



House of Representatives

General Assembly

File No. 200

February Session, 2024

Substitute House Bill No. 5142

House of Representatives, April 2, 2024

The Committee on Banking reported through REP. DOUCETTE of the 13th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING CONSUMER CREDIT, CERTAIN BANK REAL ESTATE IMPROVEMENTS, THE CONNECTICUT UNIFORM SECURITIES ACT, SHARED APPRECIATION AGREEMENTS, INNOVATION BANKS, THE COMMUNITY BANK AND COMMUNITY CREDIT UNION PROGRAM AND TECHNICAL REVISIONS TO THE BANKING STATUTES.

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

1 Section 1. Subsection (c) of section 36a-492 of the 2024 supplement to
2 the general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective October 1, 2024*):

4 (c) The surety company shall have the right to cancel the bond at any
5 time by a written notice to the principal stating the date cancellation
6 shall take effect, provided the surety company notifies the
7 commissioner in writing not less than thirty days prior to the effective
8 date of cancellation. [If the bond is issued electronically on the system,]
9 Such written notice of cancellation [may] shall be provided by the surety
10 company to the principal and the commissioner through the system at
11 least thirty days prior to the date of cancellation. [Any notice of

12 cancellation not provided through the system shall be sent by certified
13 mail to the principal and the commissioner at least thirty days prior to
14 the date of cancellation.] A surety bond shall not be cancelled unless the
15 surety company notifies the commissioner in writing not less than thirty
16 days prior to the effective date of cancellation. After receipt of such
17 notification from the surety company, the commissioner shall give
18 written notice to the principal of the date such bond cancellation shall
19 take effect and such notice shall be deemed notice to each mortgage loan
20 originator licensee sponsored by such principal. The commissioner shall
21 automatically suspend the licenses of a mortgage lender, mortgage
22 correspondent lender or mortgage broker on such date and inactivate
23 the licenses of the mortgage loan originators sponsored by such lender,
24 correspondent lender or broker. In the case of a cancellation of an
25 exempt registrant's bond, the commissioner shall inactivate the licenses
26 of the mortgage loan originators sponsored by such exempt registrant.
27 No automatic suspension or inactivation shall occur if, prior to the date
28 that the bond cancellation shall take effect, (1) the principal submits a
29 letter of reinstatement of the bond from the surety company or a new
30 bond, (2) the mortgage lender, mortgage correspondent lender or
31 mortgage broker licensee has ceased business and has surrendered all
32 licenses in accordance with subsection (a) of section 36a-490, or (3) in the
33 case of a mortgage loan originator licensee, the sponsorship with the
34 mortgage lender, mortgage correspondent lender or mortgage broker
35 who was automatically suspended pursuant to this section or, with the
36 exempt registrant who failed to provide the bond required by this
37 section, has been terminated and a new sponsor has been requested and
38 approved. After a mortgage lender, mortgage correspondent lender or
39 mortgage broker license has been automatically suspended pursuant to
40 this section, the commissioner shall (A) give the licensee notice of the
41 automatic suspension, pending proceedings for revocation or refusal to
42 renew pursuant to section 36a-494 and an opportunity for a hearing on
43 such action in accordance with section 36a-51, as amended by this act,
44 and (B) require such licensee to take or refrain from taking such action
45 as the commissioner deems necessary to effectuate the purposes of this
46 section. The commissioner may provide information to an exempt

47 registrant concerning actions taken by the commissioner pursuant to
48 this subsection against any mortgage loan originator licensee that was
49 sponsored and bonded by such exempt registrant.

50 Sec. 2. Subsection (c) of section 36a-602 of the general statutes is
51 repealed and the following is substituted in lieu thereof (*Effective October*
52 *1, 2024*):

53 (c) The surety company may cancel the bond at any time by a written
54 notice to the licensee and the commissioner, stating the date cancellation
55 shall take effect. [If the bond is issued electronically on the system, such]
56 Such written notice [may] shall be provided by the surety company to
57 the licensee and the commissioner through the system at least thirty
58 days prior to the date of cancellation. [Any notice of cancellation not
59 provided through the system shall be sent by certified mail to the
60 licensee and the commissioner at least thirty days prior to the date of
61 cancellation.] A surety bond shall not be cancelled unless the surety
62 company notifies the commissioner in writing not less than thirty days
63 prior to the effective date of cancellation. After receipt of such
64 notification from the surety company, the commissioner shall give
65 written notice to the licensee of the date such bond cancellation shall
66 take effect. The commissioner shall automatically suspend the license on
67 such date, unless the licensee, prior to such date, submits (1) a letter of
68 reinstatement of the bond from the surety company, (2) a new bond, (3)
69 evidence that all of the principal sum of such surety bond has been
70 invested as provided in subsection (d) of this section, (4) a new bond
71 that replaces the surety bond in part and evidence that the remaining
72 part of the principal sum of such surety bond has been invested as
73 provided in subsection (d) of this section, or (5) evidence that the
74 licensee has ceased business and has surrendered the license. After a
75 license has been automatically suspended, the commissioner shall (A)
76 give the licensee notice of the automatic suspension pending
77 proceedings for revocation or refusal to renew such license and an
78 opportunity for a hearing on such actions in accordance with section
79 36a-51, as amended by this act, and (B) require the licensee to take or
80 refrain from taking such action as the commissioner deems necessary to

81 effectuate the purposes of this section.

82 Sec. 3. Subsection (b) of section 36a-664 of the general statutes is
83 repealed and the following is substituted in lieu thereof (*Effective October*
84 *1, 2024*):

85 (b) The surety shall have the right to cancel any bond filed under
86 subsection (a) of this section at any time by a written notice to the
87 licensee and the commissioner, stating the date cancellation shall take
88 effect. [If such bond is issued electronically on the system,] Such written
89 notice of cancellation [may] shall be provided by the surety to the
90 principal and the commissioner through the system at least thirty days
91 prior to the date of cancellation. [Any notice of cancellation not provided
92 through the system shall be sent by certified mail to the licensee and the
93 commissioner at least thirty days prior to the date of cancellation.] No
94 such bond shall be cancelled unless the surety notifies the commissioner
95 in writing not less than thirty days prior to the effective date of
96 cancellation. After receipt of such notification from the surety, the
97 commissioner shall give written notice to the licensee of the date such
98 bond cancellation shall take effect. The commissioner shall
99 automatically suspend the license on such date, unless prior to such date
100 the licensee submits a letter of reinstatement of the bond from the surety
101 or a new bond or the licensee has surrendered the license. After a license
102 has been automatically suspended, the commissioner shall (1) give the
103 licensee notice of the automatic suspension pending proceedings for
104 revocation or refusal to renew and an opportunity for a hearing on such
105 actions in accordance with section 36a-51, as amended by this act, and
106 (2) require the licensee to take or refrain from taking such action as the
107 commissioner deems necessary to effectuate the purposes of this
108 section.

109 Sec. 4. Subsection (c) of section 36a-671d of the general statutes is
110 repealed and the following is substituted in lieu thereof (*Effective October*
111 *1, 2024*):

112 (c) The surety shall have the right to cancel any bond written or
113 issued under subsection (a) of this section at any time by a written notice

114 to the debt negotiation licensee and the commissioner stating the date
115 cancellation shall take effect. [If such bond is issued electronically on the
116 system,] Such written notice of cancellation [may] shall be provided by
117 the surety to the licensee and the commissioner through the system at
118 least thirty days prior to the date of cancellation. [Any notice of
119 cancellation not provided through the system shall be sent by certified
120 mail to the licensee and the commissioner at least thirty days prior to
121 the date of cancellation.] No such bond shall be cancelled unless the
122 surety notifies the commissioner in writing not less than thirty days
123 prior to the effective date of cancellation. After receipt of such
124 notification from the surety, the commissioner shall give written notice
125 to the debt negotiation licensee of the date such bond cancellation shall
126 take effect. The commissioner shall automatically suspend the licenses
127 of the debt negotiation licensee on such date and inactivate the license
128 of any sponsored mortgage loan originator, unless prior to such date the
129 debt negotiation licensee submits a letter of reinstatement of the bond
130 from the surety or a new bond, surrenders all licenses or, in the case of
131 a mortgage loan originator sponsored by a debt negotiation licensee, the
132 sponsorship has been terminated and a new sponsor has been requested
133 and approved. After a license has been automatically suspended, the
134 commissioner shall (1) give the debt negotiation licensee notice of the
135 automatic suspension pending proceedings for revocation or refusal to
136 renew and an opportunity for a hearing on such actions in accordance
137 with section 36a-51, as amended by this act, and (2) require the debt
138 negotiation licensee to take or refrain from taking such action as the
139 commissioner deems necessary to effectuate the purposes of this
140 section.

141 Sec. 5. Subsection (b) of section 36a-802 of the general statutes is
142 repealed and the following is substituted in lieu thereof (*Effective October*
143 *1, 2024*):

144 (b) The surety company shall have the right to cancel the bond at any
145 time by a written notice to the licensee and the commissioner stating the
146 date cancellation shall take effect. [If the bond is issued electronically on
147 the system,] Such written notice of cancellation [may] shall be provided

148 by the surety company to the licensee and the commissioner through
149 the system at least thirty days prior to the date of cancellation. [Any
150 notice of cancellation not provided through the system shall be sent by
151 certified mail to the licensee and the commissioner at least thirty days
152 prior to the date of cancellation.] A surety bond shall not be cancelled
153 unless the surety company notifies the commissioner in writing not less
154 than thirty days prior to the effective date of cancellation. After receipt
155 of such notification from the surety company, the commissioner shall
156 give written notice to the licensee of the date such bond cancellation
157 shall take effect. The commissioner shall automatically suspend the
158 license on such date, unless the licensee prior to such date submits a
159 letter of reinstatement of the bond from the surety company or a new
160 bond or the licensee has ceased business and has surrendered its license.
161 After a license has been automatically suspended, the commissioner
162 shall (1) give the licensee notice of the automatic suspension pending
163 proceedings for revocation or refusal to renew and an opportunity for a
164 hearing on such actions in accordance with section 36a-51, as amended
165 by this act, and (2) require the licensee to take or refrain from taking
166 such action as the commissioner deems necessary to effectuate the
167 purposes of this section.

168 Sec. 6. Subdivision (2) of subsection (b) of section 36a-490 of the
169 general statutes is repealed and the following is substituted in lieu
170 thereof (*Effective October 1, 2024*):

171 (2) No licensee may use any name other than its legal name or a
172 fictitious name approved by the commissioner, provided such licensee
173 may not use its legal name if the commissioner disapproves use of such
174 name. No licensee shall use any name or address other than the name
175 and address specified on the license issued by the commissioner. A
176 mortgage lender, mortgage correspondent lender, mortgage broker or
177 lead generator licensee may change the name of the licensee or address
178 of the office specified on the most recent filing with the system if (A) at
179 least thirty calendar days prior to such change, the licensee files such
180 change with the system and, in the case of a [main or branch office]
181 change to the legal name of the licensee, provides, directly to the

182 commissioner, a bond rider [or endorsement, or addendum, as
183 applicable,] to the surety bond on file with the commissioner that
184 reflects the new legal name [or address of the main or branch office] of
185 the licensee, and (B) the commissioner does not disapprove such change,
186 in writing, or request further information within such thirty-day period.

