

**Proposed Substitute
Bill No. 848**

LCO No. 4697

**AN ACT IMPLEMENTING THE DEPARTMENT OF BANKING'S
RECOMMENDED CHANGES TO THE BANKING STATUTES
CONCERNING FINANCIAL INSTITUTIONS AND CONSUMER CREDIT
LICENSES.**

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

1 Section 1. Section 36a-86 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2021*):

3 (a) The governing board of each Connecticut bank shall annually
4 procure an audit or examination by certified public accountants or
5 holders of certificates of authority as public accountants selected by vote
6 of the governing board or a duly authorized committee thereof, and
7 such accountants shall agree to provide related working papers, policies
8 and procedures to the commissioner, if requested. The accountants shall
9 thoroughly examine the books, records, accounts and affairs of such
10 bank and submit a signed report of the audit or examination showing
11 the condition of the bank to the governing board of such bank within a
12 reasonable period of time following the conclusion of the audit or
13 examination. The signed report shall be kept on file in such bank and
14 such governing board shall file the following documents with the
15 commissioner not later than the earlier of (1) one hundred twenty days
16 following the close of such bank's fiscal year, or (2) the date prescribed
17 by federal law for such bank to file such audit or examination with the

18 applicable federal banking regulator, unless the commissioner extends
19 such deadline for good cause shown: (A) A copy of the signed report;
20 (B) any written communication regarding matters that the accountants
21 are required to communicate to the audit committee of the bank; and (C)
22 any written communication from the accountants to the governing
23 board noting significant deficiencies and material weaknesses in
24 internal controls of the bank. Members of the governing board of such
25 Connecticut bank shall not be personally liable for any loss suffered by
26 such bank through the wrongdoing or negligence of any officer or
27 employee, which wrongdoing or negligence should have been
28 discovered by the accountants in the performance of their duties,
29 provided such members shall have exercised due care to procure
30 thorough and substantial audits by the accountants.

31 (b) Notwithstanding the provisions of subsection (a) of this section,
32 the governing board of a Connecticut bank that is a subsidiary of a
33 holding company may procure and file annually with the commissioner
34 a signed consolidated report of the audit or examination of the holding
35 company in lieu of that of the Connecticut bank, provided (1) prior to
36 the engagement of an accountant, the governing board of such
37 Connecticut bank has voted to allow and accept as adequate, a
38 consolidated report of the audit or examination of the holding company;
39 (2) the accountants selected to provide such consolidated report have
40 agreed to provide related working papers, policies and procedures to
41 the commissioner, if requested; [and the commissioner has approved,
42 conditionally or unconditionally, the substitution of such consolidated
43 report; (2)] (3) the accountants shall thoroughly examine the books,
44 records, accounts and affairs of the Connecticut bank and shall submit
45 a signed consolidated report to the governing board of such Connecticut
46 bank within a reasonable period of time following the conclusion of the
47 audit or examination; and [(3)] (4) the signed consolidated report shall
48 be kept on file in such Connecticut bank and a copy shall be filed with
49 the commissioner. If the commissioner determines that good cause
50 exists, the commissioner may require the governing board of a
51 Connecticut bank that is a subsidiary of a holding company to file an

52 audit or examination of the bank in accordance with the provisions of
53 subsection (a) of this section in lieu of a consolidated report.

54 Sec. 2. Section 36a-333 of the general statutes is repealed and the
55 following is substituted in lieu thereof (*Effective October 1, 2021*):

56 (a) (1) To secure public deposits, each qualified public depository that
57 is not under a formal regulatory order shall at all times maintain,
58 segregated from its other assets as provided in subsection (b) of this
59 section, eligible collateral in an amount not less than twenty-five per
60 cent of all uninsured public deposits held by the depository, provided if
61 such depository is: (A) [Is a] (i) A bank or out-of-state bank having a tier
62 one leverage ratio of not less than six per cent and a risk-based capital
63 ratio of not less than twelve per cent, (ii) a bank or out-of-state bank
64 having elected to use the community bank leverage ratio framework
65 pursuant to 12 CFR 324.12, as amended from time to time, and having a
66 tier one leverage ratio greater than nine per cent, or [is] (iii) a credit
67 union or federal credit union having a net worth ratio of not less than
68 eight per cent, the amount of eligible collateral shall be a sum not less
69 than ten per cent of all uninsured deposits held by the depository; or (B)
70 [is] (i) a bank or out-of-state bank having a tier one leverage ratio of less
71 than five per cent or a risk-based capital ratio of less than ten per cent,
72 or [is] (ii) a credit union or federal credit union having a net worth ratio
73 of less than seven per cent, the amount of eligible collateral shall be not
74 less than a sum equal to one hundred ten per cent of all uninsured public
75 deposits held by the depository.

76 (2) Notwithstanding the provisions of subdivisions (1) and (3) of this
77 subsection, to secure public deposits, each qualified public depository
78 that (A) has been conducting business in this state for a period of less
79 than two years, except for a depository that is a successor institution to
80 a depository which conducted business in this state for two years or
81 more, or (B) is an uninsured bank, shall at all times maintain, segregated
82 from its other assets as required under subsection (b) of this section,
83 eligible collateral in an amount not less than one hundred twenty per

84 cent of all uninsured public deposits held by the depository.

85 (3) To secure public deposits, each qualified public depository that is
86 under a formal regulatory order shall at all times maintain, segregated
87 from its other assets as required under subsection (b) of this section,
88 eligible collateral in an amount not less than one hundred ten per cent
89 of all uninsured public deposits held by the depository. However, if
90 such regulatory order is not related to capital, asset quality, earnings or
91 liquidity, the depository notifies each of its public depositors of the
92 issuance of such order and such depository is (A) a bank or out-of-state
93 bank having a tier one leverage ratio of not less than five per cent and a
94 risk-based capital ratio of not less than ten per cent, or (B) a credit union
95 or federal credit union having a net worth ratio of not less than seven
96 per cent, such depository may reduce the amount of eligible collateral it
97 is required to maintain under this subdivision to an amount not less
98 than seventy-five per cent of all uninsured public deposits held by the
99 depository, provided if such depository is (i) a bank or out-of-state bank
100 having a tier one leverage ratio of not less than seven and one-half per
101 cent and a risk-based capital ratio of not less than fourteen per cent, (ii)
102 a bank or out-of-state bank having elected to use the community bank
103 leverage ratio framework pursuant to 12 CFR 324.12, as amended from
104 time to time, and having a tier one leverage ratio greater than nine per
105 cent, or (iii) a credit union or federal credit union having a net worth
106 ratio of not less than nine and one-half per cent, the amount of eligible
107 collateral may be reduced to a sum not less than fifty per cent of all
108 uninsured public deposits held by the depository.

