460 in this state without maintaining the surety bond, fidelity bond and
5461 errors and omissions coverage required by this section.

5462 (b) The surety bond required by subsection (a) of this section shall
5463 be (1) in a form approved by the Attorney General; and (2) conditioned
5464 upon the mortgage servicer licensee or person exempt from mortgage
5465 servicer licensure pursuant to subdivision (4) of subsection (b) of
5466 section 36a-718, as amended by this act, faithfully performing any and
5467 all written agreements or commitments with or for the benefit of
5468 mortgagors and mortgagees, truly and faithfully accounting for all
5469 funds received from a mortgagor or mortgagee in such person's
5470 capacity as a mortgage servicer, and conducting such mortgage
5471 business consistent with the provisions of sections 36a-715 to 36a-719l,
5472 inclusive, as amended by this act. Any mortgagor that may be
5473 damaged by the failure of a mortgage servicer licensee or person
5474 exempt from mortgage servicer licensure pursuant to subdivision (4)
5475 of subsection (b) of section 36a-718, as amended by this act, to perform
5476 any written agreements or commitments, or by the wrongful
5477 conversion of funds paid by a mortgagor to such licensee or person,
5478 may proceed on such bond against the principal or surety thereon, or
5479 both, to recover damages. The commissioner may proceed on such
5480 bond against the principal or surety on such bond, or both, to collect
5481 any civil penalty imposed pursuant to subsection (a) of section 36a-50,
5482 any restitution imposed pursuant to subsection (c) of section 36a-50
5483 and any unpaid costs of examination of a licensee and, effective April
5484 1, 2019, any unpaid assessment as determined pursuant to section 36a-

5485 65, as amended by this act, as applicable. The proceeds of the bond,
5486 even if commingled with other assets of the principal, shall be deemed
5487 by operation of law to be held in trust for the benefit of such claimants
5488 against the principal in the event of bankruptcy of the principal and
5489 shall be immune from attachment by creditors and judgment creditors.
5490 The surety bond shall run concurrently with the period of the license
5491 for the main office of the mortgage servicer or mortgage lender and the
5492 aggregate liability under the bond shall not exceed the penal sum of
5493 the bond. The principal shall notify the commissioner of the
5494 commencement of an action on the bond. When an action is
5495 commenced on a principal's bond, the commissioner may require the
5496 filing of a new bond and immediately on recovery on any action on the
5497 bond, the principal shall file a new bond.

5498 (c) The fidelity bond and errors and omissions coverage required by
5499 subsection (a) of this section shall name the commissioner as an
5500 additional loss payee on drafts the surety issues to pay for covered
5501 losses directly or indirectly incurred by mortgagors of residential
5502 mortgage loans serviced by the mortgage servicer. The fidelity bond
5503 shall cover losses arising from dishonest and fraudulent acts,
5504 embezzlement, misplacement, forgery and similar events committed
5505 by employees of the mortgage servicer. The errors and omissions
5506 coverage shall cover losses arising from negligence, errors and
5507 omissions by the mortgage servicer with respect to the payment of real
5508 estate taxes and special assessments, hazard and flood insurance or the
5509 maintenance of mortgage and guaranty insurance. The fidelity bond
5510 and errors and omissions coverage shall each be in the following
5511 principal amounts based on the mortgage servicer's volume of
5512 servicing activity most recently reported to the commissioner:

5513 (1) If the amount of the residential mortgage loans serviced is one
5514 hundred million dollars or less, the principal amount shall be at least
5515 three hundred thousand dollars; or

5516 (2) If the amount of such loans exceeds one hundred million dollars,
5517 the principal amount shall be at least three hundred thousand dollars

5518 plus (A) three-twentieths of one per cent of the amount of residential
5519 mortgage loans serviced greater than one hundred million dollars but
5520 less than or equal to five hundred million dollars; (B) plus one-eighth
5521 of one per cent of the amount of residential mortgage loans serviced
5522 greater than five hundred million dollars but less than or equal to one
5523 billion dollars; and (C) plus one-tenth of one per cent of the amount of
5524 residential mortgage loans serviced greater than one billion dollars.

5525 The fidelity bond and errors and omissions coverage may provide for a
5526 deductible amount not to exceed the greater of one hundred thousand
5527 dollars or five per cent of the face amount of such bond or coverage.

5528 (d) A surety shall have the right to cancel the surety bond, fidelity
5529 bond and errors and omissions coverage required by this section at
5530 any time by a written notice to the principal and the commissioner
5531 stating the date cancellation shall take effect. [Such notice] If the surety
5532 bond required by this section was issued electronically on the system,
5533 written notice of cancellation may be provided by the surety company
5534 to the principal and the commissioner through the system at least
5535 thirty days prior to the date of cancellation. Any notice of cancellation
5536 not provided through the system shall be sent by certified mail to the
5537 principal and the commissioner at least thirty days prior to the date of
5538 cancellation. A surety bond, fidelity bond or errors and omissions
5539 coverage shall not be cancelled unless the surety notifies the
5540 commissioner, in writing, not less than thirty days prior to the effective
5541 date of cancellation. After receipt of such notification from the surety,
5542 the commissioner shall give written notice to the principal of the date
5543 such cancellation shall take effect. The commissioner shall
5544 automatically suspend the license of a mortgage servicer on such date
5545 or on any date when a fidelity bond or errors and omissions coverage
5546 expires or is no longer in effect. No automatic suspension or
5547 inactivation shall occur if, prior to the date that such bond or errors
5548 and omissions coverage cancellation or expiration shall take effect, (1)
5549 the principal submits a letter of reinstatement of the bond or errors and
5550 omissions coverage, or a new bond or errors and omissions policy; or
5551 (2) the mortgage servicer licensee has ceased business in this state and

5552 has surrendered all licenses in accordance with section 36a-51, as
5553 amended by this act, and section 36a-719a, as amended by this act.
5554 After a mortgage servicer license has been automatically suspended
5555 pursuant to this section, the commissioner shall (A) give [such] the
5556 licensee notice of the automatic suspension, pending proceedings for
5557 revocation or refusal to renew pursuant to section 36a-719j, as
5558 amended by this act, and an opportunity for a hearing on such action
5559 in accordance with section 36a-51, as amended by this act, and (B)
5560 require such licensee to take or refrain from taking such action as [in
5561 the opinion of] the commissioner [will] deems necessary to effectuate
5562 the purposes of this section. A person licensed as a mortgage lender in
5563 this state acting as a mortgage servicer from a location licensed as a
5564 main office or branch office under sections 36a-485 to [36a-498f] 36a-
5565 498e, inclusive, as amended by this act, 36a-534a and 36a-534b, as
5566 amended by this act, shall cease to be exempt from mortgage servicer
5567 licensing requirements in this state upon cancellation of any surety
5568 bond, fidelity bond or errors and omissions coverage required by this
5569 section.

5570 (e) If the commissioner finds that the financial condition of a
5571 mortgage servicer or mortgage lender licensee so requires, as
5572 evidenced by the reduction of tangible net worth, financial losses or
5573 potential losses as a result of a violation of sections 36a-715 to 36a-
5574 719k, inclusive, as amended by this act, the commissioner may require
5575 one or more additional bonds meeting the standards set forth in this
5576 section. The licensee shall file any such additional bonds not later than
5577 ten days after receipt of the commissioner's written notice of such
5578 requirement. A mortgage servicer or mortgage lender licensee shall
5579 file, as the commissioner may require, any bond rider or endorsement
5580 or addendum, as applicable, to any bond or evidence of errors and
5581 omissions coverage on file with the commissioner to reflect any
5582 changes necessary to maintain the surety bond, fidelity bond and
5583 errors and omissions coverage required by this section.

5584 Sec. 75. Section 36a-719e of the general statutes is repealed and the
5585 following is substituted in lieu thereof (*Effective October 1, 2018*):

5586 Upon assignment of servicing rights on a residential mortgage loan,
5587 the mortgage servicer shall disclose to the mortgagor: (1) Any notice
5588 required by the Real Estate Settlement Procedures Act of 1974, 12 USC
5589 Section 2601 et seq., as from time to time amended, and the regulations
5590 promulgated thereunder, and within the time periods prescribed
5591 therein; and (2) a schedule of the ranges and categories of its costs and
5592 fees for its servicing-related activities, which shall comply with state
5593 and federal law and, if such disclosure is made by a mortgage servicer
5594 licensee, shall not exceed those reported to the [Banking
5595 Commissioner] commissioner in accordance with subsection [(f)] (e) of
5596 section 36a-719, as amended by this act.

5597 Sec. 76. Subdivision (19) of subsection (a) of section 36a-719h of the
5598 2018 supplement to the general statutes, as amended by section 28 of
5599 public act 17-233, is repealed and the following is substituted in lieu
5600 thereof (*Effective October 1, 2018*):

5601 (19) Collect, charge, attempt to collect or charge or use or propose
5602 any agreement purporting to collect or charge any fee prohibited by
5603 sections 36a-485 to [36a-498f] 36a-498e, inclusive, as amended by this
5604 act, 36a-534a and 36a-534b, as amended by this act.

5605 Sec. 77. Section 36a-719j of the general statutes is repealed and the
5606 following is substituted in lieu thereof (*Effective October 1, 2018*):

5607 (a) The [Banking Commissioner] commissioner may suspend,
5608 revoke or refuse to renew any mortgage servicer license or take any
5609 other action, in accordance with the provisions of section 36a-51, as
5610 amended by this act, for any reason which would be sufficient grounds
5611 for the commissioner to deny an application for such license under
5612 section 36a-719, as amended by this act, or if the commissioner finds
5613 that the licensee, any control person of the licensee, the qualified
5614 individual or any branch manager with supervisory authority, trustee,
5615 employee or agent of such licensee has done any of the following: (1)
5616 Made any material misstatement in the application; (2) committed any
5617 fraud or misrepresentation or misappropriated funds; (3) violated any
5618 of the provisions of this title or of any [regulations] regulation or order

5619 adopted or issued pursuant thereto pertaining to any such person, or
5620 any other law or regulation applicable to the conduct of [its] such
5621 licensee's mortgage servicer business; or (4) failed to perform any
5622 agreement with a mortgagee or a mortgagor.

5623 (b) Whenever it appears to the commissioner that (1) any person has
5624 violated, is violating or is about to violate section 49-8 or 49-10a, any of
5625 the provisions of this title or of any regulations adopted pursuant
5626 thereto, [or any] (2) any person is, was or would be a cause of the
5627 violation of any such provision or regulation due to an act or omission
5628 such person knew or should have known would contribute to such
5629 violation, or (3) any licensee has failed to perform any agreement with
5630 a mortgagee or mortgagor, committed any fraud, made any
5631 misrepresentation or misappropriated funds, the commissioner may
5632 take action against such person or licensee in accordance with sections
5633 36a-50 and 36a-52.

5634 (c) The commissioner may order a licensee to remove any individual
5635 conducting business under sections 36a-715 to 36a-719l, inclusive, as
5636 amended by this act, from office and from employment or retention as
5637 an independent contractor in the mortgage loan servicer business in
5638 this state in accordance with section 5 of this act.

5639 (d) The commissioner may issue a temporary order to cease
5640 business under a license if the commissioner determines that such
5641 license was issued erroneously. Such temporary order shall be issued
5642 in accordance with subsection (j) of section 36a-24b.

5643 Sec. 78. Section 36a-800 of the 2018 supplement to the general
5644 statutes is repealed and the following is substituted in lieu thereof
5645 (*Effective October 1, 2018*):

5646 As used in this section and sections 36a-801 to 36a-814, inclusive, as
5647 amended by this act, unless the context otherwise requires:

5648 (1) "Advertise" or "advertising" has the same meaning as provided
5649 in section 36a-485, as amended by this act;

5650 [(1)] ~~(2)~~ "Branch office" means a location other than the main office
5651 at which a licensee or any person on behalf of a licensee acts as a
5652 consumer collection agency;

5653 [(2)] ~~(3)~~ "Consumer collection agency" means any person (A)
5654 engaged as a third party in the business of collecting or receiving
5655 payment for others on any account, bill or other indebtedness from a
5656 consumer debtor, (B) engaged in the business of [collecting on any
5657 account, bill or other indebtedness from a consumer debtor for such
5658 person's own account if the indebtedness was acquired from another
5659 person and if the indebtedness was either delinquent or in default at
5660 the time it was acquired] debt buying, or (C) engaged in the business
5661 of collecting or receiving tax payments, including, but not limited to,
5662 property tax and federal income tax payments, from a property tax
5663 debtor or federal income tax debtor on behalf of a municipality or the
5664 United States Department of the Treasury, including, but not limited
5665 to, any person who, by any device, subterfuge or pretense, makes a
5666 pretended purchase or takes a pretended assignment of accounts from
5667 any other person, municipality or taxing authority of such
5668 indebtedness for the purpose of evading the provisions of this section
5669 and sections 36a-801 to [36a-812] ~~36a-814~~, inclusive, as amended by
5670 this act. "Consumer collection agency" includes persons who furnish
5671 collection systems carrying a name which simulates the name of a
5672 consumer collection agency and who supply forms or form letters to be
5673 used by the creditor, even though such forms direct the consumer
5674 debtor, property tax debtor or federal income tax debtor to make
5675 payments directly to the creditor rather than to such fictitious agency.
5676 "Consumer collection agency" further includes any person who, in
5677 attempting to collect or in collecting such person's own accounts or
5678 claims from a consumer debtor, uses a fictitious name or any name
5679 other than such person's own name which would indicate to the
5680 consumer debtor that a third person is collecting or attempting to
5681 collect such account or claim. "Consumer collection agency" does not
5682 include (i) an individual employed on the staff of a licensed consumer
5683 collection agency, or by a creditor who is exempt from licensing, when
5684 attempting to collect on behalf of such consumer collection agency, (ii)

5685 persons not primarily engaged in the collection of debts from
5686 consumer debtors who receive funds in escrow for subsequent
5687 distribution to others, including, but not limited to, real estate brokers
5688 and lenders holding funds of borrowers for payment of taxes or
5689 insurance, (iii) any public officer or a person acting under the order of
5690 any court, (iv) any member of the bar of this state, (v) a person who
5691 services loans or accounts for the owners thereof when the
5692 arrangement includes, in addition to requesting payment from
5693 delinquent consumer debtors, the providing of other services such as
5694 receipt of payment, accounting, record-keeping, data processing
5695 services and remitting, for loans or accounts which are current as well
5696 as those which are delinquent, (vi) a bank or out-of-state bank, as
5697 defined in section 36a-2, as amended by this act and (vii) a subsidiary
5698 or affiliate of a bank or out-of-state bank, provided such affiliate or
5699 subsidiary is not primarily engaged in the business of purchasing and
5700 collecting upon delinquent debt, other than delinquent debt secured by
5701 real property. Any person not included in the definition contained in
5702 this subdivision is, for purposes of sections 36a-645 to 36a-647,
5703 inclusive, a "creditor", as defined in section 36a-645;

5704 [(3)] (4) "Consumer debtor" means any natural person, not an
5705 organization, who has incurred indebtedness or owes a debt for
5706 personal, family or household purposes, including current or past due
5707 child support, who has incurred indebtedness or owes a debt to a
5708 municipality due to a levy by such municipality of a personal property
5709 tax or who has incurred indebtedness or owes a debt to the United
5710 States Department of the Treasury under the Internal Revenue Code of
5711 1986, or any subsequent corresponding internal revenue code of the
5712 United States, as amended from time to time;

5713 [(4)] (5) "Control person" has the same meaning as provided in
5714 section 36a-485, as amended by this act;

5715 [(5)] (6) "Creditor" means a person, including, but not limited to, a
5716 municipality or the United States Department of the Treasury, that
5717 retains, hires, or engages the services of a consumer collection agency;

5718 (7) "Debt buying" means collecting or receiving payment on any
5719 account, bill or other indebtedness from a consumer debtor for such
5720 person's own account if the indebtedness was acquired from another
5721 person and if the indebtedness was either delinquent or in default at
5722 the time it was acquired;

5723 [(6)] (8) "Federal income tax" means all federal taxes levied on the
5724 income of a natural person or organization by the United States
5725 Department of the Treasury under the Internal Revenue Code of 1986,
5726 or any subsequent corresponding internal revenue code of the United
5727 States, as amended from time to time;

5728 [(7)] (9) "Federal income tax debtor" means any natural person or
5729 organization who owes a debt to the United States Department of the
5730 Treasury;

5731 [(8)] (10) "Main office" means the main address designated on the
5732 [application] system;

5733 [(9)] (11) "Municipality" means any town, city or borough,
5734 consolidated town and city, consolidated town and borough, district as
5735 defined in section 7-324 or municipal special services district
5736 established under chapter 105a;

5737 [(10)] (12) "Organization" means a corporation, partnership,
5738 association, trust or any other legal entity or an individual operating
5739 under a trade name or a name having appended to it a commercial,
5740 occupational or professional designation;

5741 [(11)] (13) "Property tax" has the meaning given to the term in
5742 section 7-560; [and]

5743 [(12)] (14) "Property tax debtor" means any natural person or
5744 organization who has incurred indebtedness or owes a debt to a
5745 municipality due to a levy by such municipality of a property tax; and

5746 (15) "Unique identifier" has the same meaning as provided in
5747 section 36a-485, as amended by this act.