187 Sec. 7. Subdivision (2) of subsection (d) of section 36a-598 of the
188 general statutes is repealed and the following is substituted in lieu
189 thereof (*Effective October 1, 2024*):

190 (2) No licensee may use any name other than its legal name or a
191 fictitious name approved by the commissioner, provided such licensee
192 may not use its legal name if the commissioner disapproves use of such
193 name. No licensee shall use any name or address other than the name
194 and address specified on the license issued by the commissioner. A
195 licensee may change the name of the licensee or the address of the office
196 specified on the most recent filing with the system if, (A) at least thirty
197 calendar days prior to such change, the licensee files such change with
198 the system and, in the case of a change to the legal name of the licensee,
199 provides a bond rider [, endorsement or addendum, as applicable,] to
200 the surety bond on file with the commissioner that reflects the new legal
201 name [or address] of the licensee, and (B) the commissioner does not
202 disapprove such change, in writing, or request further information
203 within such thirty-day period.

204 Sec. 8. Subsection (b) of section 36a-658 of the general statutes is
205 repealed and the following is substituted in lieu thereof (*Effective October*
206 *1, 2024*):

207 (b) No licensee shall use any name or address other than the name
208 and address stated on the license issued by the commissioner. No
209 licensee may use any name other than its legal name or a fictitious name
210 approved by the commissioner, provided such licensee may not use its
211 legal name if the commissioner disapproves use of such name. A
212 licensee may change the name of the licensee or address of the office
213 specified on the most recent filing with the system if (1) at least thirty
214 calendar days prior to such change, the licensee files such change with

215 the system and, in the case of a change to the legal name of the licensee,
216 provides to the commissioner a bond rider [, endorsement or
217 addendum, as applicable;] to the surety bond on file with the
218 commissioner that reflects the new legal name of the licensee, and (2)
219 the commissioner does not disapprove such change, in writing, or
220 request further information from the licensee within such thirty-day
221 period.

222 Sec. 9. Subsection (i) of section 36a-671 of the general statutes is
223 repealed and the following is substituted in lieu thereof (*Effective October*
224 *1, 2024*):

225 (i) No licensee may use any name other than its legal name or a
226 fictitious name approved by the commissioner, provided such licensee
227 may not use its legal name if the commissioner disapproves use of such
228 name. No licensee shall use any name or address other than the name
229 and address specified on the license issued by the commissioner. A
230 licensee may change the name of the licensee or the address of the office
231 specified on the most recent filing with the system if, (1) at least thirty
232 calendar days prior to such change, the licensee files such change with
233 the system and, in the case of a change to the legal name of the licensee,
234 provides to the commissioner a bond rider [, endorsement or
235 addendum, as applicable] to the surety bond on file with the
236 commissioner that reflects the new legal name of the licensee, and (2)
237 the commissioner does not disapprove such change, in writing, or
238 request further information within such thirty-day period.

239 Sec. 10. Subsection (b) of section 36a-719a of the general statutes is
240 repealed and the following is substituted in lieu thereof (*Effective October*
241 *1, 2024*):

242 (b) No licensee may use any name other than its legal name or a
243 fictitious name approved by the commissioner, provided such licensee
244 may not use its legal name if the commissioner disapproves use of such
245 name. No licensee shall use any name or address other than the name
246 and address stated on the license issued by the commissioner. A
247 mortgage servicer licensee may change the name of the licensee or

248 address of any office specified on the most recent filing with the system
249 if (1) at least thirty calendar days prior to such change, the licensee files
250 such change with the system and, in the case of a [main office or branch
251 office] change to the legal name of the licensee, provides the
252 commissioner a bond rider [or endorsement, or addendum, as
253 applicable,] to [any] the surety bond [or evidence of errors and
254 omissions coverage] on file with the commissioner that reflects the new
255 legal name [or address of the main office or branch office;] of the
256 licensee, and (2) the commissioner does not disapprove such change, in
257 writing, or request further information within such thirty-day period.

258 Sec. 11. Subsection (i) of section 36a-801 of the general statutes is
259 repealed and the following is substituted in lieu thereof (*Effective October*
260 *1, 2024*):

261 (i) No person licensed to act within this state as a consumer collection
262 agency shall do so under any other name or at any other place of
263 business than that named in the license. No licensee may use any name
264 other than its legal name or a fictitious name approved by the
265 commissioner, provided such licensee may not use its legal name if the
266 commissioner disapproves use of such name. A licensee may change the
267 name of the licensee or address of the office specified on the most recent
268 filing with the system if, at least thirty calendar days prior to such
269 change, (1) the licensee files such change with the system and, in the
270 case of a change to the legal name of the licensee, provides a bond rider
271 [endorsement or addendum, as applicable,] to the surety bond on file
272 with the commissioner that reflects the new legal name [or address] of
273 the licensee, and (2) the commissioner does not disapprove such change,
274 in writing, or request further information from the licensee within such
275 thirty-day period. Not more than one place of business shall be
276 maintained under the same license but the commissioner may issue
277 more than one license to the same licensee upon compliance with the
278 provisions of sections 36a-800 to 36a-814, inclusive, as to each new
279 licensee. A license shall not be transferable or assignable. Any change in
280 any control person of the licensee, except a change of a director, general
281 partner or executive officer that is not the result of an acquisition or

282 change of control of the licensee, shall be the subject of an advance
283 change notice filed on the system at least thirty days prior to the effective
284 date of such change and no such change shall occur without the
285 commissioner's approval. For purposes of this section, "change of
286 control" means any change causing the majority ownership, voting
287 rights or control of a licensee to be held by a different control person or
288 group of control persons. The commissioner may automatically suspend
289 a license for any violation of this subsection. After a license has been
290 automatically suspended pursuant to this section, the commissioner
291 shall (A) give the licensee notice of the automatic suspension, pending
292 proceedings for revocation or refusal to renew pursuant to section 36a-
293 804 and an opportunity for a hearing on such action in accordance with
294 section 36a-51, as amended by this act, and (B) require such licensee to
295 take or refrain from taking such action as the commissioner deems
296 necessary to effectuate the purposes of this section.

297 Sec. 12. Subdivision (2) of section 36a-535 of the general statutes is
298 repealed and the following is substituted in lieu thereof (*Effective October*
299 *1, 2024*):

300 (2) "Sales finance company" means any person engaging in this state
301 in the business, in whole or in part, of (A) acquiring retail installment
302 contracts or installment loan contracts from the holders thereof, by
303 purchase, discount or pledge, or by loan or advance to the holder of
304 either on the security thereof, or otherwise, or (B) receiving payments,
305 [of principal and interest] including, but not limited to, principal,
306 interest or fees, from a retail buyer [under] in connection with a retail
307 installment contract or installment loan contract. "Sales finance
308 company" does not include a bank, out-of-state bank, Connecticut credit
309 union, federal credit union, or out-of-state credit union, if so engaged;

310 Sec. 13. Section 36a-718 of the general statutes is repealed and the
311 following is substituted in lieu thereof (*Effective October 1, 2024*):

312 (a) On and after January 1, 2015, no person shall act as a mortgage
313 servicer, directly or indirectly, without first obtaining a license under
314 section 36a-719 from the commissioner for its main office and for each

315 branch office where such business is conducted, unless such person is
316 exempt from licensure pursuant to subsection (b) of this section. Any
317 activity subject to licensure pursuant to sections 36a-715 to 36a-719l,
318 inclusive, as amended by this act, shall be conducted from an office
319 located in a state, as defined in section 36a-2, as amended by this act.

320 (b) The following persons are exempt from mortgage servicer
321 licensing requirements: (1) Any bank, out-of-state bank, Connecticut
322 credit union, federal credit union or out-of-state credit union, provided
323 such bank or credit union is federally insured; (2) any wholly-owned
324 subsidiary of such bank or credit union; (3) any operating subsidiary
325 where each owner of such operating subsidiary is wholly owned by the
326 same such bank or credit union; (4) any person [licensed as a mortgage
327 lender in this state while] registered as an exempt mortgage servicer
328 registrant pursuant to subsection (d) of this section and acting as a
329 mortgage servicer from a location licensed as a main office or branch
330 office under sections 36a-485 to 36a-498e, inclusive, 36a-534a and 36a-
331 534b [, provided (A) such person meets the supplemental mortgage
332 servicer surety bond, fidelity bond and errors and omissions coverage
333 requirements under section 36a-719c, and (B)] during any period that
334 the [license] registration of the exempt mortgage [lender] servicer
335 registrant in this state has not been suspended; [, such exemption shall
336 not be effective;] and (5) any person licensed as a mortgage
337 correspondent lender in this state while acting as a mortgage servicer
338 with respect to any residential mortgage loan it has made and during
339 the permitted ninety-day holding period for such loan from a location
340 licensed as a main office or branch office under sections 36a-485 to 36a-
341 498e, inclusive, 36a-534a and 36a-534b, provided during any period the
342 license of the mortgage correspondent lender in this state has been
343 suspended, such exemption shall not be effective.

344 (c) The provisions of sections 36a-719e to 36a-719h, inclusive, shall
345 apply to any person, including a person exempt from licensure pursuant
346 to subsection (b) of this section, who acts as a mortgage servicer in this
347 state on or after January 1, 2015.

348 (d) (1) Any person licensed as a mortgage lender in this state shall
349 register on the system as an exempt mortgage servicer registrant prior
350 to acting as a mortgage servicer from any location licensed as a main
351 office or branch office under sections 36a-485 to 36a-498e, inclusive, 36a-
352 534a and 36a-534b. Each registration shall expire at the close of business
353 on December thirty-first of the year in which such registration is
354 approved, unless such registration is renewed, and provided any such
355 registration that is approved on or after November first shall expire at
356 the close of business on December thirty-first of the year following the
357 year in which such registration is approved. An application for renewal
358 of a registration shall be filed between November first and December
359 thirty-first of the year in which the registration expires. Each applicant
360 for an initial registration or renewal of a registration shall meet the
361 supplemental mortgage servicer surety bond, fidelity bond and errors
362 and omissions coverage requirements under section 36a-719c, as
363 amended by this act, and pay to the system any required fees or charges.
364 All fees paid pursuant to this subdivision shall be nonrefundable.

365 (2) The commissioner may suspend, revoke or refuse to renew any
366 exempt mortgage servicer registration or take any other action, in
367 accordance with the provisions of section 36a-51, as amended by this
368 act, if the commissioner finds that the registrant no longer meets the
369 requirements for registration or if the registrant or any control person,
370 trustee, employee or agent of such registrant has: (A) Made any material
371 misstatement in an application; (B) committed any fraud or
372 misappropriated funds; or (C) violated any provision of this title or of
373 any regulation or order adopted or issued pursuant thereto pertaining
374 to such person, or any other law or regulation applicable to the conduct
375 of such registrant's business.

376 Sec. 14. Section 36a-719c of the general statutes is repealed and the
377 following is substituted in lieu thereof (*Effective October 1, 2024*):

378 (a) Each mortgage servicer applicant or licensee and [any person
379 exempt from mortgage servicer licensure pursuant to subdivision (4) of
380 subsection (b) of section 36a-718] exempt mortgage servicer registrant

381 shall file with the commissioner (1) a surety bond, written by a surety
382 authorized to write such bonds in this state, covering its main office and
383 any branch office from which it acts as mortgage servicer, in a penal sum
384 of one hundred thousand dollars per office location in accordance with
385 subsection (b) of this section, (2) a fidelity bond, written by a surety
386 authorized to write such bonds in this state, in accordance with the
387 requirements of subsection (c) of this section, and (3) evidence of errors
388 and omissions coverage, written by a surety authorized to write such
389 coverage in this state, in accordance with the requirements of subsection
390 (c) of this section. No mortgage servicer licensee and no [person
391 otherwise exempt from mortgage servicer licensure pursuant to
392 subdivision (4) of subsection (b) of section 36a-718] exempt mortgage
393 servicer registrant shall act as a mortgage servicer in this state without
394 maintaining the surety bond, fidelity bond and errors and omissions
395 coverage required by this section.