109 (4) Notwithstanding the provisions of this subsection, the qualified
110 public depository and the public depositor may agree on an amount of
111 eligible collateral to be maintained by the depository that is greater than
112 the minimum amounts required under subdivision (1) or (3) of this
113 subsection, as applicable. For purposes of this subsection, the amount of
114 all uninsured public deposits held by the depository shall be
115 determined at the close of business on the day of receipt of any public
116 deposit and any deficiency in the amount of eligible collateral required

117 under this section shall be cured not later than the close of business on
118 the following business day. For purposes of this subsection, the
119 depository's tier one leverage ratio and risk-based capital ratio or net
120 worth ratio shall be determined, in accordance with applicable federal
121 regulations and regulations adopted by the commissioner in accordance
122 with chapter 54, based on the most recent quarterly call report, provided
123 if, during any calendar quarter after the issuance of such report, the
124 depository experiences a decline in its tier one leverage ratio, risk-based
125 capital ratio or net worth ratio to a level that would require the
126 depository to maintain a higher amount of eligible collateral under
127 subdivision (1) or (3) of this subsection, the depository shall increase the
128 amount of eligible collateral maintained by it to the minimum required
129 under subdivision (1) or (3) of this subsection, as applicable, based on
130 such lower tier one leverage ratio, risk-based capital ratio or net worth
131 ratio and shall notify the commissioner of its actions. The commissioner
132 may, at any time, require the depository to increase its eligible collateral
133 to an amount greater than that required by subdivision (1) or (3) of this
134 subsection, as applicable, up to a maximum amount of one hundred
135 twenty per cent, if the commissioner reasonably determines that such
136 increase is necessary for the protection of public deposits. If the
137 commissioner determines that such increase in eligible collateral is no
138 longer necessary for the protection of public deposits, the commissioner
139 may allow the depository to adjust the amount downward, as the
140 circumstances warrant, to an amount not less than the minimum
141 amount required by subdivision (1) or (3) of this subsection, as
142 applicable.

143 (5) For purposes of this subsection, "formal regulatory order" means
144 a written agreement related to enforcement, including a letter of
145 understanding or agreement or a written order, that a supervisory
146 agency is required to publish or publishes on its web site, but does not
147 include any written agreement or written order under which the sole
148 obligation of the depository is to pay a civil money penalty, fine or
149 restitution.

150 (b) (1) Each qualified public depository that is a bank or out-of-state
151 bank (A) having a tier one leverage ratio of five per cent or greater [or]
152 and a risk-based capital ratio of ten per cent or greater, or (B) having
153 elected to use the community bank leverage ratio framework pursuant
154 to 12 CFR 324.12, as amended from time to time, and having a tier one
155 leverage ratio greater than nine per cent shall transfer eligible collateral
156 maintained under subsection (a) of this section to its own trust
157 department, provided such trust department is located in this state
158 unless the commissioner approves otherwise, to the trust department of
159 another financial institution, provided such eligible collateral shall be
160 maintained in such other financial institution's trust department located
161 in this state unless the commissioner approves otherwise, or to a federal
162 reserve bank or federal home loan bank. Each qualified public
163 depository that is [a] (i) a bank or out-of-state bank having a tier one
164 leverage ratio of less than five per cent or a risk-based capital ratio of
165 less than ten per cent, [and each qualified public depository that is] (ii)
166 a bank or out-of-state bank having elected to use the community bank
167 leverage ratio framework pursuant to 12 CFR 324.12, as amended from
168 time to time, and having a tier one leverage ratio of nine per cent or less,
169 or (iii) a credit union or federal credit union shall transfer eligible
170 collateral maintained under subsection (a) of this section to the trust
171 department of a financial institution that is not owned or controlled by
172 the depository or by a holding company owning or controlling the
173 depository, provided such eligible collateral shall be maintained in such
174 other financial institution's trust department located in this state unless
175 the commissioner approves otherwise, or to a federal reserve bank or
176 federal home loan bank. Such transfers of eligible collateral shall be
177 made in a manner prescribed by the commissioner. The qualified public
178 depository shall determine and adjust the market value of such eligible
179 collateral on a monthly basis. Without the requirement of any further
180 action, the commissioner shall have, for the benefit of public depositors,
181 a perfected security interest in all such eligible collateral held in such
182 segregated trust accounts. Such security interest shall have priority over
183 all other perfected security interests and liens. The commissioner may,

184 at any time, require the depository to value the collateral more
185 frequently than monthly if the commissioner reasonably determines
186 that such valuation is necessary for the protection of public deposits.
187 Each holder of eligible collateral shall file with the commissioner, at the
188 end of each calendar quarter, a report with the CUSIP number,
189 description and par value of each investment it holds as eligible
190 collateral.

191 (2) No qualified public depository shall maintain eligible collateral in
192 its own trust department pursuant to subdivision (1) of this subsection
193 unless such depository is authorized under law to exercise fiduciary
194 powers in this state.

195 (3) No financial institution shall accept a transfer of eligible collateral
196 from a qualified public depository pursuant to subdivision (1) of this
197 subsection unless such financial institution is (A) authorized under law
198 to exercise fiduciary powers in this state, and (B) federally insured or
199 receives approval of the commissioner. If a financial institution ceases
200 to meet such requirements, it shall give immediate notice to the
201 qualified public depository and the commissioner who shall thereupon
202 instruct such institution with respect to the disposition of eligible
203 collateral.

204 (4) Each qualified public depository shall enter into a written trust
205 agreement with the financial institution, federal reserve bank or federal
206 home loan bank serving as trustee. Such agreement shall include a
207 statement by the financial institution that such institution shall be
208 subject to and comply with the applicable requirements of sections 36a-
209 330 to 36a-338, inclusive.

210 (c) The depository shall have the right to make substitutions of
211 eligible collateral at any time without notice. The depository shall have
212 the right to reduce the amount of eligible collateral maintained by it that
213 is in excess of the amount required under subsection (a) of this section.
214 The income from the assets which constitute segregated eligible
215 collateral shall belong to the depository without restriction.

216 (d) Any qualified public depository that ceases to be a qualified
217 public depository or no longer wishes to be a qualified public depository
218 shall no longer receive public deposits and shall give immediate notice
219 to the commissioner, who shall thereupon instruct such qualified public
220 depository of the procedures to be followed with respect to the return
221 of public deposits and eligible collateral.

222 Sec. 3. Subdivision (3) of subsection (h) of section 36a-437a of the
223 general statutes is repealed and the following is substituted in lieu
224 thereof (*Effective October 1, 2021*):

225 (3) The bylaws of a Connecticut credit union may be amended by the
226 adoption at a meeting of an amendment resolution by two-thirds of the
227 directors of the credit union. Written notice of the meeting and text of
228 the proposed amendment shall be given to each director at least seven
229 days prior to the meeting. The Connecticut credit union shall file with
230 the commissioner, within ten days after its adoption, one copy of any
231 proposed amendment. [to the commissioner.] In the case of a proposed
232 amendment requiring the commissioner's approval, the commissioner
233 shall, within thirty days after such filing, determine whether such
234 proposed amendment is consistent with the provisions and purposes of
235 sections 36a-435a to 36a-472a, inclusive. The thirty-day period may be
236 extended by the commissioner, in writing, if the commissioner
237 determines that the proposed amendment raises issues that require
238 additional information or additional time for analysis.

239 Sec. 4. Subsection (g) of section 36a-437a of the general statutes is
240 repealed and the following is substituted in lieu thereof (*Effective October*
241 *1, 2021*):

242 (g) (1) The certificate of incorporation of a Connecticut credit union
243 may, with the approval of the commissioner, be amended at any time
244 by the adoption at a meeting of an amendment resolution by two-thirds
245 of the directors of the credit union. Written notice of such meeting,
246 together with the text of the proposed amendment shall be given to each
247 director at least seven days prior to the meeting.

248 (2) [An original] A copy of the certificate of amendment shall be filed
249 with the commissioner. The certificate of amendment shall set forth: (A)
250 The name of the Connecticut credit union; (B) the amendment; and (C)
251 a statement of the number of directors' votes required to take such action
252 and the number of votes cast in favor of the amendment.