5748 Sec. 79. Section 36a-801 of the 2018 supplement to the general
5749 statutes is repealed and the following is substituted in lieu thereof
5750 (*Effective October 1, 2018*):

5751 (a) No person shall act within this state as a consumer collection
5752 agency, directly or indirectly, unless such person has first obtained a
5753 required consumer collection agency license for such person's main
5754 office and for each branch office where such person's business is
5755 conducted. A consumer collection agency is acting within this state if it
5756 (1) has its place of business located within this state; (2) has its place of
5757 business located outside this state and (A) collects from consumer
5758 debtors, property tax debtors or federal income tax debtors who reside
5759 within this state for creditors who are located within this state, or (B)
5760 collects from consumer debtors, property tax debtors or federal income
5761 tax debtors who reside within this state for such consumer collection
5762 agency's own account; (3) has its place of business located outside this
5763 state and regularly collects from consumer debtors, property tax
5764 debtors or federal income tax debtors who reside within this state for
5765 creditors who are located outside this state; or (4) has its place of
5766 business located outside this state and is engaged in the business of
5767 collecting child support for creditors located within this state from
5768 consumer debtors who are located outside this state. No person shall
5769 conduct any activity that is subject to licensure pursuant to sections
5770 36a-800 to 36a-814, inclusive, as amended by this act, at any office
5771 located outside of the United States.

5772 (b) [Any person desiring to act within this state as a consumer
5773 collection agency shall make a written application to the commissioner
5774 for such license in such form as the commissioner prescribes.] An
5775 application for a license as a consumer collection agency or for renewal
5776 of such license shall be made and processed on the system pursuant to
5777 section 36a-24b, in the form prescribed by the commissioner. Each such
5778 form shall contain content as set forth by instruction or procedure of
5779 the commissioner and may be changed or updated as necessary by the
5780 commissioner in order to carry out the purposes of sections 36a-800 to
5781 36a-814, inclusive, as amended by this act. The applicant shall, at a

5782 minimum, furnish to the system information concerning the identity of
5783 the applicant, any control person of the applicant, the qualified
5784 individual and any branch manager responsible for the actions of the
5785 licensee, including, but not limited to, information related to such
5786 person's personal history and experience, and any administrative, civil
5787 or criminal findings by any governmental jurisdiction. As part of the
5788 application, the commissioner may (1) in accordance with section 29-
5789 17a, conduct a state or national criminal history records check of the
5790 applicant, any control person of the applicant, the qualified individual
5791 or any branch manager, and (2) in accordance with section 36a-24b (A)
5792 require the submission of fingerprints of the applicant, any control
5793 person of the applicant, the qualified individual or any branch
5794 manager to the Federal Bureau of Investigation or other state, national
5795 or international criminal databases, and (B) investigate the financial
5796 condition of any such person and require authorization from any such
5797 person for the system and the commissioner to obtain an independent
5798 credit report from a consumer reporting agency, as described in
5799 Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a, as
5800 amended from time to time. Such application shall be accompanied by
5801 [(1)] a financial statement prepared by a certified public accountant [or
5802 a public accountant which evidences] and, for any applicant not solely
5803 engaged in the business of debt buying, such application shall
5804 evidence that the applicant has a minimum tangible net worth of fifty
5805 thousand dollars. [, the accuracy of which is sworn to under oath
5806 before a notary public by the proprietor, a general partner or a
5807 corporate officer or a member duly authorized to execute such
5808 documents, (2) (A) the history of criminal convictions of the (i)
5809 applicant; (ii) partners, if the applicant is a partnership; (iii) members,
5810 if the applicant is a limited liability company or association; or (iv)
5811 officers, directors and principal employees, if the applicant is a
5812 corporation, and (B) sufficient information pertaining to the history of
5813 criminal convictions of such applicant, partners, members, officers,
5814 directors and principal employees as the commissioner deems
5815 necessary to make the findings under subsection (c) of this section, (3)
5816 a license fee of eight hundred dollars, or in the case of an initial

5817 application that is filed not earlier than one year before the date such
5818 license will expire, a license fee of four hundred dollars, and (4) an
5819 investigation fee of one hundred dollars.] The commissioner shall
5820 cause to be made such inquiry and examination as to the qualifications
5821 of each such applicant or any [partner, member, officer, director or
5822 principal employee] control person, qualified individual or branch
5823 manager of the applicant as the commissioner deems necessary. [The
5824 commissioner, in accordance with section 29-17a, may conduct a state
5825 and national criminal history records check of the applicant and of
5826 each partner, member, officer, director and principal employee of such
5827 applicant.] Each applicant shall furnish satisfactory evidence to the
5828 commissioner that the applicant is a person of good moral character
5829 and is financially responsible.

5830 (c) (1) Each applicant for a consumer collection agency license shall
5831 pay to the system any required fees or charges and a license fee of five
5832 hundred dollars. Each such license shall expire at the close of business
5833 on December thirty-first of the year in which the license was approved,
5834 unless such license is renewed, except that any such license approved
5835 on or after November first shall expire at the close of business on
5836 December thirty-first of the year following the year in which it is
5837 approved. An application for renewal of a license shall be filed
5838 between November first and December thirty-first of the year in which
5839 the license expires. Each applicant for renewal of a consumer collection
5840 agency license shall pay to the system any required fees or charges and
5841 a renewal fee of four hundred dollars.

5842 [(c)] (2) If the commissioner finds, upon the filing of an application
5843 for a consumer collection agency, that [(1)] (A) the financial
5844 responsibility, character, reputation, integrity and general fitness of the
5845 applicant, [and the partners of such applicant if the applicant is a
5846 partnership, of the members if the applicant is a limited liability
5847 company or association, and of the officers, directors and principal
5848 employees if the applicant is a corporation,] the control persons of the
5849 applicant, the qualified individual and any branch manager are such to
5850 warrant belief that the business will be operated soundly and

5851 efficiently, in the public interest and consistent with the purposes of
5852 sections 36a-800 to [36a-812] 36a-814, inclusive, as amended by this act,
5853 and [(2)] (B) the applicant is solvent and no proceeding in bankruptcy,
5854 receivership or assignment for the benefit of creditors has been
5855 commenced against the applicant, the commissioner may, upon such
5856 finding, issue the applicant a consumer collection agency license. If the
5857 commissioner fails to make such findings, the commissioner shall not
5858 issue a license and shall notify the applicant of the reasons for such
5859 denial. The commissioner may deny an application if the
5860 commissioner finds that the applicant or any [partner, member, officer,
5861 director or principal employee] control person, qualified individual or
5862 branch manager of such applicant has been convicted of any
5863 misdemeanor involving any aspect of the consumer collection agency
5864 business, or any felony. Any denial of an application by the
5865 commissioner shall, when applicable, be subject to the provisions of
5866 section 46a-80. [Any such license issued by the commissioner shall
5867 expire at the close of business on September thirtieth of the odd-
5868 numbered year following its issuance, unless such license is renewed.
5869 The commissioner may renew such application, in the commissioner's
5870 discretion, upon filing of a proper renewal application accompanied by
5871 a license fee of eight hundred dollars, and satisfactory proof that such
5872 applicant at that time possesses the required qualifications for the
5873 license. The commissioner may deny a renewal application if the
5874 commissioner finds that the applicant has been convicted of any
5875 misdemeanor involving any aspect of the consumer collection agency
5876 business, or any felony. Any denial of an application by the
5877 commissioner shall, when applicable, be subject to the provisions of
5878 section 46a-80. Such renewal application shall be filed with the
5879 commissioner on or before September first of the year in which the
5880 license expires. Any renewal application filed with the commissioner
5881 after September first shall be accompanied by a one-hundred-dollar
5882 late fee and any such filing shall be deemed to be timely and sufficient
5883 for purposes of subsection (b) of section 4-182. Whenever an
5884 application for a license, other than a renewal application, is filed
5885 under sections 36a-800 to 36a-812, inclusive, by any person who was a

5886 licensee under said sections 36a-800 to 36a-812, inclusive, and whose
5887 license expired less than sixty days prior to the date such application
5888 was filed, such application shall be accompanied by a one-hundred-
5889 dollar processing fee in addition to the application fee.]

5890 (3) The minimum standards for renewal of a consumer collection
5891 agency license shall include the following: (A) The applicant continues
5892 to meet the minimum standards under this section; (B) the applicant
5893 has paid all required fees for renewal of the license; and (C) the
5894 applicant has paid all outstanding examination fees or other moneys
5895 due to the commissioner. The license of a consumer collection agency
5896 licensee failing to satisfy the minimum standards for license renewal
5897 shall expire. The commissioner may adopt procedures for the
5898 reinstatement of expired licenses consistent with the standards
5899 established by the system. Every license shall remain in force and
5900 effect until the license has been surrendered, revoked or suspended or
5901 has expired in accordance with the provisions of sections 36a-800 to
5902 36a-814, inclusive, as amended by this act.

5903 (d) To further the enforcement of this section and to determine the
5904 eligibility of any person holding a license, the commissioner may, as
5905 often as the commissioner deems necessary, examine the licensee's
5906 books and records, and may, at any time, require the licensee to submit
5907 such a financial statement for the examination of the commissioner, so
5908 that the commissioner may determine whether the licensee is
5909 financially responsible to carry on a consumer collection agency
5910 business within the intents and purposes of sections 36a-800 to [36a-
5911 812] 36a-814, inclusive, as amended by this act. Any financial
5912 statement submitted by a licensee shall be confidential and shall not be
5913 a public record unless introduced in evidence at a hearing conducted
5914 by the commissioner.

5915 [(e) The applicant or licensee shall notify the commissioner, in
5916 writing, of any change in the information provided in its initial
5917 application for a license or most recent renewal application for such
5918 license, as applicable, not later than ten business days after the

5919 occurrence of the event that results in such information becoming
5920 inaccurate.]

5921 ~~[(f)]~~ (e) The commissioner may deem an application for a license to
5922 act as a consumer collection agency abandoned if the applicant fails to
5923 respond to any request for information required under sections 36a-
5924 801 to ~~[36a-812]~~ 36a-814, inclusive, as amended by this act, or any
5925 regulations adopted pursuant to said sections 36a-801 to ~~[36a-812]~~ 36a-
5926 814, inclusive, as amended by this act. The commissioner shall notify
5927 the applicant [~~, in writing,~~] on the system that if the applicant fails to
5928 submit such information not later than sixty days after the date on
5929 which such request for information was made, the application shall be
5930 deemed abandoned. An application filing fee paid prior to the date an
5931 application is deemed abandoned pursuant to this subsection shall not
5932 be refunded. Abandonment of an application pursuant to this
5933 subsection shall not preclude the applicant from submitting a new
5934 application for a license under sections 36a-801 to ~~[36a-812]~~ 36a-814,
5935 inclusive, as amended by this act.

5936 (f) (1) Not later than thirty days before a licensee ceases to engage in
5937 the business of a consumer collection agency for any reason, including,
5938 but not limited to, a business decision to terminate operations in this
5939 state, bankruptcy or voluntary dissolution, such licensee shall request
5940 surrender of the license on the system in accordance with subsection
5941 (c) of section 36a-51, as amended by this act, for each location in which
5942 such licensee has ceased to engage in such business.

5943 (2) Except as otherwise specified in subsection (i) of this section,
5944 each consumer collection agency applicant or licensee, and each
5945 individual designated as a control person, qualified individual or
5946 branch manager of such applicant or licensee, shall file on the system
5947 any change in the information such applicant, licensee, control person,
5948 qualified individual or branch manager most recently submitted to the
5949 system in connection with the application or license, or, if the
5950 information cannot be filed on the system, notify the commissioner of
5951 such change, in writing, not later than fifteen days after the date the

5952 applicant, licensee, control person, qualified individual or branch
5953 manager had reason to know of the change.

5954 (3) A consumer collection agency licensee shall file on the system or,
5955 if the information cannot be filed on the system, notify the
5956 commissioner, in writing, of the occurrence of any of the following
5957 developments not later than fifteen days after the date the licensee had
5958 reason to know of the occurrence of any of the following
5959 developments:

5960 (A) Filing for bankruptcy or the consummation of a corporate
5961 restructuring of the licensee;

5962 (B) Filing of a criminal indictment against the licensee in any way
5963 related to the consumer collection activities of the licensee, or receiving
5964 notification of the filing of any criminal felony indictment or felony
5965 conviction of any control person, branch manager or qualified
5966 individual of the licensee;

5967 (C) Receiving notification of the institution of license denial, cease
5968 and desist, suspension or revocation procedures, or other formal or
5969 informal action by any governmental agency against the licensee or
5970 any control person, branch manager or qualified individual of the
5971 licensee and the reasons therefor;

5972 (D) Receiving notification of the initiation of any action against the
5973 licensee or any control person, branch manager or qualified individual
5974 of the licensee by the Attorney General or the attorney general of any
5975 other state and the reasons therefor; or

5976 (E) Receiving notification of filing for bankruptcy of any control
5977 person, branch manager or qualified individual of the licensee.

5978 (g) [If the commissioner determines that a check filed with the
5979 commissioner to pay a fee under subsection (b) of this section has been
5980 dishonored, the commissioner shall automatically suspend the license
5981 or a renewal license that has been issued but is not yet effective. The
5982 commissioner shall give the licensee notice of the automatic

5983 suspension pending proceedings for revocation or refusal to renew
5984 and an opportunity for a hearing on such actions in accordance with
5985 section 36a-51.] The commissioner may automatically suspend a
5986 license if the licensee receives a deficiency on the system indicating
5987 that a required payment was Returned-ACH or returned pursuant to
5988 such other term as may be utilized by the system to indicate that the
5989 payment was not accepted. After a license has been automatically
5990 suspended pursuant to this section, the commissioner shall (1) give the
5991 licensee notice of the automatic suspension, pending proceedings for
5992 revocation or refusal to renew pursuant to section 36a-804, as amended
5993 by this act, and an opportunity for a hearing on such action in
5994 accordance with section 36a-51, as amended by this act, and (2) require
5995 such licensee to take or refrain from taking such action as the
5996 commissioner deems necessary to effectuate the purposes of this
5997 section.

5998 (h) No abatement of the license fee shall be made if the application
5999 is denied or withdrawn prior to issuance of the license or if the license
6000 is surrendered, revoked or suspended prior to the expiration of the
6001 period for which it was issued. All fees required by this section shall be
6002 nonrefundable.

6003 (i) No person licensed to act within this state as a consumer
6004 collection agency shall do so under any other name or at any other
6005 place of business than that named in the license. [Any change of
6006 location of a place of business of a licensee shall require prior written
6007 notice to the commissioner.] No licensee may use any name other than
6008 its legal name or a fictitious name approved by the commissioner,
6009 provided such licensee may not use its legal name if the commissioner
6010 disapproves use of such name. A licensee may change the name of the
6011 licensee or address of the office specified on the most recent filing with
6012 the system if, at least thirty calendar days prior to such change, (1) the
6013 licensee files such change with the system and provides a bond rider,
6014 endorsement or addendum, as applicable, to the surety bond on file
6015 with the commissioner that reflects the new name or address, and (2)
6016 the commissioner does not disapprove such change, in writing, or

6017 request further information from the licensee within such thirty-day
6018 period. Not more than one place of business shall be maintained under
6019 the same license but the commissioner may issue more than one
6020 license to the same licensee upon compliance with the provisions of
6021 sections 36a-800 to [36a-812] 36a-814, inclusive, as amended by this act,
6022 as to each new licensee. A license shall not be transferable or
6023 assignable. Any change in any control person shall be the subject of an
6024 advance change notice filed on the system at least sixty days prior to
6025 the effective date of such change and no such change shall occur
6026 without the commissioner's approval. Any licensee holding, applying
6027 for, or seeking renewal of more than one license may, at its option, file
6028 the bond required under section 36a-802, as amended by this act,
6029 separately for each place of business licensed, or to be licensed, or a
6030 single bond, naming each place of business, in an amount equal to
6031 twenty-five thousand dollars for each place of business. The
6032 commissioner may automatically suspend a license for any violation of
6033 this subsection. After a license has been automatically suspended
6034 pursuant to this section, the commissioner shall (A) give the licensee
6035 notice of the automatic suspension, pending proceedings for
6036 revocation or refusal to renew pursuant to section 36a-804, as amended
6037 by this act, and an opportunity for a hearing on such action in
6038 accordance with section 36a-51, as amended by this act, and (B) require
6039 such licensee to take or refrain from taking such action as the
6040 commissioner deems necessary to effectuate the purposes of this
6041 section.