396 (b) The surety bond required by subsection (a) of this section shall be
397 (1) in a form approved by the Attorney General, [;] and (2) conditioned
398 upon the mortgage servicer licensee or [person exempt from mortgage
399 servicer licensure pursuant to subdivision (4) of subsection (b) of section
400 36a-718] exempt mortgage servicer registrant faithfully performing any
401 and all written agreements or commitments with or for the benefit of
402 mortgagors and mortgagees, truly and faithfully accounting for all
403 funds received from a mortgagor or mortgagee in such person's capacity
404 as a mortgage servicer, and conducting such mortgage business
405 consistent with the provisions of sections 36a-715 to 36a-719l, inclusive,
406 as amended by this act. Any mortgagor that may be damaged by the
407 failure of a mortgage servicer licensee or [person exempt from mortgage
408 servicer licensure pursuant to subdivision (4) of subsection (b) of section
409 36a-718] exempt mortgage servicer registrant to perform any written
410 agreements or commitments, or by the wrongful conversion of funds
411 paid by a mortgagor to such licensee or [person] registrant, may proceed
412 on such bond against the principal or surety thereon, or both, to recover
413 damages. The commissioner may proceed on such bond against the
414 principal or surety on such bond, or both, to collect any civil penalty
415 imposed pursuant to subsection (a) of section 36a-50, any restitution

416 imposed pursuant to subsection (c) of section 36a-50 and any unpaid
417 costs of examination of a licensee as determined pursuant to section 36a-
418 65, as amended by this act. The proceeds of the bond, even if
419 commingled with other assets of the principal, shall be deemed by
420 operation of law to be held in trust for the benefit of such claimants
421 against the principal in the event of bankruptcy of the principal and
422 shall be immune from attachment by creditors and judgment creditors.
423 The surety bond shall run concurrently with the period of the license or
424 registration for the main office of the mortgage servicer or exempt
425 mortgage [lender] servicer registrant and the aggregate liability under
426 the bond shall not exceed the penal sum of the bond. The principal shall
427 notify the commissioner of the commencement of an action on the bond.
428 When an action is commenced on a principal's bond, the commissioner
429 may require the filing of a new bond and immediately on recovery on
430 any action on the bond, the principal shall file a new bond.

431 (c) (1) The fidelity bond and errors and omissions coverage required
432 by subsection (a) of this section shall name the commissioner as an
433 additional loss payee on drafts the surety issues to pay for covered
434 losses directly or indirectly incurred by mortgagors of residential
435 mortgage loans serviced by the mortgage servicer or exempt mortgage
436 servicer registrant. The fidelity bond shall cover losses arising from
437 dishonest and fraudulent acts, embezzlement, misplacement, forgery
438 and similar events committed by employees of the mortgage servicer or
439 exempt mortgage servicer registrant. The errors and omissions coverage
440 shall cover losses arising from negligence, errors and omissions by the
441 mortgage servicer or exempt mortgage servicer registrant with respect
442 to the payment of real estate taxes and special assessments, hazard and
443 flood insurance or the maintenance of mortgage and guaranty
444 insurance. The fidelity bond and errors and omissions coverage shall
445 each be in the following principal amounts based on the mortgage
446 servicer's or exempt mortgage servicer registrant's volume of servicing
447 activity most recently reported to the commissioner:

448 [(1)] (A) If the amount of the residential mortgage loans serviced is
449 one hundred million dollars or less, the principal amount shall be at

450 least three hundred thousand dollars; or

451 ~~[(2)] (B)~~ If the amount of such loans exceeds one hundred million
452 dollars, the principal amount shall be at least three hundred thousand
453 dollars plus ~~[(A)] (i)~~ three-twentieths of one per cent of the amount of
454 residential mortgage loans serviced greater than one hundred million
455 dollars but less than or equal to five hundred million dollars; ~~[(B)] (ii)~~
456 plus one-eighth of one per cent of the amount of residential mortgage
457 loans serviced greater than five hundred million dollars but less than or
458 equal to one billion dollars; and ~~[(C)] (iii)~~ plus one-tenth of one per cent
459 of the amount of residential mortgage loans serviced greater than one
460 billion dollars.

461 ~~(2)~~ The fidelity bond and errors and omissions coverage may provide
462 for a deductible amount not to exceed the greater of one hundred
463 thousand dollars or five per cent of the face amount of such bond or
464 coverage.

465 (d) A surety shall have the right to cancel the surety bond, fidelity
466 bond and errors and omissions coverage required by this section at any
467 time by a written notice to the principal and the commissioner stating
468 the date cancellation shall take effect. [If the surety bond required by
469 this section was issued electronically on the system,] Such written notice
470 of cancellation [may] shall be provided by the surety company to the
471 principal and the commissioner through the system at least thirty days
472 prior to the date of cancellation. [Any notice of cancellation not provided
473 through the system shall be sent by certified mail to the principal and
474 the commissioner at least thirty days prior to the date of cancellation.]
475 A surety bond, fidelity bond or errors and omissions coverage shall not
476 be cancelled unless the surety notifies the commissioner, in writing, not
477 less than thirty days prior to the effective date of cancellation. After
478 receipt of such notification from the surety, the commissioner shall give
479 written notice to the principal of the date such cancellation shall take
480 effect. The commissioner shall automatically suspend the license of a
481 mortgage servicer licensee or registration of an exempt mortgage
482 servicer registrant on such date or on any date when a fidelity bond or

483 errors and omissions coverage expires or is no longer in effect. No
484 automatic suspension or inactivation shall occur if, prior to the date that
485 such bond or errors and omissions coverage cancellation or expiration
486 shall take effect, (1) the principal submits a letter of reinstatement of the
487 bond or errors and omissions coverage, or a new bond or errors and
488 omissions policy, [;] or (2) the mortgage servicer licensee or exempt
489 mortgage servicer registrant has ceased business in this state and has
490 surrendered all (A) licenses in accordance with section 36a-51, as
491 amended by this act, and section 36a-719a, as amended by this act, and
492 (B) registrations in accordance with section 36a-718, as amended by this
493 act. After a mortgage servicer license or exempt mortgage servicer
494 registration has been automatically suspended pursuant to this section,
495 the commissioner shall [(A)] (i) give the licensee or registrant notice of
496 the automatic suspension, pending proceedings for revocation or
497 refusal to renew pursuant to section 36a-719j or subsection (d) of section
498 36a-718, as amended by this act, and an opportunity for a hearing on
499 such action in accordance with section 36a-51, as amended by this act,
500 and [(B)] (ii) require such licensee or registrant to take or refrain from
501 taking such action as the commissioner deems necessary to effectuate
502 the purposes of this section. [A person licensed as a mortgage lender in
503 this state] Any exempt mortgage servicer registrant acting as a mortgage
504 servicer from a location licensed as a main office or branch office under
505 sections 36a-485 to 36a-498e, inclusive, 36a-534a and 36a-534b shall
506 cease to be exempt from mortgage servicer licensing requirements in
507 this state upon cancellation or expiration of any surety bond, fidelity
508 bond or errors and omissions coverage required by this section.

509 (e) If the commissioner finds that the financial condition of a
510 mortgage servicer licensee or [mortgage lender licensee] exempt
511 mortgage servicer registrant so requires, as evidenced by the reduction
512 of tangible net worth, financial losses or potential losses as a result of a
513 violation of sections 36a-715 to 36a-719k, inclusive, as amended by this
514 act, the commissioner may require one or more additional bonds
515 meeting the standards set forth in this section. The mortgage servicer
516 licensee or exempt mortgage servicer registrant shall file any such
517 additional bonds not later than ten days after receipt of the

518 commissioner's written notice of such requirement. A mortgage servicer
519 licensee or exempt mortgage [lender licensee] servicer registrant shall
520 file, as the commissioner may require, any bond rider or endorsement
521 or addendum, as applicable, to any bond or evidence of errors and
522 omissions coverage on file with the commissioner to reflect any changes
523 necessary to maintain the surety bond, fidelity bond and errors and
524 omissions coverage required by this section.

525 Sec. 15. Section 36a-850a of the general statutes is repealed and the
526 following is substituted in lieu thereof (*Effective October 1, 2024*):

527 (a) [In] Any person servicing a private student education loan,
528 including, but not limited to, a private student education loan servicer,
529 private education lender and private education loan creditor, shall:

530 (1) Prior to sending the first billing statement on a private student
531 education loan or immediately upon receipt of a private student
532 education loan following the transfer or assignment of such private
533 student education loan, provide to the student loan borrower, and to
534 any cosigner of such private student education loan, information
535 concerning the rights and responsibilities of such student loan borrower
536 and cosigner, including information regarding (A) how such private
537 student education loan obligation will appear on the cosigner's
538 consumer report, (B) how the cosigner will be notified if the private
539 student education loan becomes delinquent, including how the cosigner
540 can cure the delinquency in order to avoid negative credit furnishing
541 and loss of cosigner release eligibility, and (C) eligibility for release of
542 the cosigner's obligation on such private student education loan,
543 including number of on-time payments and any other criteria required
544 to approve the release of the cosigner from the loan obligation;

545 (2) Send annual written notice to all student loan borrowers and
546 cosigners relating to information about cosigner release, including the
547 criteria [the private student education loan servicer requires] necessary
548 to approve the release of a cosigner from a private student education
549 loan obligation and the process for applying for cosigner release;

550 (3) Upon satisfaction by the student loan borrower of the applicable
551 consecutive on-time payment requirement for purposes of cosigner
552 release eligibility, send, in writing, to such student loan borrower and
553 cosigner (A) a notification that such consecutive on-time payment
554 requirement has been satisfied and that such cosigner may be eligible
555 for cosigner release, and (B) information relating to the procedure for
556 applying for cosigner release and any additional criteria that a cosigner
557 must satisfy in order to be eligible for cosigner release. Such notification
558 and information shall be sent by either United States mail or electronic
559 mail, provided such student loan borrower has elected to receive
560 electronic communications from the [private student education loan
561 servicer] person servicing the private student education loan;

562 (4) In the event that an application for a cosigner release is
563 incomplete, provide, in writing, (A) notice to the student loan borrower
564 and cosigner that such application is incomplete, and (B) a description
565 of the information that is missing or the additional information that is
566 needed to consider the application complete and the date by which the
567 borrower or cosigner are required to provide such information;

568 (5) Not later than thirty days following the submission of an
569 application for cosigner release, send to the student loan borrower and
570 cosigner a written notice of the decision that such application has been
571 approved or denied. If the application for cosigner release has been
572 denied, such written notice shall (A) inform such student loan borrower
573 and cosigner that such student loan borrower and cosigner have the
574 right to request all documents and information used [by the private
575 student education loan servicer in its] in the decision to deny such
576 application, including [the] any credit score threshold used, [by the
577 private student education loan servicer,] the consumer report of such
578 student loan borrower or cosigner, the credit score of such student loan
579 borrower or cosigner [,] and any other documents that are relevant or
580 specific to such student loan borrower or cosigner, [, The private student
581 education loan servicer shall provide such student loan borrower and
582 cosigner with] and (B) include (i) any adverse action notices required
583 under federal law if the denial of such application was based in whole

584 or in part on any information contained in a consumer report, and (ii)
585 the information described in subdivision (2) of this subsection;

586 [(6) Include the information described in subdivision (2) of this
587 section in any response to an application for cosigner release;

588 (7) Refrain from imposing any restrictions on a student loan borrower
589 or cosigner that may permanently prevent such student loan borrower
590 or cosigner from qualifying for a cosigner release, including, but not
591 limited to, restrictions on the number of times a student loan borrower
592 or cosigner may apply for cosigner release;