253 (3) The commissioner, upon determining that the certificate of
254 incorporation, as amended, meets the requirements of sections 36a-435a
255 to 36a-472a, inclusive, shall [endorse the commissioner's approval
256 thereon, and return the original certificate of amendment to the
257 Connecticut credit union] approve the amendment. Upon receipt of the
258 [certificate of] approval of such amendment, the Connecticut credit
259 union shall file the original certificate of amendment with the Secretary
260 of the State, and such amendment shall become effective upon filing.

261 Sec. 5. Section 36a-485 of the general statutes is repealed and the
262 following is substituted in lieu thereof (*Effective October 1, 2021*):

263 As used in this section and sections 36a-486 to 36a-498e, inclusive, as
264 amended by this act, 36a-498h, 36a-534a and 36a-534b, unless the
265 context otherwise requires:

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

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

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

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

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

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

302 (7) "Employee" means an individual (A) whose manner and means of
303 work performance are subject to the right of control of, or are controlled
304 by, a person, and (B) whose compensation is reported or required to be
305 reported on a W-2 form issued by the controlling person. For purposes
306 of the definition of "registered mortgage loan originator", "employee"
307 has the foregoing meaning or such other meaning as the federal banking
308 agencies may issue in connection with such agencies' implementation of
309 such agencies' responsibilities under the S.A.F.E. Mortgage Licensing

310 Act of 2008, 12 USC 5101 et seq.;

311 (8) "Federal banking agency" means the Board of Governors of the
312 Federal Reserve System, the Comptroller of the Currency, the Director
313 of the Office of Thrift Supervision, the National Credit Union
314 Administration and the Federal Deposit Insurance Corporation;

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

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

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

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

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

328 (14) "Lead generator" means a person who, for or with the expectation
329 of compensation or gain: (A) Sells, assigns or otherwise transfers one or
330 more leads for a residential mortgage loan; (B) generates or augments
331 one or more leads for another person; or (C) directs a consumer to
332 another person for a residential mortgage loan by performing marketing
333 services, including, but not limited to, online marketing, direct response
334 advertising or telemarketing;

335 (15) "Loan processor or underwriter" means an individual who
336 performs clerical or support duties. The term "clerical or support duties"
337 includes, subsequent to the receipt of an application, (A) the receipt,
338 collection, distribution and analysis of information common for the

339 processing or underwriting of a residential mortgage loan, and (B)
340 communication with a consumer to obtain the information necessary for
341 the processing or underwriting of a loan to the extent that such
342 communication does not include offering or negotiating loan rates or
343 terms or counseling consumers about residential mortgage loan rates or
344 terms;

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

346 (17) "Mortgage broker" (A) means a person who (i) for compensation
347 or gain or with the expectation of compensation or gain (I) takes a
348 residential mortgage loan application, or (II) offers or negotiates terms
349 of a residential mortgage loan, and (ii) is not the prospective source of
350 the funds for the residential mortgage loan, and (B) does not include (i)
351 an individual who is licensed as a mortgage loan originator acting as a
352 mortgage loan originator on behalf of such mortgage loan originator's
353 sponsoring mortgage lender, mortgage correspondent lender, mortgage
354 broker or exempt registrant, or (ii) an individual exempt from mortgage
355 loan originator licensure under subdivision (2) of subsection (b) of
356 section 36a-486, as amended by this act, when acting within the scope of
357 such exemption;

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

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

367 (20) "Mortgage loan originator" means an individual who for
368 compensation or gain or with the expectation of compensation or gain,
369 either for such individual or for the person employing or retaining such

370 individual, (A) takes a residential mortgage loan application, or (B)
371 offers or negotiates terms of a residential mortgage loan. "Mortgage loan
372 originator" does not include (i) an individual engaged solely as a loan
373 processor or underwriter; (ii) a person who only performs real estate
374 brokerage activities and is licensed in accordance with chapter 392,
375 unless the person is compensated by a mortgage lender, mortgage
376 correspondent lender, mortgage broker or other mortgage loan
377 originator or by any agent of such mortgage lender, mortgage
378 correspondent lender, mortgage broker or other mortgage loan
379 originator; (iii) a person solely involved in extensions of credit relating
380 to timeshare plans, as that term is defined in Paragraph 53D of 11 USC
381 101; or (iv) any individual who solely renegotiates terms for existing
382 mortgage loans on behalf of a mortgagee and who does not otherwise
383 act as a mortgage loan originator, unless the United States Department
384 of Housing and Urban Development, the Bureau of Consumer Financial
385 Protection or a court of competent jurisdiction determines that the
386 S.A.F.E. Mortgage Licensing Act of 2008, 12 USC Section 5101 et seq.,
387 requires such individual to be licensed as a mortgage loan originator
388 under state laws implementing said S.A.F.E. Mortgage Licensing Act;

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

390 (22) "Out-of-state mortgage loan originator" means an individual
391 who maintains a unique identifier through the system and holds a valid
392 mortgage loan originator license issued pursuant to the laws of any state
393 other than this state;

394 [(22)] (23) "Person" means a natural person, corporation, company,
395 limited liability company, partnership or association;

396 [(23)] (24) "Principal amount of the loan" means the gross amount the
397 borrower is obligated to repay including any prepaid finance charge
398 that is financed, and any other charge that is financed;

399 [(24)] (25) "Real estate brokerage activity" means any activity that
400 involves offering or providing real estate brokerage services to the

401 public, including (A) acting as a real estate agent or real estate broker
402 for a buyer, seller, lessor or lessee of real property; (B) bringing together
403 parties interested in the sale, purchase, lease, rental or exchange of real
404 property; (C) negotiating, on behalf of any party, any portion of a
405 contract relating to the sale, purchase, lease, rental or exchange of real
406 property, other than in connection with providing financing with
407 respect to any such transaction; (D) engaging in any activity for which a
408 person engaged in the activity is required to be registered or licensed as
409 a real estate agent or real estate broker under any applicable law; and
410 (E) offering to engage in any activity, or act in any capacity, described
411 in this subdivision;

412 [(25)] (26) "Registered mortgage loan originator" means any
413 individual who (A) meets the definition of mortgage loan originator and
414 is an employee of a depository institution, a subsidiary that is owned
415 and controlled by a depository institution and regulated by a federal
416 banking agency, or an institution regulated by the Farm Credit
417 Administration; and (B) is registered with and maintains a unique
418 identifier through the system;

419 [(26)] (27) "Residential mortgage loan" means any loan, including a
420 shared appreciation agreement, primarily for personal, family or
421 household use that is secured by a mortgage, deed of trust or other
422 equivalent consensual security interest on a dwelling or residential real
423 estate upon which is constructed or intended to be constructed a
424 dwelling;

425 [(27)] (28) "Residential real estate" means any real property located in
426 this state, upon which is constructed or intended to be constructed a
427 dwelling;

428 [(28)] (29) "Secondary mortgage loan" means a residential mortgage
429 loan that is secured, in whole or in part, by a mortgage, provided such
430 property is subject to one or more prior mortgages;

431 (30) "Shared appreciation agreement" means a nonrecourse

432 obligation in which an advance sum of monetary value is extended to a
433 consumer, as a lump sum or otherwise, in exchange for an equity
434 interest in a dwelling, residential real estate or a future obligation to
435 repay a sum upon the occurrence of an event, including, but not limited
436 to, the transfer of ownership, repayment maturity date, death of the
437 consumer or as outlined and explicitly agreed to within said agreement;

438 [(29)] (31) "Simulated check" means a document that imitates or
439 resembles a check but is not a negotiable instrument;

440 [(30)] (32) "Sponsored" means employed or retained as an
441 independent contractor;

442 [(31)] (33) "Table funding agreement" means an agreement wherein a
443 person agrees to fund mortgage loans to be made in another person's
444 name and to purchase such loans after they are made;

445 [(32)] (34) "Trigger lead" means a consumer report obtained pursuant
446 to subparagraph (B) of subdivision (1) of subsection (c) of Section 604 of
447 the Fair Credit Reporting Act, 15 USC 1681b, as amended from time to
448 time, where the issuance of the report is triggered by an inquiry made
449 with a consumer reporting agency in response to an application for
450 credit;

451 [(33)] (35) "Unique identifier" means a number or other identifier
452 assigned by protocols established by the system; and

453 [(34)] (36) "Warehouse agreement" means an agreement to provide
454 credit to a person to enable the person to have funds to make residential
455 mortgage loans and hold such loans pending sale to other persons.