6042 (j) Any person making any filing or submission of any information
6043 on the system shall do so in accordance with the procedures and
6044 requirements of the system and pay the applicable fees or charges to
6045 the system. Each consumer collection agency licensee shall, to the
6046 extent required by the system, timely submit to the system accurate
6047 reports of condition that shall be in such form and shall contain such
6048 information as the system may require. Failure by a licensee to submit
6049 a timely and accurate report of condition shall constitute a violation of
6050 this provision.

6051 (k) The unique identifier of any person licensed under section 36a-
6052 801, as amended by this act, shall be clearly shown on all solicitations
6053 and advertisements, including business cards and web sites, and any
6054 other documents as established by rule, regulation or order of the
6055 commissioner, and shall be clearly stated in all audio solicitations and
6056 advertisements. The solicitations and advertisements of any person
6057 licensed under section 36a-801, as amended by this act: (1) Shall not
6058 include any statement that such person is endorsed in any way by this
6059 state, except that such solicitations and advertisements may include a
6060 statement that such person is licensed in this state; (2) shall not include
6061 any statement or claim that is deceptive, false or misleading; (3) shall
6062 otherwise conform to the requirements of sections 36a-801 to 36a-814,
6063 inclusive, as amended by this act, any regulations issued thereunder
6064 and any other applicable law; and (4) shall be retained for two years
6065 from the date of use of such solicitation or advertisement.

6066 Sec. 80. Section 36a-802 of the general statutes is repealed and the
6067 following is substituted in lieu thereof (*Effective October 1, 2018*):

6068 (a) No such license and no renewal thereof shall be granted to a
6069 [third party] consumer collection agency, except a consumer collection
6070 agency engaged solely in the business of debt buying, unless the
6071 applicant has filed with the commissioner a bond to the people of the
6072 state in the penal sum of twenty-five thousand dollars, approved by
6073 the Attorney General as to form and by the commissioner as to
6074 sufficiency of the security thereof. Such bond shall be conditioned that
6075 such licensee shall well, truly and faithfully account for all funds
6076 entrusted to the licensee and collected and received by the licensee in
6077 the licensee's capacity as a consumer collection agency. Any person
6078 who may be damaged by the wrongful conversion of any creditor,
6079 consumer debtor, property tax debtor or federal income tax debtor
6080 funds received by such consumer collection agency may proceed on
6081 such bond against the principal or surety thereon, or both, to recover
6082 damages. The commissioner may proceed on such bond against the
6083 principal or surety thereon, or both, to collect any civil penalty
6084 imposed upon the licensee pursuant to subsection (a) of section 36a-50

6085 and, effective April 1, 2019, any restitution imposed pursuant to
6086 subsection (c) of section 36a-65, as amended by this act, as applicable.
6087 The proceeds of the bond, even if commingled with other assets of the
6088 licensee, shall be deemed by operation of law to be held in trust for the
6089 benefit of such claimants against the licensee in the event of
6090 bankruptcy of the licensee and shall be immune from attachment by
6091 creditors and judgment creditors. The bond shall run concurrently
6092 with the period of the license granted to the applicant, and the
6093 aggregate liability under the bond shall not exceed the penal sum of
6094 the bond.

6095 (b) The surety company shall have the right to cancel the bond at
6096 any time by a written notice to the licensee and the commissioner
6097 stating the date cancellation shall take effect. [Such notice shall be sent
6098 by certified mail to the licensee] If the bond is issued electronically on
6099 the system, written notice of cancellation may be provided by the
6100 surety company to the licensee and the commissioner through the
6101 system at least thirty days prior to the date of cancellation. Any notice
6102 of cancellation not provided through the system shall be sent by
6103 certified mail to the licensee and the commissioner at least thirty days
6104 prior to the date of cancellation. A surety bond shall not be cancelled
6105 unless the surety company notifies the commissioner in writing not
6106 less than thirty days prior to the effective date of cancellation. After
6107 receipt of such notification from the surety company, the
6108 commissioner shall give written notice to the licensee of the date such
6109 bond cancellation shall take effect. The commissioner shall
6110 automatically suspend the license on such date, unless the licensee
6111 prior to such date submits a letter of reinstatement of the bond from
6112 the surety company or a new bond or the licensee has ceased business
6113 and has surrendered its license. After a license has been automatically
6114 suspended, the commissioner shall (1) give the licensee notice of the
6115 automatic suspension pending proceedings for revocation or refusal to
6116 renew and an opportunity for a hearing on such actions in accordance
6117 with section 36a-51, as amended by this act, and (2) require the licensee
6118 to take or refrain from taking such action as [in the opinion of] the
6119 commissioner [will] deems necessary to effectuate the purposes of this

6120 section.

6121 Sec. 81. Section 36a-804 of the general statutes is repealed and the
6122 following is substituted in lieu thereof (*Effective October 1, 2018*):

6123 (a) The commissioner may suspend, revoke or refuse to renew any
6124 license or take any other action, in accordance with the provisions of
6125 section 36a-51, as amended by this act, for any reason which would be
6126 sufficient grounds for the commissioner to deny an application for a
6127 license under sections 36a-800 to [36a-812] 36a-814, inclusive, as
6128 amended by this act, or if the commissioner finds that the licensee or
6129 any [proprietor, director, officer, member, partner, shareholder]
6130 control person, qualified individual, branch manager, trustee,
6131 employee or agent of such licensee has done any of the following: (1)
6132 Made any material misstatement in the application or in any filing
6133 made in connection with the license; (2) committed any fraud or
6134 misrepresentation or misappropriated funds; or (3) violated any of the
6135 provisions of [sections 36a-800 to 36a-812, inclusive,] this title or of any
6136 [regulations] regulation or order adopted or issued pursuant thereto
6137 pertaining to any such person, or any other law or regulation
6138 applicable to the conduct of [its] such licensee's consumer collection
6139 agency business.

6140 (b) Whenever it appears to the commissioner that (1) any person has
6141 violated, is violating or is about to violate any of the provisions of
6142 sections 36a-800 to [36a-812] 36a-814, inclusive, as amended by this act,
6143 or any regulation adopted pursuant thereto, [or] (2) any person is, was
6144 or would be a cause of the violation of any such provision or
6145 regulation due to an act or omission such person knew or should have
6146 known would contribute to such violation, or (3) the licensee or any
6147 [proprietor, director, officer, member, partner, shareholder] control
6148 person, qualified individual, branch manager, trustee, employee or
6149 agent of such licensee has committed any fraud, made any
6150 misrepresentation or misappropriated funds, the commissioner may
6151 take action against such person or licensee in accordance with sections
6152 36a-50 and 36a-52.

6153 (c) The commissioner may order a licensee to remove any individual
6154 conducting business under sections 36a-800 to 36a-814, inclusive, as
6155 amended by this act, from office and from employment or retention as
6156 an independent contractor in the consumer collection agency business
6157 in this state in accordance with section 5 of this act.

6158 (d) The commissioner may issue a temporary order to cease
6159 business under a license if the commissioner determines that such
6160 license was issued erroneously. Such temporary order shall be issued
6161 in accordance with subsection (j) of section 36a-24b.

6162 Sec. 82. Subsection (a) of section 36a-805 of the 2018 supplement to
6163 the general statutes is repealed and the following is substituted in lieu
6164 thereof (*Effective October 1, 2018*):

6165 (a) No consumer collection agency or control person shall: (1)
6166 Furnish legal advice or perform legal services or represent that it is
6167 competent to do so, or institute judicial proceedings on behalf of
6168 others; (2) communicate with consumer debtors, property tax debtors
6169 or federal income tax debtors in the name of an attorney or upon the
6170 stationery of an attorney, or prepare any forms or instruments which
6171 only attorneys are authorized to prepare; (3) receive assignments as a
6172 third party of claims for the purpose of collection or institute suit
6173 thereon in any court; (4) assume authority on behalf of a creditor to
6174 employ or terminate the services of an attorney unless such creditor
6175 has authorized such agency in writing to act as such creditor's agent in
6176 the selection of an attorney to collect the creditor's accounts; (5)
6177 demand or obtain in any manner a share of the proper compensation
6178 for services performed by an attorney in collecting a claim, whether or
6179 not such agency has previously attempted collection thereof; (6) solicit
6180 claims for collection under an ambiguous or deceptive contract; (7)
6181 refuse to return any claim or claims upon written request of the
6182 creditor, claimant or forwarder, which claims are not in the process of
6183 collection after the tender of such amounts, if any, as may be due and
6184 owing to the agency; (8) advertise or threaten to advertise for sale any
6185 claim as a means of forcing payment thereof, unless such agency is

6186 acting as the assignee for the benefit of creditors; (9) refuse or fail to
6187 account for and remit to its clients all money collected which is not in
6188 dispute within sixty days from the last day of the month in which said
6189 money is collected; (10) refuse or intentionally fail to return to the
6190 creditor all valuable papers deposited with a claim when such claim is
6191 returned; (11) refuse or fail to furnish at intervals of not less than
6192 ninety days, upon the written request of the creditor, claimant or
6193 forwarder, a written report upon claims received from such creditor,
6194 claimant or forwarder; (12) add any post-charge-off charge or fee for
6195 cost of collection, unless such cost is a court cost, to the amount of any
6196 claim which it receives for collection or knowingly accept for collection
6197 any claim to which any such charge or fee has already been added to
6198 the amount of the claim unless (A) the consumer debtor is legally liable
6199 for such charge or fee as determined by the contract or other evidence
6200 of an agreement between the consumer debtor and creditor, a copy of
6201 which shall be obtained by or available to the consumer collection
6202 agency from the creditor and maintained as part of the records of the
6203 consumer collection agency or the creditor, or both, and (B) the total
6204 charge or fee for cost of collection does not exceed fifteen per cent of
6205 the total amount actually collected and accepted as payment in full
6206 satisfaction of the debt; (13) use or attempt to use or make reference to
6207 the term "bonded by the state of Connecticut", "bonded" or "bonded
6208 collection agency" or any combination of such terms or words, except
6209 the word "bonded" may be used on the stationery of any such agency
6210 in type not larger than twelve-point; (14) when the debt is beyond the
6211 statute of limitations, fail to provide the following disclosure in type
6212 not less than ten-point informing the consumer debtor in its initial
6213 communication with such consumer debtor that (A) when collecting
6214 on debt that is not past the date for obsolescence provided for in
6215 Section 605(a) of the Fair Credit Reporting Act, 15 USC 1681c: "The law
6216 limits how long you can be sued on a debt. Because of the age of your
6217 debt, (INSERT OWNER NAME) will not sue you for it. If you do not
6218 pay the debt, (INSERT OWNER NAME) may report or continue to
6219 report it to the credit reporting agencies as unpaid"; and (B) when
6220 collecting on debt that is past the date for obsolescence provided for in

6221 Section 605(a) of the Fair Credit Reporting Act, 15 USC 1681c: "The law
6222 limits how long you can be sued on a debt. Because of the age of your
6223 debt, (INSERT OWNER NAME) will not sue you for it and (INSERT
6224 OWNER NAME) will not report it to any credit reporting agencies.";
6225 (15) engage in any activities prohibited by sections 36a-800 to [36a-812]
6226 36a-814, inclusive, as amended by this act; or (16) fail to establish,
6227 enforce and maintain policies and procedures for supervising
6228 employees, agents and office operations that are reasonably designed
6229 to achieve compliance with applicable consumer collection laws and
6230 regulations.

6231 Sec. 83. Subsection (b) of section 36a-811 of the general statutes is
6232 repealed and the following is substituted in lieu thereof (*Effective*
6233 *October 1, 2018*):

6234 (b) Each [third party] consumer collection agency, except a
6235 consumer collection agency engaged solely in the business of debt
6236 buying, shall deposit funds collected or received from consumer
6237 debtors for payment for others on an account, bill or other
6238 indebtedness in one or more trust accounts maintained at a federally
6239 insured bank, Connecticut credit union, federal credit union or an out-
6240 of-state bank that maintains in this state a branch as defined in section
6241 36a-410, which accounts shall be reconciled monthly. Such funds shall
6242 not be commingled with funds of the consumer collection agency or
6243 used in the conduct of the consumer collection agency's business. Such
6244 account shall not be used for any purpose other than (1) the deposit of
6245 funds received from consumer debtors, (2) the payment of such funds
6246 to creditors, (3) the refund of any overpayments to be made to
6247 consumer debtors, and (4) the payment of earned fees to the consumer
6248 collection agency, which shall be withdrawn on a monthly basis.
6249 Except for payments authorized by subdivisions (2) to (4), inclusive, of
6250 this subsection, any withdrawal from such account, including, but not
6251 limited to, any service charge or other fee imposed against such
6252 account by a depository institution, shall be reimbursed by the
6253 consumer collection agency to such account not more than thirty days
6254 after the withdrawal. Funds received from consumer debtors shall be

6255 posted to their respective accounts in accordance with generally
6256 accepted accounting principles.

6257 Sec. 84. Section 36a-846 of the 2018 supplement to the general
6258 statutes is repealed and the following is substituted in lieu thereof
6259 (*Effective October 1, 2018*):

6260 As used in this section and sections 36a-847 to 36a-854, as amended
6261 by this act:

6262 (1) "Advertise" or "advertising" has the same meaning as provided
6263 in section 36a-485, as amended by this act;

6264 (2) "Branch office" means a location other than the main office at
6265 which a licensee or any person on behalf of a licensee acts as a student
6266 loan servicer;

6267 [(2)] (3) "Control person" has the same meaning as provided in
6268 section 36a-485, as amended by this act;

6269 (4) "Main office" has the same meaning as provided in section 36a-
6270 485, as amended by this act;

6271 [(3)] (5) "Student loan borrower" means [(A) any resident of] any
6272 individual who resides within this state who has [received or] agreed
6273 to [pay a student education loan; or (B) any person who shares
6274 responsibility with such resident for repaying the] repay a student
6275 education loan;

6276 [(4)] (6) "Student loan servicer" means any person, wherever located,
6277 responsible for the servicing of any student education loan to any
6278 student loan borrower;

6279 [(5)] (7) "Servicing" means (A) receiving any scheduled periodic
6280 payments from a student loan borrower pursuant to the terms of a
6281 student education loan; (B) applying the payments of principal and
6282 interest and such other payments with respect to the amounts received
6283 from a student loan borrower, as may be required pursuant to the

6284 terms of a student education loan; or (C) performing other
6285 administrative services with respect to a student education loan;

6286 [(6)] (8) "Student education loan" means any loan primarily for
6287 personal use to finance education or other school-related expenses;

6288 (9) "Unique identifier" has the same meaning as provided in section
6289 36a-485, as amended by this act.

6290 Sec. 85. Section 36a-847 of the general statutes is repealed and the
6291 following is substituted in lieu thereof (*Effective October 1, 2018*):

6292 (a) (1) No person shall act as a student loan servicer, directly or
6293 indirectly, without first obtaining a license for its main office and for
6294 each branch office where such business is conducted from the
6295 [Banking Commissioner] commissioner under subsection (b) of this
6296 section, unless such person is exempt from licensure pursuant to
6297 subdivision (2) of this subsection. No person shall conduct any activity
6298 subject to licensure pursuant to sections 36a-846 to 36a-854, inclusive,
6299 as amended by this act, at any office located outside of the United
6300 States.

6301 (2) The following persons are exempt from student loan servicer
6302 licensing requirements: (A) Any bank, out-of-state bank, Connecticut
6303 credit union, federal credit union or out-of-state credit union; (B) any
6304 wholly owned subsidiary of any such bank or credit union; and (C)
6305 any operating subsidiary where each owner of such operating
6306 subsidiary is wholly owned by the same bank or credit union.