593 (8) Refrain from imposing any negative consequences on a student
594 loan borrower or cosigner during the sixty days following issuance of
595 the notice described in subdivision (4) of this section, or until a final
596 decision concerning a student loan borrower or cosigner's application
597 for cosigner release is made. For purposes of this subdivision, "negative
598 consequences" includes, but is not limited to, the imposition of
599 additional eligibility criteria, negative credit reporting, lost eligibility for
600 a cosigner release, late fees, interest capitalization or other financial
601 penalties or injury;

602 (9) Refrain from requiring a student loan borrower to make more than
603 twelve consecutive on-time payments as part of the eligibility criteria
604 for cosigner release. Such private student education loan servicer shall
605 consider any student loan borrower who has paid the equivalent of
606 twelve months of principal and interest during any twelve-month
607 period to have satisfied the consecutive on-time payment requirement,
608 even if such student loan borrower has not made payments monthly
609 during such twelve-month period;]

610 [(10)] (6) Upon receipt of a request by a student loan borrower or
611 cosigner to a change that results in restarting the count of consecutive
612 on-time payments required for cosigner release eligibility, provide to
613 such student loan borrower and cosigner written notification of the
614 impact of such change on cosigner release eligibility and an opportunity
615 to withdraw or reverse such change for purposes of avoiding such

616 impact;

617 [(11)] (7) Provide a student loan borrower or cosigner (A) the right to
618 request an appeal of a determination to deny a cosigner release
619 application, (B) an opportunity to submit additional information or
620 documentation evidencing that such student loan borrower has the
621 ability, willingness and stability to make his or her payment obligations,
622 and (C) the right to request that a different employee [of the private
623 student education loan servicer] review and make a determination on
624 the application for a cosigner release;

625 [(12)] (8) Establish and maintain a comprehensive record
626 management system reasonably designed to ensure the accuracy,
627 integrity and completeness of data and other information about cosigner
628 release applications. Such system shall include the number of cosigner
629 release applications received, the approval and denial rate of such
630 applications and the primary reasons for denial of such applications;

631 [(13)] In the event that a cosigner has a total and permanent disability,
632 as determined by any federal or state agency or doctor of medicine or
633 osteopathy legally authorized to practice in the state, and unless
634 otherwise expressly prohibited under the terms of a private student
635 education loan agreement, (A) release the cosigner from his or her
636 obligation to repay the private student education loan upon receipt of
637 notification that such cosigner has a total and permanent disability, and
638 (B) refrain from requiring that a new cosigner be added to such private
639 student education loan after the original cosigner has been released
640 from such private student education loan;]

641 [(14)] (9) Provide the cosigner of a private student education loan
642 with access to the same documents and records associated with the
643 private student education loan that are available to the student loan
644 borrower of such private student education loan; and

645 [(15)] (10) If a student loan borrower has electronic access to
646 documents and records associated with a private student education
647 loan, provide equivalent electronic access to such documents and

648 records to the cosigner of such private student education loan.

649 (b) Any person that makes or extends a private student education
650 loan on or after October 1, 2024, shall provide, consistent with the terms
651 of this subsection, options for cosigner release on such private student
652 education loan upon the satisfaction of certain criteria, including, but
653 not limited to, twelve consecutive on-time payments by the student loan
654 borrower or in the event of total and permanent disability of the
655 cosigner. On and after October 1, 2024, no person that makes, extends
656 or owns one or more private student education loans, including, but not
657 limited to, any private education lender or private education loan
658 creditor, directly or indirectly, shall:

659 (1) Impose any restriction on a student loan borrower or cosigner that
660 may permanently prevent such student loan borrower or cosigner from
661 qualifying for a cosigner release, including, but not limited to, any
662 restriction on the number of times a student loan borrower or cosigner
663 may apply for a cosigner release;

664 (2) Impose any negative consequence on a student loan borrower or
665 cosigner during the sixty-day period following issuance of the notice
666 described in subparagraph (A) of subdivision (4) of subsection (a) of this
667 section, or until a final decision concerning a student loan borrower or
668 cosigner's application for a cosigner release has been made. For
669 purposes of this subdivision, "negative consequence" includes, but is not
670 limited to, the imposition of any additional eligibility criteria, negative
671 credit reporting, lost eligibility for a cosigner release, late fee, interest
672 capitalization or any other financial penalty or injury;

673 (3) Require a student loan borrower to make more than twelve
674 consecutive on-time payments as part of the eligibility criteria for a
675 cosigner release. A private student education loan servicer shall
676 consider any student loan borrower who has paid the equivalent of
677 twelve months of principal and interest during any twelve-month
678 period to have satisfied the consecutive on-time payment requirement,
679 even if such student loan borrower has not made monthly payments
680 during such twelve-month period; or

681 (4) In the event that a cosigner is totally and permanently disabled, as
682 determined by any federal or state agency or doctor of medicine or
683 osteopathy legally authorized to practice in this state, (A) refuse to
684 release the cosigner from his or her obligation to repay the private
685 student education loan upon receipt of notification that such cosigner is
686 totally and permanently disabled, or (B) require that a new cosigner be
687 added to such private student education loan after the original cosigner
688 has been released.

689 [(b)] (c) The provisions of [subsection (a) of] this section shall not
690 apply to the following persons: (1) Any bank, out-of-state bank that has
691 a physical presence in the state, Connecticut credit union, federal credit
692 union or out-of-state credit union; (2) any wholly owned subsidiary of
693 any such bank or credit union; (3) any operating subsidiary where each
694 owner of such operating subsidiary is wholly owned by the same bank
695 or credit union; and (4) the Connecticut Higher Education Supplemental
696 Loan Authority.

697 Sec. 16. Section 36a-51 of the general statutes is repealed and the
698 following is substituted in lieu thereof (*Effective October 1, 2024*):

699 (a) The commissioner may suspend, revoke or refuse to renew any
700 license or registration issued by the commissioner under any provision
701 of the general statutes by sending a notice to the licensee or registrant
702 by registered or certified mail, return receipt requested, or by any
703 express delivery carrier that provides a dated delivery receipt, or by
704 personal delivery, as defined in section 4-166, in accordance with section
705 36a-52a. The notice shall be deemed received by the licensee or
706 registrant on the earlier of the date of actual receipt or seven days after
707 mailing or sending, and in the case of a notice sent by electronic mail,
708 the notice shall be deemed received by the licensee or registrant in
709 accordance with section 36a-52a. Any such notice shall include: (1) A
710 statement of the time, place, and nature of the hearing; (2) a statement
711 of the legal authority and jurisdiction under which the hearing is to be
712 held; (3) a reference to the particular sections of the general statutes,
713 regulations, rules or orders involved; (4) a short and plain statement of

714 the matters asserted; and (5) a statement indicating that the licensee or
715 registrant may file a written request for a hearing on the matters
716 asserted within fourteen days of receipt of the notice. If the
717 commissioner finds that public health, safety or welfare imperatively
718 requires emergency action, and incorporates a finding to that effect in
719 the notice, the commissioner may order summary suspension of a
720 license or registration in accordance with subsection (c) of section 4-182
721 and require the licensee or registrant to take or refrain from taking such
722 action as in the opinion of the commissioner will effectuate the purposes
723 of this section, pending proceedings for suspension, revocation or
724 refusal to renew.

725 (b) If a hearing is requested within the time specified in the notice,
726 the commissioner shall hold a hearing upon the matters asserted in the
727 notice unless the licensee or registrant fails to appear at the hearing.
728 After the hearing, the commissioner shall suspend, revoke or refuse to
729 renew the license or registration for any reason set forth in the
730 applicable licensing or registration provisions of the general statutes if
731 the commissioner finds sufficient grounds exist for such suspension,
732 revocation or refusal to renew. If the licensee or registrant does not
733 request a hearing within the time specified in the notice or fails to appear
734 at the hearing, the commissioner shall suspend, revoke or refuse to
735 renew the license or registration. No such license or registration shall be
736 suspended or revoked except in accordance with the provisions of
737 chapter 54.

738 (c) (1) Any licensee or registrant may surrender any license or
739 registration issued by the commissioner under any provision of the
740 general statutes by surrendering the license or registration to the
741 commissioner in person or by registered or certified mail, provided, in
742 the case of a license or registration issued through the system, as defined
743 in section 36a-2, as amended by this act, such surrender shall be initiated
744 by filing a request to surrender on the system. No surrender on the
745 system shall be effective until the request to surrender is accepted by the
746 commissioner. Surrender of a license or registration shall not affect the
747 licensee's or registrant's civil or criminal liability, or affect the

748 commissioner's ability to impose an administrative penalty on the
749 licensee or registrant pursuant to section 36a-50 for acts committed prior
750 to the surrender. If, prior to receiving the license or registration, or, in
751 the case of a license or registration issued through the system prior to
752 the filing of a request to surrender a license or registration, the
753 commissioner has instituted a proceeding to suspend, revoke or refuse
754 to renew such license or registration, such surrender or request to
755 surrender will not become effective except at such time and under such
756 conditions as the commissioner by order determines. If no proceeding
757 is pending or has been instituted by the commissioner at the time of
758 surrender, or, in the case of a license or registration issued through the
759 system, at the time a request to surrender is filed, the commissioner may
760 still institute a proceeding to suspend, revoke or refuse to renew a
761 license or registration under subsection (a) of this section up to the date
762 one year after the date of receipt of the license or registration by the
763 commissioner, or, in the case of a license or registration issued through
764 the system, up to the date one year after the date of the acceptance by
765 the commissioner of a request to surrender a license or registration.

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

772 (3) Withdrawal of an application for a license or registration filed on
773 the system shall become effective upon receipt by the commissioner of
774 a notice of intent to withdraw such application. The commissioner may
775 deny a license or registration up to the date one year after the effective
776 date of withdrawal.

777 (d) The provisions of this section shall not apply to chapters 672a,
778 672b and 672c.

779 Sec. 17. Subsection (a) of section 36a-556 of the 2024 supplement to
780 the general statutes is repealed and the following is substituted in lieu

781 thereof (*Effective October 1, 2024*):

782 (a) Without having first obtained a small loan license from the
783 commissioner pursuant to section 36a-565, no person shall, by any
784 method, including, but not limited to, mail, telephone, Internet or other
785 electronic means, unless exempt pursuant to section 36a-557:

786 (1) Make a small loan to a Connecticut borrower;

787 (2) Offer, solicit, broker, directly or indirectly arrange, place or find a
788 small loan for a prospective Connecticut borrower;

789 (3) Engage in any other activity intended to assist a prospective
790 Connecticut borrower in obtaining a small loan, including, but not
791 limited to, generating leads;

792 (4) Receive payments, [of] including, but not limited to, payments for
793 principal, [and] interest or fees, from a Connecticut borrower in
794 connection with a small loan; [made to a Connecticut borrower;]

795 (5) Purchase, acquire or receive assignment of a small loan made to a
796 Connecticut borrower; and

797 (6) Advertise or cause to be advertised in this state a small loan or any
798 of the services described in subdivisions (1) to (5), inclusive, of this
799 subsection.

800 Sec. 18. Section 36a-715 of the general statutes is repealed and the
801 following is substituted in lieu thereof (*Effective October 1, 2024*):

802 As used in sections 36a-715 to 36a-719l, inclusive, as amended by this
803 act, unless the context otherwise requires:

804 (1) "Advertise or advertising", "control person", "individual", "main
805 office", "mortgage broker", "mortgage correspondent lender", "mortgage
806 lender", "office", "person" and "unique identifier" have the same
807 meanings as provided in section 36a-485.