456 Sec. 6. Section 36a-486 of the general statutes is repealed and the
457 following is substituted in lieu thereof (*Effective October 1, 2021*):

458 (a) No person shall engage in the business of making residential
459 mortgage loans or act as a mortgage broker in this state unless such
460 person has first obtained a license for its main office and for each branch

461 office where such business is conducted in accordance with the
462 provisions of sections 36a-485 to 36a-498e, inclusive, as amended by this
463 act, 36a-534a and 36a-534b. Any activity subject to licensure pursuant to
464 sections 36a-485 to 36a-498e, inclusive, as amended by this act, 36a-534a
465 or 36a-534b shall be conducted from an office located in a state, as
466 defined in section 36a-2. Any such person who is an individual shall also
467 obtain a mortgage loan originator license prior to conducting such
468 business unless such individual does not engage directly in the activities
469 of a mortgage loan originator or conducts such business pursuant to the
470 temporary authority provided in subsection (e) of this section. A person,
471 other than a licensed mortgage loan originator acting on behalf of a
472 mortgage lender or mortgage correspondent lender, shall be deemed to
473 be engaged in the business of making residential mortgage loans if such
474 person advertises, causes to be advertised, solicits or offers to make
475 residential mortgage loans, either directly or indirectly. A person, other
476 than a licensed mortgage loan originator acting on behalf of a mortgage
477 broker, shall be deemed to be acting as a mortgage broker if such person
478 advertises or causes to be advertised that such person will negotiate,
479 solicit, place or find a residential mortgage loan, either directly or
480 indirectly. A mortgage correspondent lender shall not be deemed to be
481 acting as a mortgage lender if such mortgage correspondent lender
482 makes a loan utilizing its own funds in a situation where another person
483 does not honor such person's commitment to fund the loan. A licensed
484 lead generator shall not be deemed to be acting as a mortgage lender,
485 mortgage correspondent lender, mortgage broker or mortgage loan
486 originator when engaged in the activities of a lead generator, as
487 described in section 36a-485, as amended by this act, if such person does
488 not: (1) Obtain compensation or gain contingent upon the
489 consummation of a residential mortgage loan or the receipt of a
490 residential mortgage loan application, or (2) utilize financial criteria
491 particular to the consumer or the residential mortgage loan transaction
492 to selectively place a lead or to steer a consumer to a specific person for
493 a residential mortgage loan.

494 (b) (1) No person licensed as a mortgage lender, mortgage

495 correspondent lender or mortgage broker shall engage the services of a
496 mortgage loan originator or of a loan processor or underwriter required
497 to be licensed under this section unless such mortgage loan originator
498 or loan processor or underwriter is licensed under section 36a-489 or
499 acting pursuant to the temporary authority provided in subsection (e)
500 of this section. An individual, unless specifically exempted under
501 subdivision (2) of this subsection or acting pursuant to the temporary
502 authority provided in subsection (e) of this section, shall not engage in
503 the business of a mortgage loan originator on behalf of a licensee or a
504 person exempt under section 36a-487 with respect to any residential
505 mortgage loan without first obtaining and maintaining annually a
506 license as a mortgage loan originator under section 36a-489. An
507 individual, unless specifically exempted under subdivision (2) of this
508 subsection, shall be deemed to be engaged in the business of a mortgage
509 loan originator if such individual: (A) Acts as a mortgage loan originator
510 in connection with any residential mortgage loan on behalf of a licensee
511 or person exempt under section 36a-487; or (B) makes any
512 representation to the public through advertising or other means of
513 communication that such individual can or will act as a mortgage loan
514 originator on behalf of a licensee or person exempt under section 36a-
515 487. Each licensed mortgage loan originator and each licensed loan
516 processor or underwriter shall register with and maintain a valid unique
517 identifier issued by the system. No individual may act as a mortgage
518 loan originator for more than one person at the same time. No loan
519 processor or underwriter licensee may be sponsored by more than one
520 person at a time. The license of a mortgage loan originator or a loan
521 processor or underwriter is not effective during any period when such
522 mortgage loan originator or a loan processor or underwriter is not
523 sponsored by a licensed mortgage lender, mortgage correspondent
524 lender or mortgage broker, or by a person registered as an exempt
525 registrant under subsection (d) of section 36a-487, or during any period
526 in which the license of the mortgage lender, mortgage correspondent
527 lender or mortgage broker with whom such originator or loan processor
528 or underwriter is associated has been suspended. Either the mortgage

529 loan originator, the loan processor or underwriter or the sponsor may
530 file a notification of the termination of sponsorship with the system.

531 (2) The following are exempt from this section: (A) A registered
532 mortgage loan originator or an employee of an institution or subsidiary
533 described in [subdivision (25) of] section 36a-485, as amended by this
534 act, who is not required to be registered under Section 1507 of the
535 S.A.F.E. Mortgage Licensing Act of 2008, 12 USC Section 5101 et seq.,
536 when acting for such institution or subsidiary; (B) an individual who
537 offers or negotiates the terms of a residential mortgage loan with or on
538 behalf of an immediate family member of such individual; (C) an
539 individual who offers or negotiates the terms of a residential mortgage
540 loan secured by a dwelling that served as the individual's residence,
541 unless the context demonstrates that such individual engaged in such
542 activities with a degree of habitualness or repetition; (D) a Connecticut
543 licensed attorney who negotiates the terms of a residential mortgage
544 loan on behalf of a client as an ancillary matter to the attorney's
545 representation of the client, unless the attorney is compensated by a
546 mortgage lender, mortgage correspondent lender, mortgage broker or
547 other mortgage loan originator or by any agent of such mortgage lender,
548 mortgage correspondent lender, mortgage broker or other mortgage
549 loan originator; (E) an individual who takes a residential mortgage loan
550 application or offers or negotiates terms of a residential mortgage loan
551 as an employee of a federal, state or local government agency or housing
552 finance agency exempt from licensure pursuant to section 36a-487, and
553 who does so only pursuant to such individual's official duties as an
554 employee of such agency; (F) an individual who takes a residential
555 mortgage loan application or offers or negotiates terms of a residential
556 mortgage loan as an employee of an organization that has obtained bona
557 fide nonprofit status from the commissioner and is exempt from
558 licensure pursuant to section 36a-487, and who does so only pursuant to
559 such individual's official duties as an employee of such organization;
560 and (G) an individual who offers or negotiates the terms of a residential
561 mortgage loan secured by a dwelling that is not the individual's
562 residence but is owned by such individual, unless the context

563 demonstrates that such individual engaged in such activities with a
564 degree of habitualness or repetition.