6307 (b) [Any person seeking to act within this state as a student loan
6308 servicer shall make a written application to the commissioner for an
6309 initial license in such form as the commissioner prescribes.] (1) An
6310 application for a license as a student loan servicer or for renewal of
6311 such license shall be made and processed on the system pursuant to
6312 section 36a-24b, in the form prescribed by the commissioner. Each such
6313 form shall contain content as set forth by instruction or procedure of
6314 the commissioner and may be changed or updated as necessary by the

6315 commissioner in order to carry out the purposes of sections 36a-846 to
6316 36a-854, inclusive, as amended by this act. The applicant shall, at a
6317 minimum, furnish to the system information concerning the identity of
6318 the applicant, any control person of the applicant, the qualified
6319 individual and any branch manager responsible for the actions of the
6320 licensee, including, but not limited to, information related to such
6321 person's personal history and experience, and any administrative, civil
6322 or criminal findings by any governmental jurisdiction. As part of the
6323 application the commissioner may (A) in accordance with section 29-
6324 17a, conduct a state or national criminal history records check of the
6325 applicant, any control person of the applicant, the qualified individual
6326 or any branch manager, and (B) in accordance with section 36a-24b, (i)
6327 require the submission of fingerprints of the applicant, any control
6328 person of the applicant, the qualified individual or any branch
6329 manager to the Federal Bureau of Investigation or other state, national
6330 or international criminal databases, and (ii) investigate the financial
6331 condition of any such person and require authorization from any such
6332 person for the system and the commissioner to obtain an independent
6333 credit report from a consumer reporting agency, as described in
6334 Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a, as
6335 amended from time to time. Such application shall be accompanied by
6336 [(1)] a financial statement prepared by a certified public accountant, [or
6337 a public accountant, the accuracy of which is sworn to under oath
6338 before a notary public by the proprietor, a general partner or a
6339 corporate officer or a member duly authorized to execute such
6340 documents, (2) (A) the history of criminal convictions of the (i)
6341 applicant; (ii) partners, if the applicant is a partnership; (iii) members,
6342 if the applicant is a limited liability company or association; or (iv)
6343 officers, directors and principal employees, if the applicant is a
6344 corporation, and (B) sufficient information pertaining to the history of
6345 criminal convictions of such applicant, partners, members, officers,
6346 directors or principal employees as the commissioner deems necessary
6347 to make the findings under subsection (c) of this section, (3) a
6348 nonrefundable license fee of one thousand dollars, and (4) a
6349 nonrefundable investigation fee of eight hundred dollars. The

6350 commissioner, in accordance with section 29-17a, may conduct a state
6351 and national criminal history records check of the applicant and of
6352 each partner, member, officer, director and principal employee of such
6353 applicant.] except that the commissioner may waive such requirement
6354 in connection with any renewal application, provided the system
6355 requires annual reports of condition that capture financial statement
6356 information and the applicant has filed such information in accordance
6357 with section 36a-848, as amended by this act.

6358 (2) Each applicant for a student loan servicer license shall pay to the
6359 system any required fees or charges and a license fee of nine hundred
6360 dollars. Each such license shall expire at the close of business on
6361 December thirty-first of the year in which the license was approved,
6362 unless such license is renewed, except that any such license approved
6363 on or after November first shall expire at the close of business on
6364 December thirty-first of the year following the year in which it is
6365 approved. An application for renewal of a license shall be filed
6366 between November first and December thirty-first of the year in which
6367 the license expires. Each applicant for renewal of a student loan
6368 servicer license shall pay to the system any required fees or charges
6369 and a renewal fee of nine hundred dollars.

6370 (3) Each license shall remain in force and effect until the license has
6371 been surrendered, revoked or suspended or has expired in accordance
6372 with the provisions of sections 36a-846 to 36a-854, inclusive, as
6373 amended by this act. No abatement of the license fee shall be made if
6374 the application is denied or withdrawn prior to issuance of the license
6375 or if the license is surrendered, revoked or suspended prior to the
6376 expiration of the period for which it was issued. All fees required by
6377 this section shall be nonrefundable.

6378 (c) Upon the filing of an application for an initial license and the
6379 payment of [the] required fees, [for license and investigation,] the
6380 commissioner shall investigate the financial condition and
6381 responsibility, financial and business experience, character and general
6382 fitness of the applicant. The commissioner may issue a license if the

6383 commissioner finds that:

6384 (1) The applicant's financial condition is sound;

6385 (2) The applicant's business will be conducted honestly, fairly,
6386 equitably, carefully and efficiently within the purposes and intent of
6387 sections 36a-846 to 36a-854, inclusive, as amended by this act, and in a
6388 manner commanding the confidence and trust of the community;

6389 (3) [(A) If the applicant is an individual, such individual is in all
6390 respects properly qualified and of good character, (B) if the applicant is
6391 a partnership, each partner is in all respects properly qualified and of
6392 good character, (C) if the applicant is a corporation or association, the
6393 president, chairperson of the executive committee, senior officer
6394 responsible for the corporation's business and chief financial officer or
6395 any other person who performs similar functions as determined by the
6396 commissioner, each director, each trustee and each shareholder
6397 owning ten per cent or more of each class of the securities of such
6398 corporation is in all respects properly qualified and of good character,
6399 or (D) if the applicant is a limited liability company, each member is in
6400 all respects properly qualified and of good character;] Each control
6401 person, qualified individual, branch manager and trustee of the
6402 applicant is in all respects properly qualified and of good character,
6403 including, but not limited to, assessment of such person's financial
6404 responsibility and any criminal convictions, provided any license
6405 denial based on a criminal conviction shall be subject to the provisions
6406 of section 46a-80;

6407 (4) No control person, qualified individual, branch manager or other
6408 person on behalf of the applicant knowingly has made any incorrect
6409 statement of a material fact in the application, or in any report or
6410 statement made pursuant to sections 36a-846 to 36a-854, inclusive, as
6411 amended by this act;

6412 (5) No control person, qualified individual, branch manager or other
6413 person on behalf of the applicant knowingly has omitted to state any
6414 material fact necessary to give the commissioner any information

6415 lawfully required by the commissioner;

6416 (6) The applicant has paid the [investigation fee and the license fee]
6417 fees required under subsection (b) of this section; and

6418 (7) The applicant has met any other similar requirements as
6419 determined by the commissioner.

6420 (d) [A license issued pursuant to subsection (c) of this section shall
6421 expire at the close of business on September thirtieth of the odd-
6422 numbered year following its issuance, unless renewed or earlier
6423 surrendered, suspended or revoked pursuant to sections 36a-846 to
6424 36a-854, inclusive.] Not later than fifteen days after a licensee ceases to
6425 engage in the business of student loan servicing in this state for any
6426 reason, including a business decision to terminate operations in this
6427 state, license revocation, bankruptcy or voluntary dissolution, such
6428 licensee [shall provide written notice of surrender to the commissioner
6429 and] shall surrender to the commissioner, in accordance with
6430 subsection (c) of section 36a-51, as amended by this act, its license for
6431 each location in which such licensee has ceased to engage in such
6432 business. The [written notice of surrender] licensee shall also identify
6433 to the commissioner, in writing, the location where the records of the
6434 licensee will be stored and the name, address and telephone number of
6435 an individual authorized to provide access to the records. The
6436 surrender of a license does not reduce or eliminate the licensee's civil
6437 or criminal liability arising from acts or omissions occurring prior to
6438 the surrender of the license, including any administrative actions
6439 undertaken by the commissioner to revoke or suspend a license, assess
6440 a civil penalty, order restitution or exercise any other authority
6441 provided to the commissioner.

6442 (e) [A license may be renewed for the ensuing twenty-four-month
6443 period upon the filing of an application containing all required
6444 documents and fees as provided in subsection (b) of this section. Such
6445 renewal application shall be filed on or before September first of the
6446 year in which the license expires. Any renewal application filed with
6447 the commissioner after September first shall be accompanied by a one-

6448 hundred-dollar late fee and any such filing shall be deemed to be
6449 timely and sufficient for purposes of subsection (b) of section 4-182.] If
6450 an application for a renewal license has been filed with the
6451 commissioner on or before the date the license expires, the license
6452 sought to be renewed shall continue in full force and effect until the
6453 issuance by the commissioner of the renewal license applied for or
6454 until the commissioner has notified the licensee in writing of the
6455 commissioner's refusal to issue such renewal license together with the
6456 grounds upon which such refusal is based. The commissioner may
6457 refuse to issue a renewal license (1) on any ground on which the
6458 commissioner might refuse to issue an initial license, or (2) if the
6459 applicant has not paid any required fee for renewal or has not paid any
6460 outstanding examination fees or other moneys due to the
6461 commissioner. The commissioner may adopt procedures for the
6462 reinstatement of expired licenses consistent with the standards
6463 established by the system.

6464 (f) [If the commissioner determines that a check filed with the
6465 commissioner to pay a license or renewal fee has been dishonored, the
6466 commissioner shall automatically suspend the license or the renewal
6467 license that has been issued but is not yet effective. The commissioner
6468 shall give the licensee notice of the automatic suspension pending
6469 proceedings for revocation or refusal to renew and an opportunity for
6470 a hearing on such actions in accordance with section 36a-51.] The
6471 commissioner may automatically suspend a license if the licensee
6472 receives a deficiency on the system indicating that a required payment
6473 was Returned-ACH or returned pursuant to such other term as may be
6474 utilized by the system to indicate that the payment was not accepted.
6475 After a license has been automatically suspended pursuant to this
6476 section, the commissioner shall (1) give the licensee notice of the
6477 automatic suspension, pending proceedings for revocation or refusal
6478 to renew pursuant to section 36a-852, as amended by this act, and an
6479 opportunity for a hearing on such action in accordance with section
6480 36a-51, as amended by this act, and (2) require such licensee to take or
6481 refrain from taking such action as the commissioner deems necessary
6482 to effectuate the purposes of this section.

6483 (g) [The applicant or licensee shall notify the commissioner, in
6484 writing, of any change in the information provided in its initial
6485 application for a license or its most recent renewal application for such
6486 license, as applicable, not later than ten business days after the
6487 occurrence of the event that results in such information becoming
6488 inaccurate.] Except as specified in section 36a-848, as amended by this
6489 act, the applicant or licensee, and each individual designated as a
6490 control person, qualified individual or branch manager, shall file to the
6491 system any change in the information such applicant, licensee, control
6492 person, qualified individual or branch manager most recently
6493 submitted to the system in connection with the application or license,
6494 or, if the information cannot be filed on the system, notify the
6495 commissioner of such change, in writing, not later than fifteen days
6496 after the date the applicant, licensee, control person, qualified
6497 individual or branch manager had reason to know of the change.

6498 (h) The commissioner may deem an application for a license
6499 abandoned if the applicant fails to respond to any request for
6500 information required under sections 36a-846 to 36a-854, inclusive, as
6501 amended by this act, or any regulations adopted pursuant to said
6502 sections. The commissioner shall notify the applicant [, in writing,] on
6503 the system that if the applicant fails to submit such information not
6504 later than sixty days after the date on which such request for
6505 information was made, the application shall be deemed abandoned.
6506 An application filing fee paid prior to the date an application is
6507 deemed abandoned pursuant to this subsection shall not be refunded.
6508 Abandonment of an application pursuant to this subsection shall not
6509 preclude the applicant from submitting a new application for a license
6510 under the provisions of sections 36a-846 to 36a-854, inclusive, as
6511 amended by this act.

6512 Sec. 86. Section 36a-848 of the general statutes is repealed and the
6513 following is substituted in lieu thereof (*Effective October 1, 2018*):

6514 (a) No person licensed to act within this state as a student loan
6515 servicer shall do so under any other name or at any other place of

6516 business than that named in the license. [Any change of location of a
6517 place of business of a licensee shall require prior written notice to the
6518 commissioner.] No licensee may use any name other than its legal
6519 name or a fictitious name approved by the commissioner, provided
6520 such licensee may not use its legal name if the commissioner
6521 disapproves use of such name. A licensee may change the name of the
6522 licensee or address of the office specified on the most recent filing with
6523 the system if, at least thirty calendar days prior to such change, the
6524 licensee files such change with the system and the commissioner does
6525 not disapprove such change, in writing, or request further information
6526 from the licensee within such thirty-day period. Not more than one
6527 place of business shall be maintained under the same license but the
6528 commissioner may issue more than one license to the same licensee
6529 upon compliance with the provisions of sections 36a-846 to 36a-854,
6530 inclusive, as amended by this act, as to each new licensee.

6531 (b) A license shall not be transferable or assignable. Any change in
6532 any control person shall be the subject of an advance change notice
6533 filed on the system at least sixty days prior to the effective date of such
6534 change and no such change shall occur without the commissioner's
6535 approval.

6536 (c) The commissioner may automatically suspend any license for a
6537 violation of subsection (a) or (b) of this section. After a license has been
6538 automatically suspended pursuant to this subsection, the
6539 commissioner shall (1) give the licensee notice of such automatic
6540 suspension pending proceedings for revocation of or refusal to renew
6541 the license pursuant to section 36a-852, as amended by this act, and an
6542 opportunity for a hearing in accordance with section 36a-51, as
6543 amended by this act, and (2) require the licensee to take or refrain from
6544 taking action as the commissioner deems necessary to effectuate the
6545 purpose of this section.

6546 (d) A student loan servicer licensee shall file on the system or, if the
6547 information cannot be filed on the system, notify the commissioner, in
6548 writing, of the occurrence of any of the following developments not

6549 later than fifteen days after the date the licensee had reason to know of
6550 the occurrence of any of the following developments:

6551 (1) Filing for bankruptcy or the consummation of a corporate
6552 restructuring of the licensee;

6553 (2) Filing of a criminal indictment against the licensee in any way
6554 related to the student loan servicer activities of the licensee, or
6555 receiving notification of the filing of any criminal felony indictment or
6556 felony conviction of any control person, branch manager or qualified
6557 individual of the licensee;

6558 (3) Receiving notification of the institution of license denial, cease
6559 and desist, suspension or revocation procedures, or other formal or
6560 informal action by any governmental agency against the licensee or
6561 any control person, branch manager or qualified individual of the
6562 licensee and the reasons therefor;

6563 (4) Receiving notification of the initiation of any action against the
6564 licensee or any control person, branch manager or qualified individual
6565 of the licensee by the Attorney General or the attorney general of any
6566 other state and the reasons therefor; or

6567 (5) Receiving notification of filing for bankruptcy of any control
6568 person, branch manager or qualified individual of the licensee.

6569 (e) Any person filing or submitting any information on the system
6570 shall do so in accordance with the procedures and requirements of the
6571 system and shall pay the applicable fees or charges to the system. Each
6572 student loan servicer licensee shall, to the extent required by the
6573 system, timely submit to the system accurate reports of condition that
6574 shall be in such form and shall contain such information as the system
6575 may require. Failure by a licensee to submit a timely and accurate
6576 report of condition shall constitute a violation of this provision.

6577 (f) The unique identifier of any person licensed under section 36a-
6578 847, as amended by this act, shall be clearly shown on all solicitations
6579 and advertisements, including business cards and web sites, and any

6580 other documents as established by rule, regulation or order of the
6581 commissioner, and shall be clearly stated in all audio solicitations and
6582 advertisements. The solicitations and advertisements of any person
6583 licensed under section 36a-847, as amended by this act: (1) Shall not
6584 include any statement that such person is endorsed in any way by this
6585 state, except that such solicitations and advertisements may include a
6586 statement that such person is licensed in this state; (2) shall not include
6587 any statement or claim that is deceptive, false or misleading; (3) shall
6588 otherwise conform to the requirements of sections 36a-846 to 36a-854,
6589 inclusive, as amended by this act, any regulations issued thereunder
6590 and any other applicable law; and (4) shall be retained for two years
6591 from the date of use of such solicitation or advertisement.

6592 Sec. 87. Section 36a-850 of the 2018 supplement to the general
6593 statutes is repealed and the following is substituted in lieu thereof
6594 (*Effective October 1, 2018*):

6595 No person who is required to be licensed and who is subject to the
6596 provisions of sections 36a-846 to 36a-854, inclusive, as amended by this
6597 act, and no control person shall, directly or indirectly:

6598 (1) Employ any scheme, device or artifice to defraud or mislead
6599 student loan borrowers;

6600 (2) Engage in any unfair or deceptive practice toward any person or
6601 misrepresent or omit any material information in connection with the
6602 servicing of a student education loan, including, but not limited to,
6603 misrepresenting the amount, nature or terms of any fee or payment
6604 due or claimed to be due on a student education loan, the terms and
6605 conditions of the loan agreement or the borrower's obligations under
6606 the loan;

6607 (3) Obtain property by fraud or misrepresentation;

6608 (4) Knowingly misapply or recklessly apply student education loan
6609 payments to the outstanding balance of a student education loan;

6610 (5) Knowingly or recklessly provide inaccurate information to a

6611 credit bureau, thereby harming a student loan borrower's
6612 creditworthiness;

6613 (6) Fail to report both the favorable and unfavorable payment
6614 history of the student loan borrower to a nationally recognized
6615 consumer credit bureau at least annually if the student loan servicer
6616 licensee regularly reports information to a credit bureau;

6617 (7) Refuse to communicate with an authorized representative of the
6618 student loan borrower who provides a written authorization signed by
6619 the student loan borrower, provided the student loan servicer licensee
6620 may adopt procedures reasonably related to verifying that the
6621 representative is in fact authorized to act on behalf of the student loan
6622 borrower;

6623 (8) Negligently make any false statement or knowingly and wilfully
6624 make any omission of a material fact in connection with any
6625 information or reports filed with a governmental agency or in
6626 connection with any investigation conducted by the commissioner or
6627 another governmental agency; [or]

6628 (9) Fail to establish, enforce and maintain policies and procedures
6629 for supervising employees, agents and office operations that are
6630 reasonably designed to achieve compliance with applicable student
6631 loan servicing laws and regulations; or

6632 (10) Fail to comply with the service standards set by the
6633 commissioner in accordance with section 59 of public act 16-65.