808 [(1)] (2) "Branch office" means a location other than the main office at

809 which a licensee or any person on behalf of a licensee acts as a mortgage
810 servicer.

811 [(2) The terms "advertise or advertising", "control person",
812 "individual", "main office", "mortgage broker", "mortgage
813 correspondent lender", "mortgage lender", "office", "person" and
814 "unique identifier" have the same meanings as provided in section 36a-
815 485.]

816 (3) "Mortgage servicer" (A) means any person, wherever located,
817 who, for such person or on behalf of the holder of a residential mortgage
818 loan, receives payments, [of] including, but not limited to, payments for
819 principal, [and] interest or fees, in connection with a residential
820 mortgage loan, records such payments on such person's books and
821 records and performs such other administrative functions as may be
822 necessary to properly carry out the mortgage holder's obligations under
823 the mortgage agreement including, when applicable, the receipt of
824 funds from the mortgagor to be held in escrow for payment of real estate
825 taxes and insurance premiums and the distribution of such funds to the
826 taxing authority and insurance company, and (B) includes a person who
827 makes payments to borrowers pursuant to the terms of a home equity
828 conversion mortgage or reverse mortgage.

829 (4) "Mortgagee" means the grantee of a residential mortgage,
830 provided if the residential mortgage has been assigned of record,
831 "mortgagee" means the last person to whom the residential mortgage
832 has been assigned of record.

833 (5) "Mortgagor" means any person obligated to repay a residential
834 mortgage loan.

835 (6) "Residential mortgage loan" means any loan primarily for
836 personal, family or household use that is secured by a mortgage, deed
837 of trust or other equivalent consensual security interest on a dwelling,
838 as defined in Section 103 of the Consumer Credit Protection Act, 15 USC
839 1602, located in this state, or real property located in this state upon
840 which is constructed or intended to be constructed a dwelling.

841 Sec. 19. Section 36a-846 of the 2024 supplement to the general statutes
842 is repealed and the following is substituted in lieu thereof (*Effective*
843 *October 1, 2024*):

844 As used in this section and sections 36a-847 to 36a-855, inclusive:

845 (1) "Advertise" or "advertising" has the same meaning as provided in
846 section 36a-485;

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

850 (3) "Consumer report" has the same meaning as provided in Section
851 603(d) of the Fair Credit Reporting Act, 15 USC [L] 1681a, as amended
852 from time to time;

853 (4) "Control person" has the same meaning as provided in section 36a-
854 485;

855 (5) "Cosigner" has the same meaning as provided in 15 USC 1650(a),
856 as amended from time to time;

857 (6) "Federal student education loan" means any student education
858 loan (A) (i) made pursuant to the William D. Ford Federal Direct Loan
859 Program, 20 USC 1087a, et seq., as amended from time to time, or (ii)
860 purchased by the United States Department of Education pursuant to 20
861 USC 1087i-1(a), as amended from time to time, and (B) owned by the
862 United States Department of Education;

863 (7) "Federal student loan servicer" means any student loan servicer
864 responsible for the servicing of a federal student education loan to a
865 student loan borrower pursuant to a contract awarded by the United
866 States Department of Education under 20 USC 1087f, as amended from
867 time to time;

868 (8) "Main office" has the same meaning as provided in section 36a-
869 485;

870 (9) "Private student education loan" means any student education
871 loan that is not a federal student education loan;

872 (10) "Private student education loan servicer" means any student loan
873 servicer responsible for the servicing of a private student education loan
874 to a student loan borrower;

875 (11) "Student loan borrower" means any individual who resides
876 within this state who has agreed to repay a student education loan;

877 (12) "Student loan servicer" means any person, wherever located,
878 responsible for the servicing of any student education loan to any
879 student loan borrower;

880 (13) "Servicing" means (A) receiving any [scheduled periodic]
881 payments from a student loan borrower pursuant to the terms of a
882 student education loan, [;] (B) applying the payments of principal and
883 interest and such other payments with respect to the amounts received
884 from a student loan borrower, as may be required pursuant to the terms
885 of a student education loan, [;] (C) maintaining account records for and
886 communicating with the student loan borrower concerning the student
887 education loan during the period when no [scheduled periodic]
888 payments are required, [;] (D) interacting with a student loan borrower
889 for purposes of facilitating the servicing of a student education loan,
890 including, but not limited to, assisting a student loan borrower to
891 prevent such borrower from defaulting on obligations arising from the
892 student education loan, [;] or (E) performing other administrative
893 services with respect to a student education loan;

894 (14) "Student education loan" means any loan primarily for personal
895 use to finance education or other school-related expenses; and

896 (15) "Unique identifier" has the same meaning as provided in section
897 36a-485.

898 Sec. 20. Subsection (d) of section 36a-487 of the general statutes is
899 repealed and the following is substituted in lieu thereof (*Effective October*
900 *1, 2024*):

901 (d) Any person claiming exemption from licensure under this section
902 may register on the system as an exempt registrant for purposes of
903 sponsoring a mortgage loan originator or a loan processor or
904 underwriter pursuant to subdivision (1) of subsection (b) of section 36a-
905 486. Such registration shall not affect the exempt status of such person.
906 Each registration shall expire at the close of business on December
907 thirty-first of the year in which such registration is approved, unless
908 such registration is renewed, and provided any such registration that is
909 approved on or after November first shall expire at the close of business
910 on December thirty-first of the year following the year in which such
911 registration is approved. An application for renewal of a registration
912 shall be filed between November first and December thirty-first of the
913 year in which the registration expires. Each applicant for an initial
914 registration or renewal of a registration shall pay to the system any
915 required fees or charges. All fees paid pursuant to this subsection shall
916 be nonrefundable. Any approval of such registration, or any approval
917 of any renewal of such registration, shall not constitute a determination
918 by the commissioner that such entity is exempt, but rather shall
919 evidence the commissioner's approval to use the system for purposes of
920 sponsoring and bonding.

921 Sec. 21. Subdivisions (8) to (33), inclusive, of subsection (a) of section
922 36a-250 of the 2024 supplement to the general statutes are repealed and
923 the following is substituted in lieu thereof (*Effective October 1, 2024*):

924 (8) Act as agent or [attorney in fact] attorney-in-fact for the holders of
925 securities or the owners of real estate;

926 (9) Act as transfer agent or registrar of stocks and bonds;

927 (10) Execute and deliver signature guaranties as may be incidental or
928 usual in the transfer of investment securities;

929 (11) Act as agent, fiscal agent or trustee for any corporation or for
930 holders of bonds, notes or other securities, and pledge assets to secure
931 deposits in its banking department when (A) made by it as trustee under
932 a trust indenture for the holders of revenue bonds issued by this state,

933 any municipality, district, municipal corporation or authority or
934 political subdivision thereof, and the express provisions of the authority
935 or its political subdivision, and the express provisions of the trust
936 indenture require the deposit to be so secured, (B) made by it as fiscal
937 agent for a housing authority in connection with a federally-assisted
938 housing project and federal regulations or other requirements call for
939 the deposits to be so secured, or (C) made by it to secure deposits in
940 individual retirement accounts and qualified retirement plan accounts,
941 established in accordance with the applicable provisions of the Internal
942 Revenue Code of 1986, or any prior or subsequent corresponding
943 internal revenue code of the United States, as from time to time
944 amended, where such deposits exceed the maximum of federal deposit
945 insurance available for such accounts;

946 (12) Act as fiscal agent for this state or any of its political subdivisions
947 when authorized by the executive head of this state or of the political
948 subdivision;

949 (13) Act as agent (A) in the collection of taxes for any qualified
950 treasurer of any taxing district or qualified collector of taxes, or (B) for
951 any electric distribution, gas, water or telephone company operating
952 within this state in receiving moneys due that company for utility
953 services furnished by it;

954 (14) Act as agent for the sale, issue and redemption of obligations of
955 the United States and pledge assets to the United States or to the proper
956 federal reserve bank for its obligations as that agent;

957 (15) (A) Act as agent for an insured depository institution affiliate in
958 receiving deposits, renewing time deposits, closing loans, servicing
959 loans and receiving payments on loans and other obligations, and in so
960 doing shall not be considered to be a branch of such affiliate;

961 (B) A Connecticut bank may not conduct any activity as an agent
962 under subparagraph (A) of this subdivision which such bank is
963 prohibited from conducting as a principal;

964 (16) Act as treasurer of any organization exempt from federal income
965 taxation under Section 501 of the Internal Revenue Code of 1986, or any
966 subsequent corresponding internal revenue code of the United States,
967 as from time to time amended;

968 (17) Establish a charitable fund, either in the form of a charitable trust
969 or a nonprofit corporation to assist in making charitable contributions,
970 provided (A) the trust or nonprofit corporation is exempt from federal
971 income taxation and may accept charitable contributions under Section
972 501 of the Internal Revenue Code of 1986, or any subsequent
973 corresponding internal revenue code of the United States, as from time
974 to time amended, (B) the trust or nonprofit corporation's operations
975 shall be disclosed fully to the commissioner upon request, and (C) the
976 trust department of the bank or one or more directors or officers of the
977 bank act as trustees or directors of the fund;

978 (18) In the discretion of a majority of its governing board, make
979 contributions or gifts to or for the use of any corporation, trust or
980 community chest, fund or foundation created or organized under the
981 laws of the United States or of this state and organized and operated
982 exclusively for charitable, educational or public welfare purposes, or of
983 any hospital which is located in this state and which is exempt from
984 federal income taxes and to which contributions are deductible under
985 Section 501(c) of the Internal Revenue Code of 1986, or any subsequent
986 corresponding internal revenue code of the United States, as from time
987 to time amended;

988 (19) Discount, purchase and sell accounts receivable, negotiable and
989 nonnegotiable promissory notes, drafts, bills of exchange and other
990 forms of indebtedness;

991 (20) (A) Accept for payment at future dates drafts drawn upon it, and
992 (B) except as provided in section 36a-299, sell or issue without charge
993 negotiable checks or drafts drawn by or on the bank. Negotiable checks
994 or drafts drawn, sold or issued by a bank may be drawn on that bank or
995 be payable by or through another bank or out-of-state bank;

996 (21) Make secured and unsecured loans and issue letters of credit as
997 authorized by and subject to section 36a-260;

998 (22) (A) Issue credit cards and debit cards and enter into card
999 agreements with the bank's card holders and with other card issuers, (B)
1000 lend money to individuals, honor drafts and similar orders drawn or
1001 accepted, whether by written instrument or electronic transmission, and
1002 pay and agree to pay obligations incurred in connection with those
1003 agreements, (C) become affiliated with any credit card corporation or
1004 association, and (D) subject to sections 36a-155 to 36a-159, inclusive,
1005 where applicable, provide electronic fund transfer facilities and services
1006 and enter into agreements with customers and other persons regarding
1007 the provision of such facilities;

1008 (23) Provide virtual banking services to customers as provided in
1009 section 36a-170;

1010 (24) Contract for and pay the premiums upon life insurance in the
1011 amount of the unpaid balance due on loans;

1012 (25) Borrow money and pledge assets therefor, and pledge assets to
1013 secure trust funds on deposit awaiting investment;

1014 (26) Enter into leases of personal property acquired upon the specific
1015 request of and for the use of a prospective lessee;

1016 (27) Make investments as authorized by this title;

1017 (28) Sell to any person, including any state or federal agency or
1018 instrumentality, any loan or group of loans legally owned by the bank,
1019 repurchase any such loan or group of loans, and act as collecting,
1020 remitting and servicing agent in connection with any such loans and
1021 charge for its acts as agent. Any such bank is authorized to purchase the
1022 minimum amount of capital stock of the applicable agency or
1023 instrumentality if required by that entity to be purchased in connection
1024 with the assignment of loans to that entity and to hold and dispose of
1025 that stock;