565 (3) No individual shall engage in the activities of a loan processor or
566 underwriter unless such individual obtains and maintains a license as a
567 loan processor or underwriter under section 36a-489. The following
568 individuals are exempt from the foregoing license requirement:

569 (A) An employee of a licensed mortgage lender, mortgage
570 correspondent lender or mortgage broker who engages in loan
571 processor or underwriter activities (i) in connection with residential
572 mortgage loans either originated or made by such licensee, and (ii) at
573 the direction of and subject to the supervision of a licensed mortgage
574 loan originator of such licensee;

575 (B) An employee of a person exempt from licensure under
576 subdivision (1), (2) or (3) of subsection (a) of section 36a-487 who
577 engages in loan processor or underwriter activities at the direction of
578 and subject to the supervision of either a licensed mortgage loan
579 originator or a registered mortgage loan originator of such exempt
580 person; or

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

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

591 (5) On and after January 1, 2018, no person shall, directly or
592 indirectly, act as a lead generator without first obtaining a license under

593 section 36a-489, unless such person is exempt from licensure. The
594 following persons shall be exempt from licensure as a lead generator:

595 (A) Any bank, out-of-state bank, Connecticut credit union, federal
596 credit union or out-of-state credit union, provided such bank or credit
597 union is federally insured;

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

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

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

605 (E) A consumer reporting agency, as defined in Section 603 (f) of the
606 Fair Credit Reporting Act, 15 USC 1681a, as amended from time to time;
607 [and]

608 (F) An employee of a person licensed as a lead generator or exempt
609 from licensure as a lead generator, while engaged in lead generator
610 activities on behalf of such person; [.] and

611 (G) An individual employed by an affiliate of a bank or credit union
612 exempt from licensure pursuant to subparagraph (A) of this
613 subdivision, who is registered or licensed with a state or federal
614 regulator to engage in securities brokerage, investment advisory or
615 insurance sales activities and who, incidental to the performance of such
616 regulated activities, performs lead generation activities by referring one
617 or more leads to such bank or credit union. For purposes of this
618 subparagraph, "affiliate" means an entity that is controlled by or is
619 under common control with the bank or credit union, such that the bank
620 or credit union (i) directly or indirectly acting through one or more other
621 persons owns, controls or has the power to vote more than fifty per cent
622 of any class of voting securities of the affiliate, (ii) controls in any

623 manner the election of a majority of directors or trustees of the affiliate,
624 or (iii) directly or indirectly exercises a controlling influence over the
625 management or policies of the affiliate.

626 (c) If the United States Department of Housing and Urban
627 Development, the Bureau of Consumer Financial Protection or a court
628 of competent jurisdiction determines that the S.A.F.E. Mortgage
629 Licensing Act of 2008, 12 USC Section 5101 et seq., requires an
630 individual described in subparagraph (B) (iv) of subdivision (20) of
631 section 36a-485, as amended by this act, to be licensed as a mortgage
632 loan originator under state laws implementing said S.A.F.E. Mortgage
633 Licensing Act, such individual may continue to act in such individual's
634 current capacity, provided such individual files an application for a
635 mortgage loan originator license not later than the date sixty days from
636 the date of such determination by the United States Department of
637 Housing and Urban Development, the Bureau of Consumer Financial
638 Protection or a court of competent jurisdiction.

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

643 (e) (1) An individual who is employed by a person licensed as a
644 mortgage lender, mortgage correspondent lender or mortgage broker in
645 this state shall have temporary authority to act as a mortgage loan
646 originator in this state for the period of time described in subdivision (3)
647 of this subsection, provided the individual (A) has not had (i) an
648 application for a loan originator license denied in any governmental
649 jurisdiction, or (ii) a loan originator license revoked or suspended in any
650 governmental jurisdiction; (B) has not been subject to, or served with, a
651 cease and desist order in any governmental jurisdiction or by the Bureau
652 of Consumer Financial Protection pursuant to 12 USC 5113(c); (C) has
653 not been convicted of a misdemeanor or felony that would preclude
654 licensure in this state under subdivision (1) of subsection (b) of section

655 36a-489; (D) has submitted an application for licensure as a mortgage
656 loan originator in this state pursuant to subsection (c) of section 36a-488;
657 and (E) was registered in the system as a registered loan originator, as
658 defined in 12 USC 5102, during the one-year period immediately
659 preceding the date on which the individual submits in connection with
660 such application for licensure in this state the individual's personal
661 history and experience, including authorization to obtain an
662 independent credit report, criminal background check and information
663 relating to administrative, civil or criminal findings by any
664 governmental jurisdiction.

665 (2) An out-of-state mortgage loan originator employed by a person
666 licensed as a mortgage lender, mortgage correspondent lender or
667 mortgage broker in this state shall have temporary authority to act as a
668 mortgage loan originator in this state for the period described in
669 subdivision (3) of this subsection, provided the individual (A) meets the
670 requirements of subparagraphs (A) to (D), inclusive, of subdivision (1)
671 of this subsection; and (B) was an out-of-state mortgage loan originator
672 during the thirty-day period immediately preceding the date on which
673 the individual submits in connection with the application for licensure
674 as a mortgage loan originator in this state the individual's personal
675 history and experience, including authorization to obtain an
676 independent credit report, criminal background check and information
677 relating to administrative, civil or criminal findings by any
678 governmental jurisdiction.

679 (3) The period of temporary authority described in subdivisions (1)
680 and (2) of this subsection shall commence on the date the registered loan
681 originator or out-of-state mortgage loan originator submits the
682 information required by subsection (c) of section 36a-488 and shall end
683 on the earliest of (A) the date the individual withdraws the application
684 to be a licensed mortgage loan originator in this state; (B) the date the
685 commissioner denies the application; (C) the date the commissioner
686 issues the mortgage loan originator license; or (D) one hundred twenty
687 days after the date the individual submits the application, provided

688 such application is identified as incomplete on the system.

689 (4) Any person employing an individual who has temporary
690 authority to act as a mortgage loan originator in this state pursuant to
691 this subsection shall be subject to the laws of this state to the same extent
692 as if the employed individual is licensed as a mortgage loan originator
693 in this state. Any individual who has temporary authority to act as a
694 mortgage loan originator in this state pursuant to this subsection and
695 who engages in residential mortgage loan origination activities shall be
696 subject to the laws of this state to the same extent as if the individual is
697 licensed as a mortgage loan originator in this state.

698 Sec. 7. Subdivision (1) of subsection (b) of section 36a-490 of the
699 general statutes is repealed and the following is substituted in lieu
700 thereof (*Effective October 1, 2021*):

701 (b) (1) A mortgage lender, mortgage correspondent lender, mortgage
702 broker or lead generator license shall not be transferable or assignable.
703 Any change in any control person of the licensee, except a change of
704 director, general partner or executive officer that is not the result of an
705 acquisition or change [in] of control of the licensee, shall be the subject
706 of an advance change notice filed on the system not later than thirty
707 days prior to the effective date of such change and no such change shall
708 occur without the commissioner's approval. For purposes of this section,
709 "change of control" means any change causing the majority ownership,
710 voting rights or control of a licensee to be held by a different control
711 person or group of control persons.