6634 Sec. 88. Section 36a-852 of the general statutes is repealed and the
6635 following is substituted in lieu thereof (*Effective October 1, 2018*):

6636 (a) The commissioner may suspend, revoke or refuse to renew any
6637 license issued under [the provisions of subsection (c) of] section 36a-
6638 847, as amended by this act, or take any other action, in accordance
6639 with section 36a-51, as amended by this act, if the commissioner finds
6640 that (1) the licensee or any control person, qualified individual, branch
6641 manager, trustee, employee or agent of the licensee has violated any

6642 provision of [sections 36a-846 to 36a-854, inclusive,] this title or any
6643 regulation or order [lawfully made pursuant to and within the
6644 authority of said sections] adopted or issued pursuant thereto
6645 pertaining to such person, or any other law or regulation applicable to
6646 the conduct of such licensee's student loan servicing business, or (2)
6647 any fact or condition exists which, if it had existed at the time of the
6648 original application for the license, clearly would have warranted a
6649 denial of such license. [No abatement of the license fee shall be made if
6650 the license is surrendered, revoked or suspended prior to the
6651 expiration of the period for which it was issued.]

6652 (b) Whenever it appears to the commissioner that any (1) person has
6653 violated, is violating or is about to violate any of the provisions of
6654 sections 36a-846 to 36a-854, inclusive, as amended by this act, or any
6655 regulation adopted pursuant to said sections, [or] (2) person is, was or
6656 would be a cause of the violation of any such provision or regulation
6657 due to an act or omission such person knew or should have known
6658 would contribute to such violation, or (3) any licensee or any [owner,
6659 director, officer, member, partner, shareholder] control person,
6660 qualified individual, branch manager, trustee, employee or agent of
6661 such licensee has committed any fraud, engaged in dishonest activities
6662 or made any misrepresentation, the commissioner may take action
6663 against such person or licensee in accordance with sections 36a-50 and
6664 36a-52.

6665 (c) The commissioner may order a licensee to remove any individual
6666 conducting business under sections 36a-846 to 36a-854, inclusive, as
6667 amended by this act, from office and from employment or retention as
6668 an independent contractor in the student loan servicer business in this
6669 state in accordance with section 5 of this act.

6670 (d) The commissioner may issue a temporary order to cease
6671 business under a license if the commissioner determines that such
6672 license was issued erroneously. Such temporary order shall be issued
6673 in accordance with subsection (j) of section 36a-24b.

6674 Sec. 89. Subsection (b) of section 36a-59 of the general statutes is

6675 repealed and the following is substituted in lieu thereof (*Effective*
6676 *October 1, 2018*):

6677 (b) The commissioner may enter into cooperative, coordinating or
6678 information-sharing agreements with any other state or federal
6679 supervisory agency or any organization affiliated with or representing
6680 such supervisory agency with respect to the examination, examination
6681 fees or other supervision of any person subject to the provisions of
6682 sections 36a-485 to [36a-812] 36a-854, inclusive, as amended by this act.
6683 Any such agreement may include provisions concerning the
6684 assessment or sharing of fees for such examination or supervision.

6685 Sec. 90. Section 36a-544 of the general statutes is repealed and the
6686 following is substituted in lieu thereof (*Effective October 1, 2018*):

6687 (a) The commissioner may adopt regulations, in accordance with
6688 chapter 54, as necessary to carry out the provisions of sections 36a-535
6689 to [36a-546] 36a-547, inclusive, as amended by this act, including the
6690 defining of any terms, whether or not used in said sections, so far as
6691 the definitions are not inconsistent with the provisions of said sections.

6692 (b) No regulation may be adopted under this section unless the
6693 commissioner finds that the action is necessary or appropriate in the
6694 public interest or for the protection of purchasers and consistent with
6695 the purposes fairly intended by the policy and provisions of sections
6696 36a-535 to [36a-546] 36a-547, inclusive, as amended by this act.

6697 Sec. 91. Section 36a-546 of the general statutes is repealed and the
6698 following is substituted in lieu thereof (*Effective October 1, 2018*):

6699 Any individual, corporation, partnership, limited partnership,
6700 association or other unincorporated enterprise, and any responsible
6701 officer, partner or employee thereof, who wilfully fails to comply with
6702 or violates any of the provisions of sections 36a-535 to [36a-545] 36a-
6703 547, inclusive, as amended by this act, or who engages in business as a
6704 sales finance company without being licensed as a sales finance
6705 company by the commissioner in accordance with the provisions of

6706 said sections, shall be fined not more than five hundred dollars or
6707 imprisoned not more than six months or both.

6708 Sec. 92. Section 36a-489a of the 2018 supplement to the general
6709 statutes, as amended by section 8 of public act 17-233, is repealed and
6710 the following is substituted in lieu thereof (*Effective January 1, 2019*):

6711 (a) (1) In order to meet the prelicensing education and testing
6712 requirements referred to in [sections 36a-488 and] section 36a-489, as
6713 amended by this act, an individual shall complete:

6714 (A) At least twenty hours of education approved in accordance with
6715 subdivision (2) of this subsection, which shall include at least (i) three
6716 hours of instruction on relevant federal law and regulations; (ii) three
6717 hours of ethics training, including instruction on fraud, consumer
6718 protection and fair lending issues; and (iii) two hours of training
6719 related to lending standards for the nontraditional mortgage product
6720 marketplace.

6721 (B) At least one hour of education approved in accordance with
6722 subdivision (2) of this subsection on relevant Connecticut law.

6723 (2) For purposes of subdivision (1) of this subsection, prelicensing
6724 education courses shall be reviewed and approved by the system
6725 based upon reasonable standards. Review and approval of a
6726 prelicensing education course shall include review and approval of the
6727 course provider.

6728 (3) Nothing in this subsection shall preclude any prelicensing
6729 education course, as approved by the system, that is provided by the
6730 sponsor or employer of the individual or an entity which is affiliated
6731 with the individual by an agency contract, or any subsidiary or affiliate
6732 of such sponsor, employer or entity.

6733 (4) Prelicensing education may be offered either in a classroom,
6734 online or by any other means approved by the system.

6735 (5) When prelicensing education requirements described in

6736 subdivision (1) of this subsection are completed in another state, such
6737 out-of-state prelicensing education requirements shall be accepted as
6738 credit towards completion of the prelicensing education requirements
6739 of this state, provided such out-of-state prelicensing education
6740 requirements are approved by the system.

6741 (6) (A) An individual previously licensed under section 36a-489, as
6742 amended by this act, [subsequent to the applicable effective date of the
6743 prelicensing and testing requirements referred to in section 36a-489,]
6744 who is applying to be relicensed shall prove that such individual has
6745 completed [all of the] any continuing education requirements [for the
6746 year in which] in effect when the license was last held, except that an
6747 individual required to retake prelicensing education pursuant to
6748 subparagraph (B) of subdivision (7) and subparagraph (B) of
6749 subdivision (8) of this subsection shall not be required to complete any
6750 outstanding continuing education requirements.

6751 (B) An individual who previously held a position as a qualified
6752 individual or branch manager, [subsequent to the applicable effective
6753 date of the prelicensing and testing requirements referred to in section
6754 36a-488,] at a time when such individual was not required to be
6755 licensed as a mortgage loan originator, may not hold such position
6756 again until such individual has completed all of the continuing
6757 education requirements for the year in which such individual last held
6758 such position and, effective November 1, 2012, has obtained the
6759 required mortgage loan originator license.

6760 (7) (A) If an individual has not obtained a mortgage loan originator
6761 license in any state or an active federal registration by the date that is
6762 three years from the date such individual completed twenty hours of
6763 prelicensing education pursuant to subparagraph (A) of subdivision
6764 (1) of this subsection, such individual shall be required to retake
6765 twenty hours of prelicensing education in accordance with
6766 subparagraph (A) of subdivision (1) of this subsection prior to being
6767 licensed as either a mortgage loan originator or a loan processor or
6768 underwriter.

6769 (B) If an individual previously held but no longer holds an
6770 approved mortgage loan originator license in any state or an active
6771 federal registration, such individual shall obtain a mortgage loan
6772 originator license in any state or an active federal registration not later
6773 than three years from the date such individual last held such license or
6774 registration, or such individual shall retake twenty hours of
6775 prelicensing education in accordance with subparagraph (A) of
6776 subdivision (1) of this subsection prior to being licensed as a mortgage
6777 loan originator or loan processor or underwriter.

6778 (8) (A) If an individual has not obtained a mortgage loan originator
6779 license or a loan processor or underwriter license in this state by the
6780 date that is three years from the date such individual completed one
6781 hour of Connecticut specific prelicensing education pursuant to
6782 subparagraph (B) of subdivision (1) of this subsection, such individual
6783 shall retake one hour of Connecticut specific prelicensing education
6784 prior to being licensed as a mortgage loan originator or loan processor
6785 or underwriter.

6786 (B) If an individual previously held but no longer holds an
6787 approved mortgage loan originator license or loan processor or
6788 underwriter license in this state, such individual shall obtain a
6789 mortgage loan originator license or loan processor or underwriter
6790 license in this state not later than three years from the date such
6791 individual last held such license, or such individual shall be required
6792 to retake one hour of Connecticut specific prelicensing education in
6793 accordance with subparagraph (B) of subdivision (1) of this subsection
6794 prior to being licensed as a mortgage loan originator or loan processor
6795 or underwriter.

6796 (b) (1) In order to meet the written test requirements referred to in
6797 [sections 36a-488 and] section 36a-489, as amended by this act, an
6798 individual shall pass, in accordance with the standards established
6799 under this subsection, a qualified written test developed by the system
6800 and administered by a test provider approved by the system based
6801 upon reasonable standards.

6802 (2) A written test shall not be treated as a qualified written test for
6803 purposes of subdivision (1) of this subsection unless the test
6804 adequately measures the individual's knowledge and comprehension
6805 in appropriate subject areas, including ethics, federal law and
6806 regulation pertaining to mortgage origination, state law and regulation
6807 pertaining to mortgage origination, and federal and state law and
6808 regulation, including instruction on fraud, consumer protection, the
6809 nontraditional mortgage marketplace and fair lending issues.

6810 (3) Nothing in this subsection shall prohibit a test provider
6811 approved by the system from providing a test at the location of the
6812 sponsor or employer, any subsidiary or affiliate of the sponsor or
6813 employer or any entity with which the individual holds an exclusive
6814 arrangement to conduct the business of a mortgage loan originator.

6815 (4) (A) An individual shall not be considered to have passed a
6816 qualified written test unless the individual achieves a test score of not
6817 less than seventy-five per cent correct answers to questions.

6818 (B) An individual may retake a test three consecutive times with
6819 each consecutive taking occurring at least thirty days after the
6820 preceding test. After failing three consecutive tests, an individual shall
6821 wait at least six months before taking the test again.

6822 (C) (i) An individual who was previously licensed [subsequent to
6823 the applicable effective date of the prelicensing and testing
6824 requirements referred to in section 36a-489] as a mortgage loan
6825 originator who completed the test in connection with such license and
6826 who has not been licensed as a mortgage loan originator within the
6827 five-year period preceding the date of the filing of such individual's
6828 application for a mortgage loan originator license, not taking into
6829 account any time during which such individual [is] was a registered
6830 mortgage loan originator, shall retake such test; and (ii) [effective
6831 October 1, 2011,] an individual previously licensed as a loan processor
6832 or underwriter who applies to be licensed again shall retake the test if
6833 such individual has not been licensed as a loan processor or
6834 underwriter within the five-year period preceding the date of the filing

6835 of such application, not taking into account any time during which
6836 such individual [is] was engaged in loan processing or underwriting
6837 but not required to be licensed under subdivision (3) of subsection (b)
6838 of section 36a-486.

6839 (c) (1) In order to meet the annual continuing education
6840 requirements referred to in [subsections (a) and] subsection (b) of
6841 section 36a-489, as amended by this act, a licensed mortgage loan
6842 originator, a qualified individual or branch manager and [, effective
6843 October 1, 2011,] a licensed loan processor or underwriter, shall
6844 complete at least eight hours of education approved in accordance
6845 with subdivision (2) of this subsection. Such courses shall include at
6846 least (A) three hours of instruction on relevant federal law and
6847 regulation; (B) two hours of ethics, including instruction on fraud,
6848 consumer protection and fair lending issues; (C) two hours of training
6849 related to lending standards for the nontraditional mortgage product
6850 marketplace; and (D) effective January 1, 2015, one hour of relevant
6851 Connecticut law.

6852 (2) For purposes of subdivision (1) of this subsection, continuing
6853 education courses shall be reviewed and approved by the system
6854 based upon reasonable standards. Review and approval of a
6855 continuing education course shall include review and approval of the
6856 course provider.

6857 (3) Nothing in this subsection shall preclude any education course
6858 approved by the system that is provided by the sponsor or employer
6859 or an entity that is affiliated with the mortgage loan originator,
6860 qualified individual, [or] branch manager or [, effective October 1,
6861 2011,] loan processor or underwriter by an agency contract, or by any
6862 subsidiary or affiliate of such sponsor, employer or entity.

6863 (4) Continuing education may be offered either in a classroom,
6864 online or by any other means approved by the system.

6865 (5) Except as provided in procedures adopted under subsections (a)
6866 and (b) of section 36a-489, as amended by this act, or in regulations

6867 adopted under subdivision (9) of this subsection, a licensed mortgage
6868 loan originator, qualified individual, [or] branch manager or [,
6869 effective October 1, 2011,] a licensed loan processor or underwriter,
6870 may only receive credit for a continuing education course in the year
6871 for which the course is taken, and may not take the same approved
6872 course in the same or successive years to meet the annual requirements
6873 for continuing education.

6874 (6) A licensed mortgage loan originator, [or] a qualified individual,
6875 [or] a branch manager or [, effective October 1, 2011,] a licensed loan
6876 processor or underwriter who is an approved instructor of an
6877 approved continuing education course may receive credit for the
6878 licensee's own annual continuing education requirement at the rate of
6879 two hours credit for every one hour taught.

6880 (7) When education requirements described in subparagraphs (A)(i)
6881 to (A)(iii), inclusive, of subdivision (1) of subsection (a) of this section
6882 are completed in another state, such out-of-state education
6883 requirements shall be accepted as credit towards completion of the
6884 education requirements of this state, provided such out-of-state
6885 education requirements are approved by the system.

6886 (8) A licensed mortgage loan originator and [, effective October 1,
6887 2011,] a licensed loan processor or underwriter who subsequently
6888 becomes unlicensed must complete the continuing education
6889 requirements for the last year in which the license was held prior to
6890 issuance of an initial or renewed license. A qualified individual or
6891 branch manager who ceases to hold such position shall complete the
6892 continuing education requirements for the last year in which such
6893 individual or branch manager held such position prior to licensure as a
6894 mortgage loan originator.

6895 (9) A person who meets the requirements of subparagraphs (A)(i)
6896 and [(A)(iii)] (A)(ii) of subdivision (2) of subsection (a) or
6897 subparagraphs (A)(i) and (A)(iii) of subdivision (2) of subsection (b) of
6898 section 36a-489, as amended by this act, may compensate for any
6899 deficiency in an individual's continuing education requirements

6900 pursuant to regulations adopted by the commissioner.

6901 (d) For purposes of this section "nontraditional mortgage product"
6902 means any mortgage product other than a thirty-year fixed rate
6903 mortgage.

6904 Sec. 93. Subsection (a) of section 36a-679 of the general statutes is
6905 repealed and the following is substituted in lieu thereof (*Effective*
6906 *October 1, 2018*):

6907 (a) The commissioner may adopt regulations, in accordance with
6908 chapter 54, to carry out the provisions of the Connecticut Truth-in-
6909 Lending Act, [sections 36a-567, 36a-568,] subdivision (13) of subsection
6910 (c) of section 36a-770, and sections 36a-771, 36a-774 and 36a-777. Such
6911 regulations shall be consistent with the policy of this state as provided
6912 in section 36a-677 and the Consumer Credit Protection Act.