1026 (29) With the approval of the commissioner, deal in and underwrite,
1027 to the same extent as is permitted to a national banking association,
1028 obligations of: (A) The United States or any of its agencies; (B) any state
1029 or any political subdivision or instrumentality of the state; or (C)
1030 Canada, any province of Canada or any political subdivision of Canada;

1031 (30) Issue and sell securities which (A) are guaranteed by the Federal
1032 National Mortgage Association or any other agency or instrumentality
1033 authorized by state or federal law to create a secondary market with
1034 respect to loans of the type originated by the bank, or (B) subject to the
1035 approval of the commissioner, relate to loans originated by the bank and
1036 are guaranteed or insured by a financial guaranty insurance company
1037 or comparable private entity;

1038 (31) Subject to the approval of the commissioner, authorize the
1039 issuance and sale of evidences of indebtedness, including debentures,
1040 debt instruments of all maturities and capital notes, at such times, in
1041 such amount and upon such terms as are determined by the governing
1042 board, provided the issuance of such evidences of indebtedness which
1043 are payable on demand or mature within five years of their issuance or
1044 which are effected in the ordinary course of business do not require the
1045 approval of the commissioner. The proceeds of such evidences of
1046 indebtedness which mature after five years of their issuance which are
1047 subordinate to the claims of depositors upon liquidation of the bank
1048 shall be considered part of its capital for the purpose of computing any
1049 loan, deposit or investment limitation under this title;

1050 (32) With the approval of and upon such conditions and under such
1051 regulations as may be prescribed or adopted by the commissioner,
1052 establish and maintain one or more mutual funds and offer to the public
1053 shares or participations therein;

1054 (33) (A) With the written approval of the commissioner, acquire, alter
1055 or improve real estate for present or future use in the business of the
1056 bank. Such approval shall not be required in case of the alteration or
1057 improvement of real estate already owned or leased by the bank or a
1058 corporation controlled by [it] the bank as provided in subsection (d) of

1059 section 36a-276, if (i) the bank is adequately capitalized, as defined in 12
1060 CFR 324.403, as amended from time to time, and is not the subject of a
1061 pending formal enforcement action by (I) the commissioner under 36a-
1062 50, or (II) the Federal Deposit Insurance Corporation, or (ii) the
1063 expenditure for such purposes does not in any one calendar year exceed
1064 five per cent of the bank's capital and surplus or seven hundred fifty
1065 thousand dollars, whichever is less;

1066 (B) With the written approval of the commissioner, purchase real
1067 estate adjoining any parcel of real estate then owned by it and acquired
1068 in the usual course of business, provided the aggregate of all
1069 investments and loans authorized in this subparagraph and in
1070 subparagraph (A) of this subdivision and in the equipment used by such
1071 bank in its operations, together with the amount of any indebtedness
1072 incurred by any corporation holding real estate of the bank and such
1073 bank's proportionate share, computed according to stock ownership, of
1074 any indebtedness incurred by any service corporation, does not exceed
1075 fifty per cent of the capital and surplus of the bank, unless the
1076 commissioner finds that the rental income from any part of the premises
1077 not occupied by the bank will be sufficient to warrant larger investment;

1078 Sec. 22. Section 36b-6 of the general statutes is repealed and the
1079 following is substituted in lieu thereof (*Effective from passage*):

1080 (a) [No] Except as provided in subsection (f) of this section, no person
1081 shall transact business in this state as a broker-dealer unless such person
1082 is registered under sections 36b-2 to 36b-34, inclusive. No person shall
1083 transact business in this state as a broker-dealer in contravention of a
1084 sanction that is currently effective imposed by the Securities and
1085 Exchange Commission or by a self-regulatory organization of which
1086 such person is a member if the sanction would prohibit such person
1087 from effecting transactions in securities in this state. No individual shall
1088 transact business as an agent in this state unless such individual is (1)
1089 registered as an agent of the broker-dealer or issuer whom such
1090 individual represents in transacting such business, or (2) an associated
1091 person who represents a broker-dealer in effecting transactions

1092 described in subdivisions (3) and (4) of Section 15(i) of the Securities
1093 Exchange Act of 1934. No individual shall transact business in this state
1094 as an agent of a broker-dealer in contravention of a sanction that is
1095 currently effective imposed by the Securities and Exchange Commission
1096 or a self-regulatory organization of which the employing broker-dealer
1097 is a member if the sanction would prohibit the individual employed by
1098 such broker-dealer from effecting transactions in securities in this state.

1099 (b) No issuer shall employ an agent unless such agent is registered
1100 under sections 36b-2 to 36b-34, inclusive. No broker-dealer shall employ
1101 an agent unless such agent is (1) registered under sections 36b-2 to 36b-
1102 34, inclusive, or (2) an associated person who represents a broker-dealer
1103 in effecting transactions described in subdivisions (2) and (3) of Section
1104 15(h) of the Securities Exchange Act of 1934. The registration of an agent
1105 is not effective during any period when such agent is not associated with
1106 a particular broker-dealer registered under sections 36b-2 to 36b-34,
1107 inclusive, or a particular issuer. When an agent begins or terminates a
1108 connection with a broker-dealer or issuer, or begins or terminates those
1109 activities which make such individual an agent, both the agent and the
1110 broker-dealer or issuer shall promptly notify the commissioner.

1111 (c) (1) No person shall transact business in this state as an investment
1112 adviser unless registered as such by the commissioner as provided in
1113 sections 36b-2 to 36b-34, inclusive, or exempted pursuant to subsection
1114 (e) of this section. No person shall transact business, directly or
1115 indirectly, in this state as an investment adviser if the registration of
1116 such investment adviser is suspended or revoked or, in the case of an
1117 investment adviser who is an individual, the investment adviser is
1118 barred from employment or association with an investment adviser or
1119 broker-dealer by order of the commissioner, the Securities and
1120 Exchange Commission or a self-regulatory organization.

1121 (2) No individual shall transact business in this state as an investment
1122 adviser agent unless such individual is registered as an investment
1123 adviser agent of the investment adviser for which such individual acts
1124 in transacting such business. An investment adviser agent registered

1125 under sections 36b-2 to 36b-34, inclusive, who refers advisory clients to
1126 another investment adviser registered under said sections 36b-2 to 36b-
1127 34, inclusive, or to an investment adviser registered with the Securities
1128 and Exchange Commission that has filed a notice under subsection (e)
1129 of this section, is not required to register as an investment adviser agent
1130 of such investment adviser if the only compensation paid for such
1131 referral services is paid to the investment adviser with whom the
1132 individual is employed or associated. No individual shall transact
1133 business, directly or indirectly, in this state as an investment adviser
1134 agent on behalf of an investment adviser if the registration of such
1135 individual as an investment adviser agent is suspended or revoked or
1136 the individual is barred from employment or association with an
1137 investment adviser by an order of the commissioner, the Securities and
1138 Exchange Commission or a self-regulatory organization.

1139 (3) No investment adviser shall engage an investment adviser agent
1140 unless such investment adviser agent is registered under sections 36b-2
1141 to 36b-34, inclusive. The registration of an investment adviser agent is
1142 not effective during any period when such investment adviser agent is
1143 not associated with a particular investment adviser. When an
1144 investment adviser agent begins or terminates a connection with an
1145 investment adviser, both the investment adviser agent and the
1146 investment adviser shall promptly notify the commissioner. If an
1147 investment adviser or investment adviser agent provides such notice,
1148 such investment adviser or investment adviser agent shall not be liable
1149 for the failure of the other to give such notice.

1150 (d) [No] Except as provided in subsection (f) of this section, no
1151 broker-dealer or investment adviser shall transact business from any
1152 place of business located within this state unless that place of business
1153 is registered as a branch office with the commissioner pursuant to this
1154 subsection. An application for branch office registration shall be made
1155 on forms prescribed by the commissioner and shall be filed with the
1156 commissioner, together with a nonrefundable application fee of one
1157 hundred twenty-five dollars per branch office. A broker-dealer or
1158 investment adviser shall promptly notify the commissioner in writing if

1159 such broker-dealer or investment adviser (1) engages a new manager at
1160 a branch office in this state, (2) acquires a branch office of another
1161 broker-dealer or investment adviser in this state, or (3) relocates a
1162 branch office in this state. In the case of a branch office acquisition or
1163 relocation, such broker-dealer or investment adviser shall pay to the
1164 commissioner a nonrefundable fee of one hundred twenty-five dollars.
1165 Each registrant or applicant for branch office registration shall pay the
1166 actual cost, as determined by the commissioner, of any reasonable
1167 investigation or examination made of such registrant or applicant by or
1168 on behalf of the commissioner.

1169 (e) The following investment advisers are exempted from the
1170 registration requirements under subsection (c) of this section: Any
1171 investment adviser that (1) is registered or required to be registered
1172 under Section 203 of the Investment Advisers Act of 1940, [;] (2) is
1173 excepted from the definition of investment adviser under Section
1174 202(a)(11) of the Investment Advisers Act of 1940, [;] or (3) has no place
1175 of business in this state and, during the preceding twelve months, has
1176 had no more than five clients who are residents of this state. Any
1177 investment adviser claiming an exemption pursuant to subdivision (1)
1178 of this subsection that is not otherwise excluded under subsection (11)
1179 of section 36b-3 [;] shall first file with the commissioner a notice of
1180 exemption together with a consent to service of process as required by
1181 subsection (g) of section 36b-33, and shall pay to the commissioner or to
1182 any person designated by the commissioner, in writing, to collect such
1183 fee on behalf of the commissioner a nonrefundable fee of two hundred
1184 seventy-five dollars. The notice of exemption shall contain such
1185 information as the commissioner may require. Such notice of exemption
1186 shall be valid until December thirty-first of the calendar year in which it
1187 was first filed and may be renewed annually thereafter upon submission
1188 of such information as the commissioner may require together with a
1189 nonrefundable fee of one hundred seventy-five dollars. If any
1190 investment adviser that is exempted from registration pursuant to
1191 subdivision (1) of this subsection fails or refuses to pay any fee required
1192 by this subsection, the commissioner may require such investment
1193 adviser to register pursuant to subsection (c) of this section. For

1194 purposes of this subsection, a delay in the payment of a fee or an
1195 underpayment of a fee which is promptly remedied shall not constitute
1196 a failure or refusal to pay such fee.

1197 (f) (1) For the purposes of this subsection:

1198 (A) "Business combination related shell company" means a shell
1199 company formed by a nonshell company solely for the purpose of
1200 changing the corporate domicile of such nonshell company solely
1201 within the United States or solely for the purpose of completing a
1202 business combination transaction, as defined in 17 CFR 230.165(f), as
1203 amended from time to time, among one or more entities other than the
1204 nonshell company itself, none of which is a shell company.

1205 (B) "Control" means the power, directly or indirectly, to direct the
1206 management or policies of a company, whether through ownership of
1207 securities, by contract or otherwise. There shall be a presumption of
1208 control if, upon completion of a transaction, a buyer or group of buyers:

1209 (i) Has the right to vote at least twenty-five per cent of any class of
1210 voting securities or the power to sell or direct the sale of at least twenty-
1211 five per cent of any class of voting securities; or

1212 (ii) In the case of a partnership or limited liability company, has the
1213 right to receive upon dissolution, or has contributed, at least twenty-five
1214 per cent of the capital of the partnership or limited liability company.