712 Sec. 8. Subsection (a) of section 36a-540 of the general statutes is
713 repealed and the following is substituted in lieu thereof (*Effective October*
714 *1, 2021*):

715 (a) Each license shall specify the location at which the business is to
716 be conducted. Such license shall not be transferable or assignable. Any
717 change [in] of any control person of the licensee, except a change of a
718 director, general partner or executive officer that is not the result of an

719 acquisition or change in control of the licensee, shall be the subject of an
720 advance change notice filed on the system not later than thirty days
721 prior to the effective date of such change and no such change shall occur
722 without the commissioner's approval. For purposes of this section,
723 "change of control" means any change causing the majority ownership,
724 voting rights or control of a licensee to be held by a different control
725 person or group of control persons.

726 Sec. 9. Subsection (a) of section 36a-566 of the general statutes is
727 repealed and the following is substituted in lieu thereof (*Effective October*
728 *1, 2021*):

729 (a) No license issued under section 36a-556 shall be assignable or
730 transferable. Any change [in] of any control person of the licensee,
731 except a change of a director, general partner or executive officer that is
732 not the result of an acquisition or change of control of the licensee, shall
733 be the subject of an advance change notice filed on the system at least
734 thirty days prior to the effective date of such change and no such change
735 shall occur without the commissioner's approval. For purposes of this
736 section, "change of control" means any change causing the majority
737 ownership, voting rights or control of a licensee to be held by a different
738 control person or group of control persons.

739 Sec. 10. Subdivision (1) of subsection (a) of section 36a-583 of the
740 general statutes is repealed and the following is substituted in lieu
741 thereof (*Effective October 1, 2021*):

742 (a) (1) A license issued under section 36a-581 shall not be transferable
743 or assignable. A change in any control person of the licensee, except a
744 change of a director, general partner or executive officer that is not the
745 result of an acquisition or change of control of the licensee, shall be the
746 subject of an advance change notice filed on the system at least thirty
747 days prior to the effective date of such change and no such change shall
748 occur without the commissioner's approval. For purposes of this section,
749 "change of control" means any change causing the majority ownership,
750 voting rights or control of a licensee to be held by a different control

751 person or group of control persons.

752 Sec. 11. Section 36a-598 of the general statutes is repealed and the
753 following is substituted in lieu thereof (*Effective October 1, 2021*):

754 (a) Each application for an initial or renewal license required under
755 sections 36a-595 to 36a-612, inclusive, shall be made and processed on
756 the system pursuant to section 36a-24b, in the form prescribed by the
757 commissioner. Each such form shall contain content as set forth by
758 instruction or procedure of the commissioner and may be changed or
759 updated as necessary by the commissioner in order to carry out the
760 purposes of sections 36a-595 to 36a-612, inclusive. The applicant shall,
761 at a minimum, furnish to the system information concerning the identity
762 of the applicant, any control person of the applicant, the qualified
763 individual and any branch manager responsible for the actions of the
764 licensee, including, but not limited to, information related to such
765 person's personal history and experience and any administrative, civil
766 or criminal findings by any governmental jurisdiction. As part of an
767 application, the commissioner may, (1) in accordance with section 29-
768 17a, conduct a state or national criminal history records check of the
769 applicant, any control person of the applicant, the qualified individual
770 and any branch manager, and, (2) in accordance with section 36a-24b,
771 (A) require the submission of fingerprints of any such person to the
772 Federal Bureau of Investigation or other state, national or international
773 criminal databases, and (B) investigate the financial condition of any
774 such person and require authorization from any such person for the
775 system and the commissioner to obtain an independent credit report
776 from a consumer reporting agency, as described in Section 603(p) of the
777 Fair Credit Reporting Act, 15 USC 1681a, as amended from time to time.
778 An application for an initial license shall also include:

779 (i) A copy of the applicant's audited financial statements for the most
780 recent fiscal year, [. If] and (I) if the applicant is a wholly-owned
781 subsidiary of another corporation, [the applicant shall include] the most
782 recent audited consolidated annual financial statements of the parent

783 corporation, [or the applicant's most recent audited consolidated annual
784 financial statement, and the most recent audited unconsolidated
785 financial statement of the applicant, including its balance sheet and
786 receipts and disbursements for the preceding year. If] (II) if the applicant
787 is publicly traded, [the applicant shall include] a copy of the most recent
788 10-K report that such applicant filed with the Securities and Exchange
789 Commission, or, if the applicant is a wholly-owned subsidiary of a
790 publicly traded company, a copy of the parent company's most recent
791 10-K report that was filed with the Securities and Exchange
792 Commission, [. If] and (III) if the applicant or parent company of a
793 wholly-owned subsidiary applicant is publicly traded on a foreign
794 exchange, [the applicant shall include] a copy of documentation similar
795 to the 10-K report that was filed with the applicable securities regulator
796 for the applicant or the parent company of the wholly-owned subsidiary
797 applicant, as applicable. Notwithstanding the provisions of this clause,
798 if the applicant has operated for not more than one calendar year, the
799 applicant shall only be required to include an initial statement of
800 condition;

801 (ii) A list of the applicant's permissible investments, the book and
802 market values of such investments, and the dollar amount of the
803 applicant's aggregate outstanding money transmissions (I) as of the date
804 of the financial statement filed in accordance with clause (i) of this
805 subparagraph; and (II) as of a date no earlier than thirty business days
806 prior to the filing of the application;

807 (iii) (I) The surety bond required by subsection (a) of section 36a-602,
808 if applicable; and

809 (II) A list of the investments maintained in accordance with
810 subsection (d) of section 36a-602, if applicable, and the book and market
811 values of any such investments as of the date of the financial statement
812 filed in accordance with clause (i) of this subparagraph; and as of a date
813 no earlier than thirty business days prior to the filing of the application;

814 (iv) A statement describing the type of money transmission business

815 that will be conducted by the applicant in this state and whether such
816 money transmission will include the transmission of monetary value in
817 the form of virtual currency;

818 (v) The name and address of any financial institution used by the
819 applicant for its money transmission business in this state;

820 (vi) For each authorized delegate, a sample of the contract evidencing
821 the proposed arrangement between the applicant and the authorized
822 delegate; and

823 (vii) Any other information the commissioner may require.

824 (b) The commissioner may deem an application for a license to
825 engage in the business of money transmission in this state abandoned if
826 the applicant fails to respond to any request for information required
827 under sections 36a-595 to 36a-612, inclusive, or any regulations adopted
828 pursuant to said sections. The commissioner shall notify the applicant
829 on the system that if the applicant fails to submit such information not
830 later than sixty days after such request, the application shall be deemed
831 abandoned. An application filing fee paid prior to the date an
832 application is deemed abandoned pursuant to this subsection shall not
833 be refunded. Abandonment of an application pursuant to this
834 subsection shall not preclude the applicant from submitting a new
835 application for a license under sections 36a-595 to 36a-612, inclusive.

836 (c) Except as otherwise specified in subsections (d) and (e) of this
837 section, each applicant, licensee, control person and qualified individual
838 shall file with the system any change in the information most recently
839 submitted to the system by such licensee, control person or qualified
840 individual in connection with the application or license, or, if the
841 information cannot be filed on the system, notify the commissioner, in
842 writing, of such change in the information not later than fifteen days
843 after the date the applicant, licensee, control person or qualified
844 individual has reason to know of such change.

845 (d) (1) A money transmission license shall not be transferable or
846 assignable. Any change in any control person of the licensee, except a
847 change of a director, general partner or executive officer that is not the
848 result of an acquisition or a change of control of the licensee, shall be the
849 subject of an advance change notice filed on the system at least thirty
850 days prior to the effective date of such change and no such change shall
851 occur without the commissioner's approval. For purposes of this section,
852 "change of control" means any change causing the majority ownership,
853 voting rights or control of a licensee to be held by a different control
854 person or group of control persons.