6913 Sec. 94. Section 36a-497 of the 2018 supplement to the general
6914 statutes is repealed and the following is substituted in lieu thereof
6915 (*Effective October 1, 2018*):

6916 (a) No mortgage lender licensee, mortgage correspondent lender
6917 licensee or mortgage broker licensee shall:

6918 (1) Advertise or cause to be advertised in this state, any residential
6919 mortgage loan in which such person intends to act only as a mortgage
6920 broker unless the advertisement includes the following statement,
6921 clearly and conspicuously expressed: [MORTGAGE] "MORTGAGE
6922 BROKER ONLY, NOT A MORTGAGE LENDER OR MORTGAGE
6923 CORRESPONDENT [LENDER] LENDER"; or

6924 (2) In connection with an advertisement in this state, use (A) a
6925 simulated check; (B) a comparison between the loan payments under
6926 the residential mortgage loan offered and the loan payments under a
6927 hypothetical loan or extension of credit, unless the advertisement
6928 includes, with respect to both the hypothetical loan or extension of
6929 credit and the residential mortgage loan being offered, the interest rate,
6930 the loan balance, the total amount of finance charges, the total number

6931 of payments and the monthly payment amount that would be required
6932 to pay off the outstanding loan balance shown; (C) representations
6933 such as "verified as eligible", "eligible", "preapproved", "prequalified"
6934 or similar words or phrases, without also disclosing, in immediate
6935 proximity to and in similar size print, language which sets forth
6936 prerequisites to qualify for the residential mortgage loan, including,
6937 but not limited to, income verification, credit check, and property
6938 appraisal or evaluation; or (D) any words or symbols in the
6939 advertisement or on the envelope containing the advertisement that
6940 give the appearance that the mailing was sent by a government
6941 agency.

6942 (b) (1) Each lead generator licensee shall include the following
6943 statement in all advertisements of residential mortgage loans and
6944 solicitations of leads by mail, electronic mail or through such licensee's
6945 web site, clearly and conspicuously expressed: "LEAD GENERATOR
6946 ONLY, NOT ACTING IN THE CAPACITY OF A MORTGAGE LOAN
6947 ORIGINATOR, MORTGAGE BROKER, MORTGAGE
6948 CORRESPONDENT LENDER OR MORTGAGE LENDER.
6949 INFORMATION RECEIVED WILL BE SHARED WITH ONE OR
6950 MORE THIRD PARTIES IN CONNECTION WITH YOUR
6951 RESIDENTIAL MORTGAGE LOAN INQUIRY."

6952 (2) No person required to be licensed as a lead generator shall: (A)
6953 Accept payment of any advance fee, as defined in section 36a-485, as
6954 amended by this act, in connection with a residential mortgage loan, or
6955 (B) use, sell, lease, exchange or otherwise [~~transferor~~] transfer or
6956 release information received from a consumer in connection with a
6957 residential mortgage loan inquiry for purposes other than as necessary
6958 to facilitate a residential mortgage loan transaction.

6959 Sec. 95. (*Effective October 1, 2018*) On or before January 1, 2019, the
6960 Banking Commissioner shall submit a report, in accordance with the
6961 provisions of section 11-4a of the general statutes, to the joint standing
6962 committee of the General Assembly having cognizance of matters
6963 relating to banking concerning the status of the Student Loan

6964 Ombudsman designated under section 36a-25 of the general statutes.

6965 Sec. 96. Subsection (d) of section 36a-558 of the 2018 supplement to
6966 the general statutes is repealed and the following is substituted in lieu
6967 thereof (*Effective October 1, 2018*):

6968 (d) Small loans that are the subject of the activities set forth in
6969 subsections (a) and (b) of this section shall not contain:

6970 (1) For a small loan that is under five thousand dollars, an annual
6971 percentage rate that exceeds the lesser of thirty-six per cent or the
6972 maximum annual percentage rate for interest that is permitted with
6973 respect to the consumer credit extended under the Military Lending
6974 Act, 10 USC 987 et seq., as amended from time to time, or for a small
6975 loan that is between five thousand and fifteen thousand dollars, an
6976 annual percentage rate that exceeds twenty-five per cent;

6977 (2) For other than an open-end small loan, a provision that increases
6978 the interest rate due to payment default;

6979 (3) A payment schedule with regular periodic payments that when
6980 aggregated do not fully amortize the outstanding principal balance;

6981 (4) A payment schedule with regular periodic payments that cause
6982 the principal balance to increase;

6983 (5) A payment schedule that consolidates more than two periodic
6984 payments and pays them in advance from the proceeds, unless such
6985 payments are required to be escrowed by a governmental agency;

6986 (6) A prepayment penalty;

6987 (7) An adjustable rate provision;

6988 (8) A waiver of participation in a class action or a provision
6989 requiring a borrower, whether acting individually or on behalf of
6990 others similarly situated, to assert any claim or defense in a nonjudicial
6991 forum that: (A) Utilizes principles that are inconsistent with the law as
6992 set forth in the general statutes or common law; or (B) limits any claim

6993 or defense the borrower may have;

6994 (9) A call provision that permits the lender, in its sole discretion, to
6995 accelerate the indebtedness, except when repayment of the loan is
6996 accelerated by a bona fide default pursuant to a due-on-sale clause;

6997 (10) A security interest, except as provided in subsection (e) of this
6998 section; or

6999 (11) Fees or charges of any kind, except as expressly permitted by
7000 subsection (e) of this section.

7001 Sec. 97. (*Effective from passage*) On or before January 1, 2019, the
7002 Banking Commissioner shall submit a report, in accordance with the
7003 provisions of section 11-4a of the general statutes, to the joint standing
7004 committee of the General Assembly having cognizance of matters
7005 relating to banking. Such report shall recommend methods to require
7006 sales finance companies to acquire and maintain records of the
7007 ethnicity, race and sex of any applicant or coapplicant in a retail
7008 installment contract acquired by purchase, discount, pledge, loan,
7009 advance or otherwise, and any application for a retail installment
7010 contract, covering the retail sale of a motor vehicle in the state that has
7011 been reviewed by the sales finance company or relates to a retail
7012 installment contract acquired by the sales finance company.

7013 Sec. 98. Subdivision (14) of section 36a-2 of the general statutes is
7014 repealed and the following is substituted in lieu thereof (*Effective*
7015 *October 1, 2018*):

7016 (14) "Connecticut credit union service organization" means a credit
7017 union service organization that is (A) incorporated under the laws of
7018 this state, located in this state and established by at least one
7019 Connecticut credit union, or (B) wholly owned by a credit union that
7020 converted into a Connecticut credit union pursuant to section 36a-
7021 469b;

7022 Sec. 99. Section 36a-461a of the general statutes is amended by
7023 adding subsection (l) as follows (*Effective October 1, 2018*):

7024 (NEW) (l) A Connecticut credit union that proposes to close a
7025 Connecticut credit union service organization shall submit to the
7026 commissioner a notice of the proposed closing not later than thirty
7027 days prior to the date proposed for such closing. The notice shall
7028 include a detailed statement of the reasons for the decision to close the
7029 credit union service organization.

7030 Sec. 100. Subsection (h) of section 36a-70 of the general statutes is
7031 repealed and the following is substituted in lieu thereof (*Effective*
7032 *October 1, 2018*):

7033 (h) (1) [The approving authority shall consider the following factors
7034 before granting a temporary certificate of authority: (A) The
7035 population of the area to be served by the proposed Connecticut bank;
7036 (B) the adequacy of existing banking facilities in the area to be served
7037 by the proposed Connecticut bank; (C) the convenience and necessity
7038 to the public of the proposed facilities; and (D) the character and
7039 experience of the proposed directors and officers. (2)] The application
7040 shall be approved if the approving authority determines that: (A) [That
7041 the] The interest of the public will be served to advantage by the
7042 establishment of the proposed Connecticut bank; (B) [that conditions in
7043 the locality in which] the proposed bank [will transact business afford]
7044 shows reasonable promise of successful operation; and (C) [that] the
7045 proposed directors and officers possess the capacity, character and
7046 [fitness] experience for the duties and responsibilities with which they
7047 will be charged.

7048 (2) In determining whether the public will be served to advantage
7049 under subdivision (1) of this subsection, the approving authority shall
7050 consider the following factors in light of the proposed business plan of
7051 the proposed Connecticut bank: (A) The population of the area to be
7052 served by the proposed Connecticut bank; (B) the competitive effect of
7053 the proposed Connecticut bank on the availability and quality of
7054 services in the market area to be served; (C) the likely impact of the
7055 proposed Connecticut bank on other financial institutions in the
7056 market area to be served; and (D) the convenience and needs of the

7057 market area to be served.

7058 (3) Except as otherwise provided in subsections (p), (q), (r), (s) and
 7059 (t) of this section, the approving authority shall be, in the case of an
 7060 application to organize a bank and trust company or a capital stock
 7061 savings bank, a majority of the commissioner, State Treasurer, and
 7062 State Comptroller, and, in the case of an application to organize a
 7063 mutual savings bank or a mutual or capital stock savings and loan
 7064 association, the commissioner acting alone.

7065 Sec. 101. Section 36a-498f of the 2018 supplement to the general
 7066 statutes is repealed. (*Effective October 1, 2018*)

7067 Sec. 102. Sections 36a-572 and 36a-719i of the general statutes are
 7068 repealed. (*Effective October 1, 2018*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2018</i>	36a-1
Sec. 2	<i>October 1, 2018</i>	36a-3
Sec. 3	<i>October 1, 2018</i>	36a-17
Sec. 4	<i>October 1, 2018</i>	36a-51(c)
Sec. 5	<i>October 1, 2018</i>	New section
Sec. 6	<i>October 1, 2018</i>	36a-65
Sec. 7	<i>October 1, 2018</i>	36a-485
Sec. 8	<i>October 1, 2018</i>	36a-486(a)
Sec. 9	<i>October 1, 2018</i>	36a-487
Sec. 10	<i>October 1, 2018</i>	36a-488
Sec. 11	<i>October 1, 2018</i>	36a-489
Sec. 12	<i>October 1, 2018</i>	36a-490
Sec. 13	<i>October 1, 2018</i>	36a-492
Sec. 14	<i>October 1, 2018</i>	36a-493
Sec. 15	<i>October 1, 2018</i>	36a-494
Sec. 16	<i>October 1, 2018</i>	36a-496
Sec. 17	<i>October 1, 2018</i>	36a-498
Sec. 18	<i>October 1, 2018</i>	36a-498a(a)
Sec. 19	<i>October 1, 2018</i>	36a-498d
Sec. 20	<i>October 1, 2018</i>	36a-498e
Sec. 21	<i>October 1, 2018</i>	36a-498g

Sec. 22	<i>October 1, 2018</i>	36a-534b
Sec. 23	<i>October 1, 2018</i>	36a-535
Sec. 24	<i>October 1, 2018</i>	36a-536
Sec. 25	<i>October 1, 2018</i>	36a-537
Sec. 26	<i>October 1, 2018</i>	36a-539
Sec. 27	<i>October 1, 2018</i>	36a-540
Sec. 28	<i>October 1, 2018</i>	36a-541
Sec. 29	<i>October 1, 2018</i>	36a-542
Sec. 30	<i>October 1, 2018</i>	36a-543
Sec. 31	<i>October 1, 2018</i>	36a-557(a)(4)
Sec. 32	<i>October 1, 2018</i>	36a-557(c)
Sec. 33	<i>October 1, 2018</i>	36a-560(3)
Sec. 34	<i>October 1, 2018</i>	36a-562
Sec. 35	<i>October 1, 2018</i>	36a-564
Sec. 36	<i>October 1, 2018</i>	36a-565(e) and (f)
Sec. 37	<i>October 1, 2018</i>	36a-566
Sec. 38	<i>October 1, 2018</i>	36a-567
Sec. 39	<i>October 1, 2018</i>	36a-568(b)
Sec. 40	<i>October 1, 2018</i>	36a-570
Sec. 41	<i>October 1, 2018</i>	36a-573
Sec. 42	<i>October 1, 2018</i>	36a-580
Sec. 43	<i>October 1, 2018</i>	36a-581
Sec. 44	<i>October 1, 2018</i>	36a-582
Sec. 45	<i>October 1, 2018</i>	36a-583
Sec. 46	<i>October 1, 2018</i>	36a-584(c)
Sec. 47	<i>October 1, 2018</i>	36a-586
Sec. 48	<i>October 1, 2018</i>	36a-587
Sec. 49	<i>October 1, 2018</i>	36a-596
Sec. 50	<i>October 1, 2018</i>	36a-597(a)
Sec. 51	<i>October 1, 2018</i>	36a-598
Sec. 52	<i>October 1, 2018</i>	36a-599
Sec. 53	<i>October 1, 2018</i>	36a-600
Sec. 54	<i>October 1, 2018</i>	36a-601
Sec. 55	<i>October 1, 2018</i>	36a-602(c)
Sec. 56	<i>October 1, 2018</i>	36a-605
Sec. 57	<i>October 1, 2018</i>	36a-606
Sec. 58	<i>October 1, 2018</i>	36a-607(a)
Sec. 59	<i>October 1, 2018</i>	36a-608
Sec. 60	<i>October 1, 2018</i>	36a-611
Sec. 61	<i>October 1, 2018</i>	36a-612
Sec. 62	<i>October 1, 2018</i>	36a-655

Sec. 63	<i>October 1, 2018</i>	36a-656
Sec. 64	<i>October 1, 2018</i>	36a-657
Sec. 65	<i>October 1, 2018</i>	36a-658
Sec. 66	<i>October 1, 2018</i>	36a-664
Sec. 67	<i>October 1, 2018</i>	36a-671
Sec. 68	<i>October 1, 2018</i>	36a-671a
Sec. 69	<i>October 1, 2018</i>	36a-671d
Sec. 70	<i>October 1, 2018</i>	36a-715(2)
Sec. 71	<i>October 1, 2018</i>	36a-718
Sec. 72	<i>October 1, 2018</i>	36a-719
Sec. 73	<i>October 1, 2018</i>	36a-719a
Sec. 74	<i>October 1, 2018</i>	36a-719c
Sec. 75	<i>October 1, 2018</i>	36a-719e
Sec. 76	<i>October 1, 2018</i>	36a-719h(a)(19)
Sec. 77	<i>October 1, 2018</i>	36a-719j
Sec. 78	<i>October 1, 2018</i>	36a-800
Sec. 79	<i>October 1, 2018</i>	36a-801
Sec. 80	<i>October 1, 2018</i>	36a-802
Sec. 81	<i>October 1, 2018</i>	36a-804
Sec. 82	<i>October 1, 2018</i>	36a-805(a)
Sec. 83	<i>October 1, 2018</i>	36a-811(b)
Sec. 84	<i>October 1, 2018</i>	36a-846
Sec. 85	<i>October 1, 2018</i>	36a-847
Sec. 86	<i>October 1, 2018</i>	36a-848
Sec. 87	<i>October 1, 2018</i>	36a-850
Sec. 88	<i>October 1, 2018</i>	36a-852
Sec. 89	<i>October 1, 2018</i>	36a-59(b)
Sec. 90	<i>October 1, 2018</i>	36a-544
Sec. 91	<i>October 1, 2018</i>	36a-546
Sec. 92	<i>January 1, 2019</i>	36a-489a
Sec. 93	<i>October 1, 2018</i>	36a-679(a)
Sec. 94	<i>October 1, 2018</i>	36a-497
Sec. 95	<i>October 1, 2018</i>	New section
Sec. 96	<i>October 1, 2018</i>	36a-558(d)
Sec. 97	<i>from passage</i>	New section
Sec. 98	<i>October 1, 2018</i>	36a-2(14)
Sec. 99	<i>October 1, 2018</i>	36a-461a
Sec. 100	<i>October 1, 2018</i>	36a-70(h)
Sec. 101	<i>October 1, 2018</i>	Repealer section
Sec. 102	<i>October 1, 2018</i>	Repealer section

Statement of Legislative Commissioners:

In Section 5(a), "commissioner" was changed to "Banking Commissioner" for accuracy and clarity; 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 48(c), "sales finance" was changed to "check cashing" for accuracy; 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; 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 78(3), "36a-812" was changed to "[36a-812] 36a-814" to conform to the changes made in Sections 79, 81 and 82; in Section 79(f)(3), "consumer collection licensee" was changed to "consumer collection agency licensee" for accuracy; and in Section 81(c), "sales finance" was changed to "consumer collection agency" for accuracy.

BA *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note**State Impact:** None**Municipal Impact:** None**Explanation**

The bill codifies numerous fees currently charged by the Department of Banking across various licensures which do not result in a fiscal impact.