1215 (C) "Eligible privately held company" means a company that:

1216 (i) Does not have any class of securities registered, or required to be
1217 registered, with the Securities and Exchange Commission under Section
1218 12 of the Securities Exchange Act of 1934, 15 USC 78l, as amended from
1219 time to time, or with respect to which the company files, or is required
1220 to file, periodic information, documents and reports under Section 15(d)
1221 of the Securities Exchange Act of 1934, 15 USC 78o(d), as amended from
1222 time to time; and

1223 (ii) In the fiscal year ending immediately prior to the fiscal year when

1224 the services of a merger and acquisition broker-dealer are first engaged
1225 with respect to a securities transaction, the company, as determined in
1226 accordance with the historical financial accounting records of such
1227 company, meets either or both of the following conditions:

1228 (I) Company earnings before interest, taxes, depreciation and
1229 amortization are less than twenty-five million dollars or such other
1230 amount as the Securities and Exchange Commission by rule determines;
1231 and

1232 (II) Company gross revenues are less than two hundred fifty million
1233 dollars or such other amount as the Securities and Exchange
1234 Commission by rule determines.

1235 (D) "Merger and acquisition broker-dealer" means a broker-dealer,
1236 and any person associated with such broker-dealer, who, on behalf of a
1237 seller or buyer, engages in the business of effecting securities
1238 transactions solely in connection with the transfer of ownership of an
1239 eligible privately held company, through the purchase, sale, exchange,
1240 issuance, repurchase or redemption of, or a business combination
1241 involving the purchase, sale, exchange, issuance, repurchase or
1242 redemption of, securities or assets of the eligible privately held
1243 company, and:

1244 (i) The broker-dealer reasonably believes that, when the transaction
1245 is consummated, any person acquiring securities or assets of the eligible
1246 privately held company, acting alone or in concert, will control the
1247 eligible privately held company or the business conducted with the
1248 assets of the eligible privately held company and, directly or indirectly,
1249 will be active in the management of the eligible privately held company
1250 or the business conducted with the assets of the eligible privately held
1251 company. A person shall be deemed active in the management of the
1252 eligible privately held company or the business conducted with the
1253 assets of the eligible privately held company when such person's
1254 activities include, without limitation, electing executive officers,
1255 approving the annual budget or serving as an executive or other
1256 executive manager; and

1257 (ii) If any person is offered securities in exchange for securities or
1258 assets of the eligible privately held company, such person, prior to
1259 becoming legally bound to consummate the transaction, receives or will
1260 have reasonable access to:

1261 (I) The most recent fiscal year end financial statements of the issuer
1262 of the securities as customarily prepared by its management in the
1263 normal course of operations and, if the financial statements of the issuer
1264 are audited, reviewed or compiled, any related statement by the
1265 independent accountant;

1266 (II) A balance sheet dated not more than one hundred twenty days
1267 before the date of the exchange offer; and

1268 (III) Information pertaining to the management, business, results of
1269 operations for the period covered by the foregoing financial statements
1270 and any material loss contingencies of the issuer.

1271 (E) "Shell company" means a company that, at the time of a
1272 transaction with an eligible privately held company, has no or nominal
1273 operations and has no or nominal assets, assets consisting solely of cash
1274 and cash and cash equivalents or assets consisting of any amount of cash
1275 and cash equivalents and nominal other assets.

1276 (2) A merger and acquisition broker-dealer and those individuals
1277 representing the merger and acquisition broker-dealer solely in
1278 performing the services described in this subsection shall be exempt
1279 from the registration requirements in subsections (a) and (d) of this
1280 section unless the merger and acquisition broker-dealer is disqualified
1281 under subdivision (3) of this subsection.

1282 (3) A merger and acquisition broker-dealer shall be ineligible to claim
1283 an exemption from registration under this subsection if:

1284 (A) The merger and acquisition broker-dealer, directly or indirectly
1285 and in connection with the transfer of ownership of an eligible privately
1286 held company, receives, holds, transmits or has custody of the funds or
1287 securities to be exchanged by the parties to the transaction;

1288 (B) The merger and acquisition broker-dealer engages, on behalf of
1289 an issuer, in a public offering of any class of securities that is registered,
1290 or is required to be registered, with the Securities and Exchange
1291 Commission under Section 12 of the Securities Exchange Act of 1934, 15
1292 USC 78l, as amended from time to time, or with respect to which the
1293 issuer files, or is required to file, periodic information, documents and
1294 reports under Section 15(d) of the Securities Exchange Act of 1934, 15
1295 USC 78o(d), as amended from time to time;

1296 (C) The merger and acquisition broker-dealer engages, on behalf of
1297 any party, in a transaction involving a shell company, other than a
1298 business combination related shell company;

1299 (D) The merger and acquisition broker-dealer directly, or indirectly
1300 through any of its affiliates, provides financing related to the transfer of
1301 ownership of an eligible privately held company;

1302 (E) The merger and acquisition broker-dealer helps any party to
1303 obtain financing from an unaffiliated third party without complying
1304 with all other applicable laws in connection with such assistance,
1305 including, but not limited to, Regulation T, 12 CFR Part 220, as amended
1306 from time to time, if applicable, and disclosing any compensation in
1307 writing to the party;

1308 (F) The merger and acquisition broker-dealer represents both the
1309 buyer and the seller in the same transaction without providing clear
1310 written disclosure as to the parties the broker-dealer represents and
1311 obtaining written consent from both parties to the joint representation;

1312 (G) The merger and acquisition broker-dealer facilitates a transaction
1313 with a group of buyers formed with the assistance of the merger and
1314 acquisition broker-dealer to acquire the eligible privately held company;

1315 (H) The merger and acquisition broker-dealer engages in a
1316 transaction involving the transfer of ownership of an eligible privately
1317 held company to a passive buyer or group of passive buyers;

1318 (I) The merger and acquisition broker-dealer binds a party to a

1319 transfer of ownership of an eligible privately held company; or

1320 (J) The merger and acquisition broker-dealer, or any of the merger
1321 and acquisition broker-dealer's officers, directors, members, managers,
1322 partners, control persons or employees, is subject to a sanction described
1323 in subparagraph (C), (D), (E) or (F) of subdivision (2) of subsection (a)
1324 of section 36b-15, as amended by this act.

1325 ~~[(f)]~~ (g) Any broker-dealer or investment adviser ceasing to transact
1326 business at any branch office or main office in this state shall, in addition
1327 to providing written notice to the commissioner prior to the termination
1328 of business activity at that office, (1) provide written notice to each
1329 customer or client serviced by such office at least ten business days prior
1330 to the termination of business activity at that office, or (2) demonstrate
1331 to the commissioner, in writing, the reasons why such notice to
1332 customers or clients cannot be provided within the time prescribed. If
1333 the commissioner finds that the broker-dealer or investment adviser
1334 cannot provide notice to customers or clients at least ten business days
1335 prior to the termination of business activity, the commissioner may
1336 exempt the broker-dealer or investment adviser from giving such notice.
1337 The commissioner shall act upon a request for such exemption within
1338 five business days following receipt by the commissioner of the written
1339 request for such an exemption. The notice to customers or clients shall
1340 contain the following information: The date and reasons why business
1341 activity will terminate at the office; if applicable, a description of the
1342 procedure the customer or client may follow to maintain the customer's
1343 account at any other office of the broker-dealer or investment adviser;
1344 the procedure for transferring the customer's or client's account to
1345 another broker-dealer or investment adviser; and the procedure for
1346 making delivery to the customer or client of any funds or securities held
1347 by the broker-dealer or investment adviser.

1348 ~~[(g)]~~ (h) Any broker-dealer or investment adviser ceasing to transact
1349 business at any branch office or main office in this state as a result of
1350 executing an agreement and plan of merger or acquisition shall provide
1351 written notice to the commissioner and to each customer or client

1352 serviced by such office not later than the date such merger or acquisition
1353 is completed. The notice provided to each customer or client shall
1354 contain the information specified in subsection [(f)] (g) of this section.

1355 [(h)] (i) Any broker-dealer or investment adviser ceasing to transact
1356 business at any branch office or main office in this state as a result of the
1357 commencement of a bankruptcy proceeding by such broker-dealer or
1358 investment adviser or by a creditor or creditors of such broker-dealer or
1359 investment adviser shall, immediately upon the filing of a petition with
1360 the bankruptcy court, provide written notice to the commissioner. The
1361 commissioner shall determine the time and manner in which notice
1362 shall be provided to each customer or client serviced by such office.

1363 [(i)] (j) (1) A broker-dealer or investment adviser may succeed to the
1364 current registration of another broker-dealer or investment adviser or to
1365 a notice filing of an investment adviser registered with the Securities
1366 and Exchange Commission, and an investment adviser registered with
1367 the Securities and Exchange Commission may succeed to the current
1368 registration of an investment adviser or to a notice filing of another
1369 investment adviser registered with the Securities and Exchange
1370 Commission, by filing as a successor an application for registration
1371 pursuant to section 36b-7 or a notice pursuant to subsection (e) of this
1372 section for the unexpired portion of the current registration or notice
1373 filing and paying the fee required by subsection (a) of section 36b-12.

1374 (2) A broker-dealer or investment adviser that changes its form of
1375 organization or state of incorporation or organization may continue its
1376 registration by filing an amendment to its registration if the change does
1377 not involve a material change in its management. The amendment shall
1378 become effective when filed or on a date designated by the registrant in
1379 its filing. The new organization shall be a successor to the original
1380 registrant for the purposes of sections 36b-2 to 36b-34, inclusive. If there
1381 is a material change in management, the broker-dealer or investment
1382 adviser shall file a new application for registration. A predecessor
1383 registered under sections 36b-2 to 36b-34, inclusive, shall stop
1384 conducting its securities business or investment advisory business other

1385 than winding down transactions and shall file for withdrawal of its
1386 broker-dealer or investment adviser registration not later than forty-five
1387 days after filing its amendment to effect succession.

1388 (3) A broker-dealer or investment adviser that changes its name may
1389 continue its registration by filing an amendment to its registration. The
1390 amendment shall become effective when filed or on a date designated
1391 by the registrant.

1392 (4) The commissioner may, by regulation adopted [] in accordance
1393 with chapter 54 [] or order, prescribe the means by which a change of
1394 control of a broker-dealer or investment adviser may be made.

1395 (5) Nothing in this subsection shall relieve a registrant of its
1396 obligation to pay agent and investment adviser agent transfer fees as
1397 described in subsection (d) of section 36b-12.

1398 [(j)] (k) The commissioner may, by regulation adopted [] in
1399 accordance with chapter 54 [] or order, require an agent or investment
1400 adviser agent to participate in a continuing education program
1401 approved by the Securities and Exchange Commission and
1402 administered by a self-regulatory organization or, in the absence of such
1403 a program, the commissioner may require continuing education for
1404 registered investment adviser agents by regulation or order.

1405 [(k)] (l) For purposes of subsections (d), [(f)], (g), [and] (h) and (i) of
1406 this section, "investment adviser" means an investment adviser
1407 registered or required to be registered with the commissioner.

1408 [(l)] (m) The commissioner may by rule, regulation or order,
1409 conditionally or unconditionally, exempt from the requirements of this
1410 section any person or class of persons upon a finding that such
1411 exemption is in the public interest and consistent with the protection of
1412 investors and the purposes fairly intended by the policy and provisions
1413 of this chapter.

1414 Sec. 23. Subsection (d) of section 36b-21 of the general statutes is
1415 repealed and the following is substituted in lieu thereof (*Effective from*

1416 *passage*):

1417 (d) (1) Any person who offers or sells a security that is a covered
1418 security under Section 18(b)(3) of the Securities Act of 1933 shall file a
1419 consent to service of process with the commissioner as required by
1420 subsection (g) of section 36b-33 prior to the first offer or sale of such
1421 security in this state.