855 (2) No licensee may use any name other than its legal name or a
856 fictitious name approved by the commissioner, provided such licensee
857 may not use its legal name if the commissioner disapproves use of such
858 name. No licensee shall use any name or address other than the name
859 and address specified on the license issued by the commissioner. A
860 licensee may change the name of the licensee or the address of the office
861 specified on the most recent filing with the system if, at least thirty
862 calendar days prior to such change, the licensee files such change with
863 the system and provides a bond rider, endorsement or addendum, as
864 applicable, to the surety bond on file with the commissioner that reflects
865 the new name or address, and the commissioner does not disapprove
866 such change, in writing, or request further information within such
867 thirty-day period.

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

876 (e) A licensee shall file with the system or, if the information cannot

877 be filed on the system, provide a written notice to the commissioner not
878 later than one business day after the licensee has reason to know of the
879 occurrence of any of the following events:

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

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

889 (3) The commencement of a proceeding to revoke or suspend its
890 license to engage in money transmission in another state or a foreign
891 country, or other formal or informal regulatory action by any
892 governmental agency against the licensee or any control person,
893 qualified individual or authorized delegate of the licensee and the
894 reasons therefor;

895 (4) The commencement of any action by the Attorney General or the
896 attorney general of any other state against the licensee or any control
897 person, qualified individual or authorized delegate of the licensee and
898 the reasons therefor;

899 (5) The cancellation or other impairment of the licensee's bond or
900 other security, including notice of claims filed against the licensee's
901 bond or other security;

902 (6) A conviction or indictment of the licensee or of any control person
903 or qualified individual of the licensee for a misdemeanor involving the
904 money transmission business or a felony; or

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

907 Sec. 12. Subsection (a) of section 36a-658 of the general statutes is
908 repealed and the following is substituted in lieu thereof (*Effective October*
909 *1, 2021*):

910 (a) Each license shall state the location at which the business is to be
911 conducted and shall state fully the name of the licensee. If the licensee
912 desires to engage in the business of debt adjustment in more than one
913 location, the licensee shall procure a license for each location where the
914 business is to be conducted. A license issued under section 36a-656 shall
915 not be transferable or assignable. Any change in any control person of
916 the licensee, except a change of a director, general partner or executive
917 officer that is not the result of an acquisition or change of control of the
918 licensee, shall be the subject of an advance change notice filed on the
919 system at least thirty days prior to the effective date of such change and
920 no such change shall occur without the commissioner's approval. For
921 purposes of this section, "change of control" means any change causing
922 the majority ownership, voting rights or control of a licensee to be held
923 by a different control person or group of control persons.

924 Sec. 13. Subsection (h) of section 36a-671 of the general statutes is
925 repealed and the following is substituted in lieu thereof (*Effective October*
926 *1, 2021*):

927 (h) The license shall not be transferable or assignable. Any change in
928 any control person of the [license] licensee, except a change of a director,
929 general partner or executive officer that is not the result of an acquisition
930 or change of control of the licensee, shall be the subject of an advance
931 change notice filed on the system at least thirty days prior to the effective
932 date of such change and no such change shall occur without the
933 commissioner's approval. For purposes of this section, "change of
934 control" means any change causing the majority ownership, voting
935 rights or control of a licensee to be held by a different control person or
936 group of control persons.

937 Sec. 14. Subsection (a) of section 36a-719a of the general statutes is
938 repealed and the following is substituted in lieu thereof (*Effective October*

939 1, 2021):

940 (a) A mortgage servicer license shall not be transferable or assignable.
941 Any change in any control person of a licensee, except a change of a
942 director, general partner or executive officer that is not the result of an
943 acquisition or change of control of the licensee, shall be the subject of an
944 advance change notice filed on the system at least thirty days prior to
945 the effective date of such change and no such change shall occur without
946 the commissioner's approval. For purposes of this section, "change of
947 control" means any change causing the majority ownership, voting
948 rights or control of a licensee to be held by a different control person or
949 group of control persons. Any licensee who intends to permanently
950 cease acting as a mortgage servicer at any time during a license period
951 for any cause, including, but not limited to, bankruptcy or voluntary
952 dissolution, shall file a request to surrender the license in accordance
953 with subsection (c) of section 36a-51, for each office at which the licensee
954 intends to cease to do business, on the system, not later than fifteen days
955 after the date of such cessation, provided this requirement shall not
956 apply when a license has been suspended pursuant to section 36a-51.
957 No surrender shall be effective until accepted by the commissioner.

958 Sec. 15. Subdivision (14) of subsection (c) of section 36a-770 of the
959 general statutes is repealed and the following is substituted in lieu
960 thereof (*Effective October 1, 2021*):

961 (14) "Retail seller" means a person who sells or agrees to sell one or
962 more articles of goods under a retail installment contract or an
963 installment loan contract to a retail buyer.

964 Sec. 16. Subdivision (4) of section 36a-800 of the general statutes is
965 repealed and the following is substituted in lieu thereof (*Effective October*
966 *1, 2021*):

967 (4) "Consumer debtor" means any natural person, not an
968 organization, who has incurred indebtedness or owes a debt for
969 personal, family or household purposes, including current or past due

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

976 Sec. 17. Subsections (b) and (c) of section 36a-801 of the general
977 statutes are repealed and the following is substituted in lieu thereof
978 (*Effective October 1, 2021*):

979 (b) An application for a license as a consumer collection agency or for
980 renewal of such license shall be made and processed on the system
981 pursuant to section 36a-24b, in the form prescribed by the
982 commissioner. Each such form shall contain content as set forth by
983 instruction or procedure of the commissioner and may be changed or
984 updated as necessary by the commissioner in order to carry out the
985 purposes of sections 36a-800 to 36a-814, inclusive, as amended by this
986 act. The applicant shall, at a minimum, furnish to the system
987 information concerning the identity of the applicant, any control person
988 of the applicant, the qualified individual and any branch manager
989 responsible for the actions of the licensee, including, but not limited to,
990 information related to such person's personal history and experience,
991 and any administrative, civil or criminal findings by any governmental
992 jurisdiction. As part of the application, the commissioner may (1) in
993 accordance with section 29-17a, conduct a state or national criminal
994 history records check of the applicant, any control person of the
995 applicant, the qualified individual or any branch manager, and (2) in
996 accordance with section 36a-24b (A) require the submission of
997 fingerprints of the applicant, any control person of the applicant, the
998 qualified individual or any branch manager to the Federal Bureau of
999 Investigation or other state, national or international criminal databases,
1000 and (B) investigate the financial condition of any such person and
1001 require authorization from any such person for the system and the
1002 commissioner to obtain an independent credit report from a consumer

1003 reporting agency, as described in Section 603(p) of the Fair Credit
1004 Reporting Act, 15 USC 1681a, as amended from time to time. Such
1005 application shall be accompanied by a financial statement prepared by
1006 a certified public accountant and [, for any applicant not solely engaged
1007 in the business of debt buying, such application] shall evidence that the
1008 applicant has a tangible net worth of more than zero dollars if the
1009 applicant is engaged solely in the business of debt buying, and a
1010 [minimum] tangible net worth of at least fifty thousand dollars if the
1011 applicant is not engaged solely in the business of debt buying. The
1012 commissioner shall cause to be made such inquiry and examination as
1013 to the qualifications of each such applicant or any control person,
1014 qualified individual or branch manager of the applicant as the
1015 commissioner deems necessary. Each applicant shall furnish
1016 satisfactory evidence to the commissioner that the applicant is a person
1017 of good moral character and is financially responsible.