The Out Years**State Impact:** None**Municipal Impact:** None

OLR Bill Analysis**sHB 5490*****AN ACT CONCERNING CONSUMER CREDIT LICENSES.*****SUMMARY**

This bill makes numerous changes to the banking statutes that generally expand the banking commissioner's authority and standardize various requirements across several license types.

Principally, the bill:

1. extends many existing authorities over certain mortgage-related licensees (i.e., mortgage lenders, correspondent lenders, processors or underwriters, and loan originators) to small loan lenders, mortgage servicers, student loan servicers, lead generators, and six other nonmortgage licenses (i.e., check cashers, consumer collection agencies, debt adjustors, debt negotiators, money transmitters, and sales finance companies); and
2. codifies two of the banking commissioner's orders requiring various nonmortgage licensees to use the Nationwide Mortgage Licensing System and Registry (NMLS or NMLSR; "the system") for license applications, renewals, and other license related activities (the law already requires this for mortgage-related licenses).

The bill also establishes new requirements or modifies existing requirements across all or several of such mortgage and nonmortgage license types. For example, it (1) removes a requirement that licensees physically display their license, (2) makes a licensee's qualifying individual, branch manager, or control person, as applicable, responsible for the licensee's actions, (3) expands when the

commissioner may deny licenses or suspend, revoke, or refuse to renew licenses, and (4) requires licensees to complete reports of condition.

The bill prohibits individuals outside the United States from conducting certain activities subject to licensure in various categories. (It is unclear if this provision is enforceable.)

The bill also:

1. makes several changes to specific license types (see below),
2. establishes a 36% maximum annual percentage rate (APR) for small loans under \$5,000 (§ 96),
3. requires the commissioner to report to the Banking Committee, by January 1, 2019, on the student loan ombudsman's status (§ 95) and on recommendations to require sales finance companies to collect and maintain certain customer demographic information (§ 97),
4. broadens the definition of credit union service organization and requires a credit union proposing to close such an organization to notify the banking commissioner at least 30 days in advance (§§ 98 & 99), and
5. changes the factors an approving authority must consider and the determinations the authority must make in order to approve a bank application (§ 100).

The bill also makes numerous minor, conforming, and technical changes.

EFFECTIVE DATE: October 1, 2018, except the provisions (1) requiring the banking commissioner to report on sales finance companies are effective upon passage and (2) allowing mortgage loan originators, processors, and underwriters that otherwise qualify for license renewal to compensate for any continuing education

deficiencies according to regulations are effective January 1, 2019.

EXPANDED AUTHORITIES

Under current law, the banking commissioner's authority over licensees differs to some extent based on the license type. The bill generally makes the commissioner's investigative and related authority consistent across the license types he regulates. The bill specifies that the commissioner's authority extends to individuals acting or claiming to act with or without any licensing, registration, or other state authorizing requirement.

Authority to Investigate (§ 3)

By law, the commissioner has certain investigatory powers over all mortgage related licensees, small loan lenders, lead generators, and student loan servicers. The bill extends this authority to check cashers, consumer collection agencies, debt adjustors and negotiators, money transmitters, and sales finance companies ("other nonmortgage" licenses).

Accessing Records. Under the bill, the commissioner may access, receive, and use records, information, and evidence for (1) the purposes of an investigation related to issuing, renewing, suspending, conditioning, revoking, or terminating a license or (2) any inquiry or investigation of someone engaged in a business licensed under the banking laws. The records and evidence may include:

1. criminal, civil, and administrative history information,
2. personal history and experience information, including independent credit reports; and
3. any other records, information, or evidence the commissioner deems relevant, regardless of its location, possession, control, or custody.

The bill requires an individual under investigation to make or compile reports or prepare other information required by the

commissioner, including accounting compilations, information lists, transaction records, and any other information he deems necessary.

Controlling Records. The bill allows the commissioner to control access to any records of the individual being investigated. He may take possession of the records or place a person in exclusive charge of the records at the location they are usually kept. The bill refers to this as a "period of control." During this period, individuals are prohibited from removing or attempting to remove the records without the commissioner's consent, unless directed to by a court order. Under the bill, the records' owner has access to the records during the control period unless the commissioner believes they have been, or are at risk of being, altered or destroyed in an effort to conceal a violation of law.

The bill specifies that the commissioner's authority to examine records includes accounts, files, and computer systems. By law, this authority already extends to, among other things, books, papers, software, and correspondence.

Third Party Investigations, Reports, and Audits. Instead of conducting his own investigation, the bill allows the commissioner to rely upon an investigation or report made by another government official or a state or federal supervisory agency or its affiliated organization. The bill deems any report or investigation the commissioner accepts and relies upon as his official examination or report. Current law contains similar provisions concerning money transmitters.

The commissioner may also accept audit reports from an independent certified public accountant. The bill allows such reports to be considered an official commissioner's report, or incorporated into a commissioner's official report or any other examination or investigation report or writing.

Additional Powers. The bill allows the commissioner, in order to conduct a license related investigation, to:

1. retain attorneys, accountants, examiners, auditors, investigators, and other professionals to conduct or assist in investigations;
2. share resources, standardized or uniform methods or procedures, records, information, or evidence obtained in an investigation with other government officials or regulatory associations to improve efficiency and reduce regulatory burden; and
3. use, hire, contract, or employ public or private analytical systems, methods, or software to examine or investigate the person.

Prohibition on Destroying Records. The bill prohibits any individual being investigated from knowingly withholding, abstracting, removing, mutilating, destroying, or hiding records or information.

Authority to Suspend and Revoke Licenses (§ 4)

The bill extends the commissioner's authority to suspend and revoke expired licenses and deny withdrawn license applications to student loan servicers and other nonmortgage license types. Current law already grants him this authority for mortgage-related licenses and some or all of this authority for certain nonmortgage licenses (including debt adjusters and negotiators, small loan lenders, and sales finance companies).

Under the bill, the commissioner may revoke or suspend, or initiate a revocation or suspension proceeding for an expired license within one year after the licensee failed to renew it.

The bill also deems a withdrawn application effective when the commissioner accepts the withdrawal on the system. The bill allows the commissioner to deny an application until the withdrawal is effective.

Authority to Remove Individuals (§ 5)

Authority to Remove Individuals. By law, the commissioner may order a mortgage loan originator, processor, underwriter, lender, correspondent lender, broker, lead generator, and small loan lender licensee to remove an individual from office and from employment or retention as an independent contractor, if he finds after an investigation that the individual has (1) violated any licensure requirements or other applicable laws or (2) engaged in any conduct that would be sufficient grounds for the commissioner to deny a license. The bill extends this authority to sales finance companies (§ 30), check cashers (§ 48), money transmitters (§ 59), debt negotiators and adjusters (§§ 64 & 68), mortgage servicers (§ 77), consumer collection agencies (§ 81), and student loan servicers (§ 88).

The commissioner must notify the individual by registered or certified mail, return receipt requested, or by express delivery with a dated receipt. If the individual is licensed by the commissioner, the commissioner may notify the individual by personal delivery in accordance with law (i.e., delivery directly to the intended recipient or his or her designated representative, including by electronic mail). The notice is deemed received on the receipt date or seven days after sending.

The notice must include:

1. if a hearing has been scheduled, its time, place, and nature;
2. if a hearing has not been scheduled, a statement indicating the individual may request one in writing within 14 days;
3. the legal authority and jurisdiction under which the hearing is being held;
4. a reference to the statutory or regulatory provisions violated; and
5. a short and plain statement of the matters asserted.

The commissioner must hold a hearing if the individual requests it

within the specified timeframe, unless the individual fails to appear.

After the hearing, if the commissioner finds that the individual has violated applicable laws or would otherwise be denied a license, he may order the individual removed from office and employment in any business under the department's jurisdiction. If the individual fails to appear, the commission may also order him or her removed. Orders must be issued in accordance with the state Uniform Administrative Procedure Act.

Before a hearing, the commissioner may suspend any individual from office or require him or her to take or refrain from taking specific actions if he finds that immediate action is necessary to protect borrowers. Such a suspension or prohibition is effective upon receipt and, unless stayed by a court, remains in effect until the commissioner enters a permanent order or the case is dismissed.

Authority to Hold Qualifying Individuals, Branch Managers, and Control Persons Responsible for the Licensee's Actions

The bill generally makes a licensee's qualifying individual, branch manager, or control person, as applicable, responsible for the licensee's actions. (By law, a control person is an individual that directly or indirectly exercises control over the licensee. Certain people are presumed to be control persons, including general partners, executive officers, and anyone controlling 10% or more of an organization's voting rights.)

The bill establishes certain requirements for these individuals. As is already the cases for some licenses, the bill also allows the commissioner to deny a licensee's application if his or her control person, qualified individual, or branch manager has been convicted of certain crimes or otherwise made material misstatements on the application.

The bill generally extends or applies these provisions to mortgage lenders, correspondent lenders, and brokers (§§ 10 & 11), sales finance companies (§ 25), small loan lenders (§ 34), check cashers (§ 43), money

transmitters (§ 51), debt adjusters and negotiators (§§ 63 & 67), mortgage servicers (§ 72), consumer collections agencies (§ 79), and student loan servicers (§ 85).

Authority to Require Unique Identifiers on Advertisements and to Require Licensees to Retain Advertisement Records

By law, mortgage loan originators, loan processors, underwriters, and small loan lenders must clearly show their unique identifier on all advertisements, including business cards and websites. Additionally, lead generators must keep adequate records of their advertisements (CGS § 36a-493). (A unique identifier is the licensee's NMLS number.)
The bill:

1. requires all license types, including mortgage lenders, correspondent lenders, brokers, and lead generators (§ 19), sales finance companies (§ 29), check cashers (§ 47), money transmitters (§ 60), debt adjusters and negotiators (§§ 65 & 67), mortgage servicers (§ 72), consumer collection agencies (§ 79), and student loan servicers (§ 86), to show their unique identifier on all advertisements, including having it clearly stated in audio advertisements; and
2. keep records of all advertisements for two years.

The bill also prohibits a licensee from including in advertisements (1) false, deceptive, or misleading statements and (2) a statement that they are endorsed by the state.

Authority to Proceed Against Bonds

By law, the commissioner may proceed against a mortgage servicer licensee's bond to recover restitution. The bill allows the commissioner to also proceed against such a licensee's bond for unpaid assessments (§ 74).

Beginning April 1, 2019, the bill allows the commissioner to proceed against certain other licensees' bonds to recover restitution imposed for violating state banking laws and any unpaid assessments. The bill

allows him to do so against mortgage lenders, correspondent lenders, brokers, and loan originators (§ 13); debt adjusters and negotiators (§§ 66 & 69); and, for consumer collection agencies, restitution but not unpaid assessments (§ 80).

Authority to Require Reports of Condition

By law, mortgage lenders, correspondent lenders, brokers, lead generators, loan originators, and loan processors or underwriters, to the extent required by the system, must submit timely and accurate reports of condition in a form and manner the system requires and pay any applicable fees and charges. Failure to do so is a violation of state banking law.

The bill also requires timely and accurate reports of condition, under similar or the same circumstances as above, of sales finance companies (§ 29); check cashers (§ 46); money transmitters (§ 57); debt adjusters and negotiators (§§ 65 & 67); mortgage servicers (§ 72); consumer collection agencies (§ 79); and student loan servicers (§ 86).

For money transmitters (§ 57) and debt adjusters (§ 66), the bill also eliminates redundant reporting requirements. It does so by requiring certain financial reports only to the extent the information is not included in the bill's reports of condition. For money transmitters, the bill also changes the date for certain existing reporting requirements, from April 30 to not later than 90 days after the licensee's fiscal year end.

For student loan servicers (§ 85), the bill allows the commissioner to waive certain financial reporting requirements if the data is also captured in reports of condition submitted to the department.

ORDER OF THE COMMISSIONER

This bill codifies two orders of the banking commissioner dated June 17, 2015 and May 12, 2016, requiring certain applicants and licensees regulated by the Banking Department to use the system to apply and renew licensees, pay license fees, update license information, and conduct other license related activity. The orders also

require that such licenses be renewed annually, instead of biannually, and make corresponding reductions in license fees.

The 2015 order applied to seven license types: money transmitters, consumer collection agencies, check cashing services, debt adjusters, debt negotiators, sales finance companies, and small loan companies. The 2016 order applied to student loan services (who were first required to be licensed by PA 15-162, effective in July 2016). Existing law already required mortgage-related licensees (mortgage lenders, brokers, correspondent lenders, loan originators, processors, underwriters, and servicers) to use the system.

The bill requires such non-mortgage licensees to use the system for all license related activities to the same extent required of mortgage related licensees. This includes:

1. requiring applicants to provide on the system information about the applicant, his or her control person, a qualified individual, and any branch manager;
2. allowing the commissioner to conduct state or national criminal background checks on the applicant, control person, qualified individual, or branch manager and requiring such individuals' fingerprints; and
3. allowing the commissioner to investigate the financial condition of the applicant and any other person on the application, including obtaining a credit report.

Additional Commissioner Authority Over Licensees on the System

License Applications, Renewals, and Fees. The bill codifies a requirement that all licenses have an annual term expiring December 31, except initial license applications made after November 1 will be good until December 31 of the following year. Renewal applications must be filed between November 1 and December 31. The bill makes generally corresponding reductions to license application and renewal

fees in accordance with the shift from biannual to annual licenses.

The provisions apply to sales finance companies (§ 26), check cashers (§ 44), money transmitters (§ 52), debt adjusters and negotiators (§§ 63 & 67), consumer collection agencies (§ 79), and student loan servicers (§ 85). By law, small loan lenders must already meet this requirement.

Paying Fees and Automatic License Suspensions. By law, the commissioner may (1) require that all fees be paid through the system and (2) automatically suspend a license or registration on the system if a licensee is deficient due to a returned payment. In such a circumstance, the commissioner must notify the licensee of the suspension, pending revocation or refusal to renew proceedings; offer the opportunity for a hearing; and require the licensee to take or refrain from taking action that, in the commissioner's opinion, is necessary to effectuate the law's provisions (CGS § 36a-24b).

The bill makes conforming changes to standardize this authority's applicability as to sales finance companies (§ 26), check cashers (§ 44), money transmitters (§ 54), debt adjusters and negotiators (§§ 63 & 67), consumer collection agencies (§ 79), and student loan servicers (§ 85). (This requirement is already codified for small loan lenders and mortgage servicers.)

Nonrefundable Fees. All fees paid through the system, including for withdrawn or denied applications, are nonrefundable. The bill makes conforming changes to apply these provisions, as applicable, across all license types using the system, including sales finance companies (§ 26), small loan lenders (§ 35), check cashers (§ 44), money transmitters (§ 52), debt adjusters and negotiators (§§ 63 & 67), consumer collection agencies (§ 79), and student loan servicers (§§ 85 & 88).

Reinstating Expired Licenses. By law, the commissioner can adopt regulations for the reinstatement of expired licenses that use the system. The bill allows him to adopt procedures for such reinstatement for certain other licenses the bill moves onto the system, including for

sales finance companies (§ 28), small loan lenders (§ 36), check cashers (§ 43), money transmitters (§ 54), debt adjusters (§ 63), consumer collection agencies (§ 79), and student loan servicers (§ 85).

Temporary Cease and Desist Orders. By law, the commissioner may issue a temporary cease and desist order to a business licensed through the system if he determines it is operating under an erroneously issued license or registration. The commissioner must give the licensee an opportunity for a hearing. The temporary order is effective when the licensee receives it and, unless stayed by a court, remains in effect until a permanent order replaces it or the matter is dismissed (CGS § 36a-24b(j)).

The bill either establishes the commissioner's authority to issue such orders, or makes conforming changes to existing authority, for sales finance companies (§ 30), small loan lenders (§ 40), check cashers (§ 48), money transmitters (§ 59), debt adjusters and negotiators (§§ 64 & 68), mortgage servicers (§ 77), consumer collection agencies (§ 81), and student loan servicers (§ 88).

For certain licensees, including mortgage lenders, correspondent lenders, and brokers and small loan lenders, existing law allows the commissioner to take certain enforcement actions that include cease and desist orders if any person takes an action they knew or should have known would contribute to a violation of the banking laws. The bill expands these provisions to sales finance companies (§ 30), check cashers (§ 48), money transmitters (§ 59), debt adjusters and negotiators (§§ 64 & 68), mortgage servicers (§ 77), consumer collection agencies (§ 81), and student loan servicers (§ 88).

