

**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 Section 36a-86 of the general statutes is repealed and the  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)