1018 (c) (1) Each applicant for a consumer collection agency license shall
1019 pay to the system any required fees or charges and a license fee of five
1020 hundred dollars. Each such license shall expire at the close of business
1021 on December thirty-first of the year in which the license was approved,
1022 unless such license is renewed, except that any such license approved
1023 on or after November first shall expire at the close of business on
1024 December thirty-first of the year following the year in which it is
1025 approved. An application for renewal of a license shall be filed between
1026 November first and December thirty-first of the year in which the license
1027 expires. Each applicant for renewal of a consumer collection agency
1028 license shall pay to the system any required fees or charges and a
1029 renewal fee of four hundred dollars.

1030 (2) If the commissioner finds, upon the filing of an application for a
1031 consumer collection agency, that (A) the financial responsibility,
1032 character, reputation, integrity and general fitness of the applicant, the
1033 control persons of the applicant, the qualified individual and any branch
1034 manager are such as to warrant belief that the business will be operated
1035 soundly and efficiently, in the public interest and consistent with the

1036 purposes of sections 36a-800 to 36a-814, inclusive, as amended by this
1037 act, and (B) the applicant [is solvent] meets the applicable tangible net
1038 worth requirement in subsection (b) of this section and no proceeding
1039 in bankruptcy, receivership or assignment for the benefit of creditors
1040 has been commenced against the applicant, the commissioner may [,
1041 upon such finding,] thereupon issue the applicant a consumer collection
1042 agency license. If the commissioner fails to make such findings, the
1043 commissioner shall not issue a license and shall notify the applicant of
1044 the reasons for such denial. The commissioner may deny an application
1045 if the commissioner finds that the applicant or any control person,
1046 qualified individual or branch manager of such applicant has been
1047 convicted of any misdemeanor involving any aspect of the consumer
1048 collection agency business, or any felony. Any denial of an application
1049 by the commissioner shall, when applicable, be subject to the provisions
1050 of section 46a-80.

1051 (3) The minimum standards for renewal of a consumer collection
1052 agency license shall include the following: (A) The applicant continues
1053 to meet the minimum standards under this section; (B) the applicant has
1054 paid all required fees for renewal of the license; and (C) the applicant
1055 has paid all outstanding examination fees or other moneys due to the
1056 commissioner. The license of a consumer collection agency licensee
1057 failing to satisfy the minimum standards for license renewal shall
1058 expire. The commissioner may adopt procedures for the reinstatement
1059 of expired licenses consistent with the standards established by the
1060 system. Every license shall remain in force and effect until the license
1061 has been surrendered, revoked or suspended or has expired in
1062 accordance with the provisions of sections 36a-800 to 36a-814, inclusive,
1063 as amended by this act.

1064 Sec. 18. Subsection (i) of section 36a-801 of the general statutes is
1065 repealed and the following is substituted in lieu thereof (*Effective October*
1066 *1, 2021*):

1067 (i) No person licensed to act within this state as a consumer collection

1068 agency shall do so under any other name or at any other place of
1069 business than that named in the license. No licensee may use any name
1070 other than its legal name or a fictitious name approved by the
1071 commissioner, provided such licensee may not use its legal name if the
1072 commissioner disapproves use of such name. A licensee may change the
1073 name of the licensee or address of the office specified on the most recent
1074 filing with the system if, at least thirty calendar days prior to such
1075 change, (1) the licensee files such change with the system and provides
1076 a bond rider, endorsement or addendum, as applicable, to the surety
1077 bond on file with the commissioner that reflects the new name or
1078 address, and (2) the commissioner does not disapprove such change, in
1079 writing, or request further information from the licensee within such
1080 thirty-day period. Not more than one place of business shall be
1081 maintained under the same license but the commissioner may issue
1082 more than one license to the same licensee upon compliance with the
1083 provisions of sections 36a-800 to 36a-814, inclusive, as to each new
1084 licensee. A license shall not be transferable or assignable. Any change in
1085 any control person of the licensee, except a change of a director, general
1086 partner or executive officer that is not the result of an acquisition or
1087 change of control of the licensee, shall be the subject of an advance
1088 change notice filed on the system at least thirty days prior to the effective
1089 date of such change and no such change shall occur without the
1090 commissioner's approval. For purposes of this section, "change of
1091 control" means any change causing the majority ownership, voting
1092 rights or control of a licensee to be held by a different control person or
1093 group of control persons. Any licensee holding, applying for, or seeking
1094 renewal of more than one license may, at its option, file the bond
1095 required under section 36a-802 separately for each place of business
1096 licensed, or to be licensed, or a single bond, naming each place of
1097 business, in an amount equal to twenty-five thousand dollars for each
1098 place of business. The commissioner may automatically suspend a
1099 license for any violation of this subsection. After a license has been
1100 automatically suspended pursuant to this section, the commissioner
1101 shall (A) give the licensee notice of the automatic suspension, pending

1102 proceedings for revocation or refusal to renew pursuant to section 36a-
 1103 804 and an opportunity for a hearing on such action in accordance with
 1104 section 36a-51, and (B) require such licensee to take or refrain from
 1105 taking such action as the commissioner deems necessary to effectuate
 1106 the purposes of this section.

1107 Sec. 19. Subsection (b) of section 36a-848 of the general statutes is
 1108 repealed and the following is substituted in lieu thereof (*Effective October*
 1109 *1, 2021*):

1110 (b) A license shall not be transferable or assignable. Any change in
 1111 any control person of the licensee, except a change of a director, general
 1112 partner or executive officer that is not the result of an acquisition or
 1113 change of control of the licensee, shall be the subject of an advance
 1114 change notice filed on the system at least thirty days prior to the effective
 1115 date of such change and no such change shall occur without the
 1116 commissioner's approval. For purposes of this section, "change of
 1117 control" means any change causing the majority ownership, voting
 1118 rights or control of a licensee to be held by a different control person or
 1119 group of control persons.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2021</i>	36a-86
Sec. 2	<i>October 1, 2021</i>	36a-333
Sec. 3	<i>October 1, 2021</i>	36a-437a(h)(3)
Sec. 4	<i>October 1, 2021</i>	36a-437a(g)
Sec. 5	<i>October 1, 2021</i>	36a-485
Sec. 6	<i>October 1, 2021</i>	36a-486
Sec. 7	<i>October 1, 2021</i>	36a-490(b)(1)
Sec. 8	<i>October 1, 2021</i>	36a-540(a)
Sec. 9	<i>October 1, 2021</i>	36a-566(a)
Sec. 10	<i>October 1, 2021</i>	36a-583(a)(1)
Sec. 11	<i>October 1, 2021</i>	36a-598
Sec. 12	<i>October 1, 2021</i>	36a-658(a)
Sec. 13	<i>October 1, 2021</i>	36a-671(h)

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Sec. 14	<i>October 1, 2021</i>	36a-719a(a)
Sec. 15	<i>October 1, 2021</i>	36a-770(c)(14)
Sec. 16	<i>October 1, 2021</i>	36a-800(4)
Sec. 17	<i>October 1, 2021</i>	36a-801(b) and (c)
Sec. 18	<i>October 1, 2021</i>	36a-801(i)
Sec. 19	<i>October 1, 2021</i>	36a-848(b)