NEW LICENSURE REQUIREMENTS

License Required for Each Branch Office for Certain Licensees

By law, certain licensees on the system (e.g., mortgage lenders, brokers, and servicers) require a license for a main office and an additional license for each branch office that conducts licensable activity. The bill also requires this of sales finance companies (§ 24)

and student loan servicers (§ 85).

Minimum Standards for License Renewal

The bill adds, to the minimum standards for a license renewal, that the applicant has paid any outstanding examination or other fees due to the commissioner. For various licenses, current law specifies that the licenses of individuals who fail to meet the minimum requirements expire. The bill clarifies that this applies to additional licensure categories as well.

The bill establishes or extends these provisions, as applicable, to lead generators, mortgage lenders and correspondent lenders, mortgage brokers, loan originators, loan processors and underwriters, and lead generators (§ 11); sales finance companies (§ 28), small loan lenders (§ 36), check cashers (§ 43), money transmitters (§ 54), debt adjusters and negotiators (§ 63 & 67), mortgage servicers (§ 72), consumer collection agencies (§ 79), and student loan servicers (§ 85).

Changes to Bond Notification Requirements

By law, a surety company can cancel a bond at any time by notifying the bond principal. The company must also notify the commissioner at least 30 days before the cancellation. For bonds issued through the system, the bill allows the company to electronically notify the commissioner and bond principal through the system rather than in writing, at least 30 days before the cancellation. The provisions apply to mortgage lenders, correspondent lenders, brokers, and loan originators (§ 13); money transmitters (§ 55); debt adjusters and negotiators (§§ 66 & 69); mortgage servicers (§ 74); and consumer collection agencies (§ 80).

Advance Change Notice and Using Unapproved Names or Addresses

As under current law, the bill prohibits a license from being transferred or assigned. The bill additionally requires licensees to file an advance change notice on the system at least 60 days before a change in control person. Such a change requires the commissioner's

approval.

Current law:

1. prohibits certain licensees from using a name other than its legal name or a fictitious name approved by the commissioner and specified on his or her license;
2. allows the commissioner to disapprove use of a licensee's legal name; and
3. allows licensees to change their name or address by filing the change on the system at least 30 days before the change, as long as the commissioner does not disapprove the change or require further information.

The bill either establishes these requirements or makes conforming changes that result in these requirements for mortgage lenders, correspondent lenders, brokers, and lead generators (§ 12); sales finance companies (§ 27); check cashers (§ 45); money transmitters (§ 51); debt adjusters and negotiators (§§ 65 & 67); mortgage servicers (§ 73); consumer collection agencies (§ 79); and student loan servicers (§ 86). Similar requirements already applied under law for small loan lenders (§ 37).

Under current law and the bill, for several professions including mortgage related licenses, additional requirements apply if the licensee seeks to change its name or address, including providing a bond rider, endorsement, or addendum, as applicable.

Automatic Suspensions. The bill allows the commissioner to automatically suspend a license for, among other things, violating these provisions. After suspending the license, the commissioner must notify the licensee of the suspension, pending revocation or refusal to renew proceedings; offer the opportunity for a hearing; and require the licensee to take or refrain from taking action that, in the commissioner's opinion, is necessary to effectuate the law's provisions. The automatic suspension provisions apply to mortgage lenders,

correspondent lenders, brokers, and lead generators (§ 12); sales finance companies (§ 27); small loan lenders (§ 37); check cashers (§ 45); money transmitters (§ 51); debt adjusters and negotiators (§§ 65 & 67); mortgage servicers (§ 73); consumer collection agencies (§ 79) and student loan servicers (§ 86).

Under the bill, the commissioner may also automatically suspend certain licenses for other criteria, including failing to appoint the appropriate qualified individual or branch manager within 30 days after a vacancy in the position. This provision applies to mortgage lenders, correspondent lenders, brokers, and lead generators (§ 12); small loan lenders (§ 37); and mortgage servicers (§ 73).

Filing Updated Information

The bill requires applicants, licensees, control persons, qualified individuals, and branch managers to update the system with any changes to their information within 15 days after the person had reason to know of the change. If the information cannot be filed on the system, they must notify the commissioner of the change in writing. These provisions apply to mortgage lenders, correspondent lenders, brokers, and lead generators (§ 12); sales finance companies (§ 29); small loan lenders (§ 38); check cashers (§ 43); money transmitters (§ 51); debt adjusters and negotiators (§§ 65 & 67); mortgage servicers (§ 73); consumer collection agencies (§ 79); and student loan servicers (§ 85).

Updated Notification Requirements

By law, certain licensees must file or notify the commissioner in writing of specified actions, including if the licensee files for bankruptcy or is the subject of a criminal indictment. The bill adds to the list of licenses for which this applies. It also requires licensees to (1) notify the commissioner if any such actions are taken by or against a control person, branch manager, or qualified individual and (2) notify the commissioner within 15 days of having reason to know of these actions. These provisions apply to mortgage lenders, correspondent lenders, brokers, and lead generators (§ 12); sales finance companies (§

29); small loan lenders (§ 38); check cashers (§ 43); money transmitters (§ 51); debt adjusters and negotiators (§§ 65 & 67); mortgage servicers (§ 73); consumer collection agencies (§ 79); and student loan servicers (§ 86). (As under current law, money transmitters must report such information within one business day.)

CHANGES TO CERTAIN LICENSURE REQUIREMENTS

Small Loan Lenders (§ 9)

The bill requires small loan lenders making residential mortgage loans to be licensed as mortgage lenders or mortgage correspondent lenders. Under current law, small loan lenders making residential mortgages are exempt from additional licensure as mortgage lenders.

Bona Fide Nonprofit Mortgage Brokers (§§ 9 & 14)

By law, bona fide nonprofit organizations acting as mortgage brokers are exempt from broker licensing under certain circumstances. The bill sunsets the bona fide nonprofit status of such an organization if it fails to annually submit certain information required by the December 31 statutory deadline. The bill also extends to December 31 of the following year the deadline for nonprofits first obtaining bona fide nonprofit status after November 1. The bill authorizes the commissioner to (1) periodically examine the books and activities of a bona fide nonprofit and (2) revoke the bona fide nonprofit status of an organization failing to meet statutory criteria.

The bill also requires certain bona fide nonprofits exempt from licensure to maintain adequate records of residential mortgage loan transactions and make them available to the commissioner upon request. The bill makes conforming changes incorporating these nonprofits into the record retention provisions for other mortgage servicer licensees. This applies to such nonprofit organizations that make residential mortgage loans that promote home ownership for the economically disadvantaged.

Mortgage Lenders, Correspondent Lenders, and Brokers, Loan Originators, Processors or Underwriters, and Mortgage Servicers

Local Oversight (§§ 10 & 72). By law, mortgage lenders, correspondent lenders, brokers, and servicers must have (1) at the main office, a qualified individual and (2) at each branch office, a branch manager. The bill requires the qualified individual and branch manager to demonstrate to the commissioner that they (1) live within 100 miles of the main or branch office, respectively, or (2) are otherwise capable of providing full-time, in-person supervision.

The commissioner may waive this requirement, as well as certain other supervisory and experience requirements for qualified individuals or branch managers. He may waive such requirements for a (1) qualified individual if he or she demonstrates to the commissioner that no activity subject to licensure will be conducted at the main office and (2) branch manager, where a person licensed as a mortgage lender at a branch office acts only in his or her capacity as a mortgage servicer and meets certain other requirements. (The waiver requirements are similar for such individuals associated with mortgage servicers.)

The bill requires mortgage originators to meet similar criteria. Under the bill, these licensees must be associated with and operate out of a specific licensed office, supervised by a qualified individual or branch manager. The licensee must live within 100 miles of the office unless the licensee demonstrates to the commissioner that he or she is supervised by a qualified individual or branch manager.

Changes to Bond Reporting Requirements (§ 13). By law, mortgage lenders, correspondent lenders, loan originators, brokers, and certain persons exempt from licensure must be covered by a surety bond. Current law requires the principal on such a bond to annually confirm with the commissioner that it maintains the required amount. The bill instead requires these persons to file quarterly reports on the system reflecting their residential mortgage loan volume, to confirm that it maintains a bond in the required amount.

Errors and Omissions Coverage Expiration (§ 74). For mortgage servicers, the bill requires the commissioner to suspend a license when

a fidelity bond or errors and omissions coverage expires.

Continuing Education Requirements (§ 92). The bill allows mortgage loan originators, processors, and underwriters that otherwise meet the minimum standards for license renewal to compensate for any continuing education requirement deficiencies according to regulations adopted by the commissioner.

Student Loan Servicers and Mortgage Lead Generators (§ 1)

The bill makes a conforming change expressly extending the application of Connecticut banking laws to student loan servicers and mortgage lead generators. These licensees were previously established by PA 15-162 and PA 17-38, respectively.

PROHIBITION ON CONDUCTING ACTIVITY OUTSIDE THE UNITED STATES

The bill prohibits persons from conducting any activity subject to licensure in an office outside the United States. (It is not clear how such a prohibition would be enforced.)

These provisions apply to mortgage lenders, correspondent lenders, brokers, loan originators, loan processors, and underwriters (§ 8); sales finance companies (§ 24); check cashers (§ 43); money transmitters (§ 50); debt adjusters and negotiators (§§ 63 & 67); mortgage servicers (§ 71); consumer collection agencies (§ 79); and student loan servicers (§ 85).

By law, all small loan lender offices must be located in the United States (CGS § 36a-562).

OTHER CHANGES

Sales Finance Companies

Expanded Violations (§ 30). By law, the commissioner can suspend, revoke, or refuse to renew a sales company license if the licensee, among other things, knowingly violated or failed to exercise due care in preventing a violation of statutory requirements.

Under current law, he may also take such action against if:

1. for licensees who are entities, an officer, director, trustee, member, or partner was guilty of an act or omission that would be cause for revoking or suspending the license; or
2. a licensee's agent or employee was guilty of such an offense and the licensee knew about or approved the offense and benefited from it.

The bill replaces this provision with one allowing the commissioner to suspend, revoke, or refuse to renew a license if the licensee's control person, qualified individual, branch manager, trustee, employee, or agent, among other things, (1) knowingly violated statutory requirements or (2) failed to exercise due care in preventing such a violation.

Additional Compliance Fines (§ 91). By law, willfully violating the sales finance company statutes is punishable by a fine of up to \$500, six months imprisonment, or both. The bill subjects to the penalty any sales finance companies who fail to acquire and maintain certain demographic and financial information on loan applicants.

Check Cashers

Name and Location Fees (§§ 43 & 44). The bill removes certain statutory name and location fees. (Presumably, these fees are now paid on the system).

Annual Reports (§ 46). Under current law, check cashers must submit a quarterly report to the commissioner that includes the type of checks cashed and how many were above \$2,500. The bill (1) delays the reporting requirement until 2019 (2) and requires licensees to instead report the number and type of checks cashed over \$6,000. It also requires licensees to file a written statement if no reportable activity occurred.

Money Transmitters

Fees (§§ 51 & § 52). The bill removes certain statutory name and location fees. (Presumably, these fees are now paid on the system). It also combines certain investigation and license fees.

Debt Adjusters and Negotiators

Bond Requirements for Certain Exempt Debt Negotiators (§ 69). Current law requires all debt negotiators sponsoring and bonding at least one exempt mortgage loan originator to file a bond with specified amounts based on mortgage loan volume. The bill limits this requirement to a debt negotiator exempt from licensure as a mortgage lender, correspondent lender, or broker.

License Surrender (§ 67). The bill requires debt negotiators to surrender their license for each location that stops conducting business within 15 days. Existing law already requires this for various other licenses.

Consumer Collection Agencies

License Surrender (§ 79). The bill requires consumer collection agencies to request a license surrender on the system at least 30 days before any location stops conducting business.

Certified Public Accountant Required (§ 79). Current law requires a license application to be accompanied by a financial statement prepared by a certified public accountant or other public accountant. The bill requires a certified public accountant to prepare the statement.

Exempt Consumer Collection Agencies (§§ 80 & 83). The bill exempts a consumer collection agency that engages solely in debt buying from certain bonding and depository requirements and related provisions (e.g., restrictions on commingling collected funds with other funds used in the agency's business).

Student Loan Servicers

Examination Costs (§ 6). The bill requires student loan servicers to pay for the cost of any examination by the commissioner, as current law requires of other licensees.

Certified Public Accountant Required (§ 85). Current law requires a license application to be accompanied by a financial statement prepared by a certified public accountant or other public accountant. The bill requires a certified public accountant to prepare the statement.

Compliance with PA 16-65 (§ 87). The bill requires student loan servicers to comply with the service standards set by the commissioner under PA 16-65. That act required the commissioner to adopt such standards and post them on the department's website by July 1, 2017.

Good Character Requirement for Control Persons and Qualified Individuals (§ 85). Under current law, in order to issue a license, the commissioner must find the applicant and certain partners, shareholders, and other interested individuals are properly qualified and of good character. Under the bill, the commissioner must find the applicant's control persons, qualified individuals, branch managers, and trustees are properly qualified and of good character, including assessing their financial responsibility and any criminal history.

Money Transmitters

Good Character Requirement for Control Persons and Qualified Individuals (§ 53). Under current law, in order to issue a license, the commissioner must find the applicant and certain partners, shareholders, and other interested individuals are properly qualified and of good character. Under the bill, the commissioner must find the applicant's control persons and qualified individuals are properly qualified and of good character, including demonstrating financial responsibility.

§ 18 — PREPAID FINANCE CHARGE CAP ON MORTGAGE LOANS MADE BY CERTAIN BANKS AND CREDIT UNIONS

Under current law, mortgage lenders and correspondent lenders and certain persons exempt from such licensure, including certain banks and credit unions, are prohibited from imposing prepaid finance charges on a first mortgage loan of more than 5% of the cost of the loan or \$2,000.

The bill subjects wholly-owned subsidiaries, including operating subsidiaries, of such exempt banks and credit unions to the cap.

§ 95 — STUDENT LOAN OMBUDSMAN

The bill requires the commissioner, by January 1, 2019, to report to the Banking Committee on the status of the student loan ombudsman.

§ 96 — SMALL LOAN PERCENTAGE RATE CAP

The bill establishes a 36% maximum annual percentage rate (APR) for small loans under \$5,000. Currently, the APR cap for such loans is tied to the maximum rate permitted under the federal Military Lending Act (MLA), which is 36%. Under the bill, if the maximum APR permitted under the MLA is amended to a rate below 36%, that rate would prevail.

§ 97 — REPORT ON SALES FINANCE COMPANIES

Under the bill, the banking commissioner must, by January 1, 2019, report to the Banking Committee on recommended methods of requiring sales finance companies to acquire and maintain certain information on applicants' and co-applicants' ethnicity, race, and sex in any (1) retail installment contracts acquired by purchase, discount, pledge, loan advance, or other methods and (2) application for a retail installment contract covering the sale of a motor vehicle in Connecticut that has been reviewed by, or relates to, a retail install contract acquired by the company.

§§ 98 & 99 — CREDIT UNION SERVICE ORGANIZATIONS

Under current law, a credit union service organization is such an organization that is incorporated under the state's laws and established by at least one Connecticut credit union. The bill expands the definition to include such an organization that is wholly owned by a federal or out-of-state credit union that converted to a Connecticut credit union. It also requires any Connecticut credit union that proposes to close a credit union service organization in the state to notify the commissioner at least 30 days before the proposed closing. The notice must detail the reasons for closing the organization.

§ 100 — BANK APPLICATION APPROVAL PROCESS

The bill changes how applications to start Connecticut banks are approved. Under current law, the approving authority (i.e., generally the commissioner or a combination of the commissioner, treasurer, and comptroller) must, after considering certain factors, approve the application if it determines the:

1. bank will serve the public interest,
2. conditions in the proposed locality offer the bank a reasonable promise of success, and
3. proposed directors have the capacity and fitness required for their responsibilities.

The bill maintains the public interest requirement but changes the other two. Under the bill, the (1) bank must show a reasonable promise of success, regardless of the proposed locality's conditions, and (2) proposed directors and officers must possess the necessary capacity, character, and experience.

The bill also changes the factors the approving authority must consider when making this determination. Under current law, the authority must consider the (1) population of the area the proposed bank will serve, (2) adequacy of existing banking facilities in the area, (3) convenience and necessity of the proposed bank, and (4) character and experience of the proposed bank's directors and officers. Under the bill, the authority must instead consider similar factors in determining whether the public interest will be served by the proposed bank. To determine public interest, the authority must consider the (1) population that will be served by the bank, (2) competitive effect of the proposed bank on the availability and quality of services in the market area, (3) likely impact of the bank on other financial institutions in the market area, and (4) the market area's convenience and needs.

COMMITTEE ACTION

Banking Committee

Joint Favorable Substitute

Yea 19 Nay 0 (03/20/2018)