1422 (2) An issuer proposing to offer and sell in this state securities that
1423 are covered securities under Section 18(b)(3) of the Securities Act of 1933
1424 in a "Tier 2" offering exempt under Regulation A, 17 CFR 230.251 to 17
1425 CFR 230.263, inclusive, as amended from time to time, shall, at least
1426 twenty-one calendar days prior to the initial sale of securities in this
1427 state, file with the commissioner the following: (A) A completed
1428 Regulation A - Tier 2 notice filing form and, if the commissioner so
1429 requests, copies of all documents filed with the Securities and Exchange
1430 Commission in connection with such form; (B) a consent to service of
1431 process to the extent such consent is not included on the notice filing
1432 form; and (C) a filing fee of two hundred fifty dollars. The initial notice
1433 filing shall be effective for twelve months from the date it is filed with
1434 the commissioner. For each additional twelve-month period in which
1435 the same offering is continued, an issuer conducting a Tier 2 offering
1436 under Regulation A, 17 CFR 230.251 to 17 CFR 230.263, inclusive, as
1437 amended from time to time, may renew its notice filing on or before the
1438 expiration date of the notice filing. An issuer renewing its notice shall
1439 file with the commissioner a renewal Regulation A - Tier 2 notice filing
1440 form and a renewal fee of two hundred fifty dollars.

1441 Sec. 24. Subsection (a) of section 36b-15 of the general statutes is
1442 repealed and the following is substituted in lieu thereof (*Effective from*
1443 *passage*):

1444 (a) The commissioner may, by order, deny, suspend or revoke any
1445 registration, censure or impose a bar upon any registrant, any partner,
1446 officer or director of any registrant or any other person directly or
1447 indirectly controlling any registrant, or, by order, restrict or impose
1448 conditions on the securities or investment advisory activities that an

1449 applicant or registrant may perform in this state if the commissioner
1450 finds that (1) the order is in the public interest, and (2) the applicant or
1451 registrant or, in the case of a broker-dealer or investment adviser, any
1452 partner, officer [] or director, any person occupying a similar status or
1453 performing similar functions, or any person directly or indirectly
1454 controlling the broker-dealer or investment adviser: (A) Has filed an
1455 application for registration which as of its effective date, or as of any
1456 date after filing in the case of an order denying effectiveness, was
1457 incomplete in any material respect or contained any statement which
1458 was, in light of the circumstances under which it was made, false or
1459 misleading with respect to any material fact; (B) has wilfully violated or
1460 wilfully failed to comply with any provision of sections 36b-2 to 36b-34,
1461 inclusive, or a predecessor statute or any regulation or order under said
1462 sections or a predecessor statute; (C) has been convicted, within the past
1463 ten years, of any misdemeanor involving a security, any aspect of a
1464 business involving securities, commodities, investments, franchises,
1465 business opportunities, insurance, banking or finance, or any felony,
1466 provided any denial, suspension or revocation of such registration shall
1467 be in accordance with the provisions of section 46a-80; (D) is
1468 permanently or temporarily enjoined by any court of competent
1469 jurisdiction from engaging in or continuing any conduct or practice
1470 involving any aspect of a business involving securities, commodities,
1471 investments, franchises, business opportunities, insurance, banking or
1472 finance; (E) is the subject of a cease and desist order of the commissioner
1473 or an order of the commissioner denying, suspending [] or revoking
1474 registration as a broker-dealer, agent, investment adviser or investment
1475 adviser agent; (F) is the subject of any of the following sanctions that are
1476 currently effective or were imposed within the past ten years: (i) An
1477 order issued by the securities administrator of any other state or by the
1478 Securities and Exchange Commission or the Commodity Futures
1479 Trading Commission denying, suspending or revoking registration as a
1480 broker-dealer, agent, investment adviser, investment adviser agent or a
1481 person required to be registered under the Commodity Exchange Act, 7
1482 USC 1 et seq., as from time to time amended, and the rules and
1483 regulations thereunder, or the substantial equivalent of those terms, as

1484 defined in sections 36b-2 to 36b-34, inclusive, (ii) an order of the
1485 Securities and Exchange Commission or Commodity Futures Trading
1486 Commission suspending or expelling such applicant, registrant or
1487 person from a national securities or commodities exchange or national
1488 securities or commodities association registered under the Securities
1489 Exchange Act of 1934 or the Commodity Exchange Act, 7 USC 1 et seq.,
1490 as from time to time amended, or, in the case of an individual, an order
1491 of the Securities and Exchange Commission or an equivalent order of
1492 the Commodity Futures Trading Commission barring such individual
1493 from association with a broker-dealer or an investment adviser, (iii) a
1494 suspension, expulsion or other sanction issued by a national securities
1495 exchange or other self-regulatory organization registered under federal
1496 laws administered by the Securities and Exchange Commission or the
1497 Commodity Futures Trading Commission if the effect of the sanction
1498 has not been stayed or overturned by appeal or otherwise, (iv) a United
1499 States Post Office fraud order, (v) a denial, suspension, revocation or
1500 other sanction issued by the commissioner or any other state or federal
1501 financial services regulator based upon nonsecurities violations of any
1502 state or federal law under which a business involving investments,
1503 franchises, business opportunities, insurance, banking or finance is
1504 regulated, or (vi) a cease and desist order entered by the Securities and
1505 Exchange Commission, a self-regulatory organization or the securities
1506 agency or administrator of any other state or Canadian province or
1507 territory; but the commissioner may not (I) institute a revocation or
1508 suspension proceeding under this subparagraph more than five years
1509 from the date of the sanction relied on, and (II) enter an order under this
1510 subparagraph on the basis of an order under any other state act unless
1511 that order was based on facts which would constitute a ground for an
1512 order under this section; (G) may be denied registration under federal
1513 law as a broker-dealer, agent, investment adviser, investment adviser
1514 agent or as a person required to be registered under the Commodity
1515 Exchange Act, 7 USC 1 et seq., as from time to time amended, and the
1516 rules and regulations promulgated thereunder, or the substantial
1517 equivalent of those terms as defined in sections 36b-2 to 36b-34,
1518 inclusive; (H) has engaged in fraudulent, dishonest or unethical

1519 practices in the securities, commodities, investment, franchise, business
1520 opportunity, banking, finance or insurance business, including abusive
1521 sales practices in the business dealings of such applicant, registrant or
1522 person with current or prospective customers or clients; (I) is insolvent,
1523 either in the sense that the liabilities of such applicant, registrant or
1524 person exceed the assets of such applicant, registrant or person, or in the
1525 sense that such applicant, registrant or person cannot meet the
1526 obligations of such applicant, registrant or person as they mature; but
1527 the commissioner may not enter an order against a broker-dealer or
1528 investment adviser under this subparagraph without a finding of
1529 insolvency as to the broker-dealer or investment adviser; (J) is not
1530 qualified on the basis of such factors as training, experience, and
1531 knowledge of the securities business, except as otherwise provided in
1532 subsection (b) of this section; (K) has failed reasonably to supervise: (i)
1533 The agents or investment adviser agents of such applicant or registrant,
1534 if the applicant or registrant is a broker-dealer or investment adviser; or
1535 (ii) the agents of a broker-dealer or investment adviser agents of an
1536 investment adviser, if such applicant, registrant or other person is or
1537 was an agent, investment adviser agent or other person charged with
1538 exercising supervisory authority on behalf of a broker-dealer or
1539 investment adviser; (L) in connection with any investigation conducted
1540 pursuant to section 36b-26 or any examination under subsection (d) of
1541 section 36b-14, has made any material misrepresentation to the
1542 commissioner or upon request made by the commissioner, has withheld
1543 or concealed material information from, or refused to furnish material
1544 information to the commissioner, provided, there shall be a rebuttable
1545 presumption that any records, including, but not limited to, written,
1546 visual, audio, magnetic or electronic records, computer printouts and
1547 software, and any other documents, that are withheld or concealed from
1548 the commissioner in connection with any such investigation or
1549 examination are material, unless such presumption is rebutted by
1550 substantial evidence; (M) has wilfully aided, abetted, counseled,
1551 commanded, induced or procured a violation of any provision of
1552 sections 36b-2 to 36b-34, inclusive, or a predecessor statute or any
1553 regulation or order under such sections or a predecessor statute; (N)

1554 after notice and opportunity for a hearing, has been found within the
1555 previous ten years: (i) By a court of competent jurisdiction, to have
1556 wilfully violated the laws of a foreign jurisdiction under which the
1557 business of securities, commodities, investments, franchises, business
1558 opportunities, insurance, banking or finance is regulated; (ii) to have
1559 been the subject of an order of a securities regulator of a foreign
1560 jurisdiction denying, revoking or suspending the right to engage in the
1561 business of securities as a broker-dealer, agent, investment adviser,
1562 investment adviser agent or similar person; or (iii) to have been
1563 suspended or expelled from membership by or participation in a
1564 securities exchange or securities association operating under the
1565 securities laws of a foreign jurisdiction. As used in this subparagraph,
1566 "foreign" means a jurisdiction outside of the United States; or (O) has
1567 failed to pay the proper filing fee; but the commissioner may enter only
1568 a denial order under this subparagraph, and the commissioner shall
1569 vacate any such order when the deficiency has been corrected. The
1570 commissioner may not institute a suspension or revocation proceeding
1571 on the basis of a fact or transaction known to the commissioner when
1572 the registration became effective unless the proceeding is instituted
1573 within one hundred eighty days of the effective date of such
1574 registration.

1575 Sec. 25. (NEW) (*Effective October 1, 2024*) Any mortgage lender, as
1576 defined in section 36a-485 of the general statutes, that offers to make a
1577 shared appreciation agreement, as defined in section 36a-485 of the
1578 general statutes, shall, not later than three business days after the
1579 prospective borrower under such proposed agreement submits an
1580 application to such mortgage lender for such proposed agreement,
1581 disclose to such prospective borrower, in writing:

1582 (1) The following statement, which shall be clear, conspicuous and in
1583 at least twelve-point font: "You are not required to complete this
1584 agreement merely because you have received these disclosures or have
1585 signed a loan application. If you obtain this loan, the lender will have a
1586 mortgage and shared interest in your home. You could lose your home,
1587 and any money you have put into it, if you do not meet your obligations

1588 under the loan. You may wish to consult an attorney.";

1589 (2) Financial information relevant to the proposed shared
1590 appreciation agreement, including, but not limited to, whether such
1591 proposed agreement is terminated through repayment, which
1592 repayment may include the mortgage lender's receipt of some or all of
1593 the proceeds from a sale of the dwelling or residential real estate that is
1594 the subject of such proposed agreement if such proposed agreement is
1595 terminated by such sale;

1596 (3) Agreement and transaction details for the proposed shared
1597 appreciation agreement, including, but not limited to, the mortgage
1598 lender's contact information, the transaction amount, the sum of cash to
1599 be paid to the prospective borrower, the term of the proposed
1600 agreement and the estimated current fair market value of the dwelling
1601 or residential real estate that is the subject of such proposed agreement;

1602 (4) The method of determining the current fair market value of the
1603 dwelling or residential real estate that is the subject of the proposed
1604 shared appreciation agreement;

1605 (5) The method of determining the final value of the dwelling or
1606 residential real estate that is the subject of the proposed shared
1607 appreciation agreement upon termination of such proposed agreement;

1608 (6) The interest charged;

1609 (7) The limit of the mortgage lender's share of appreciation or equity
1610 in the dwelling or residential real estate that is the subject of the
1611 proposed shared appreciation agreement;

1612 (8) An advisory on the tax implications of the proposed shared
1613 appreciation agreement;

1614 (9) Repayment examples for the proposed shared appreciation
1615 agreement based upon, at minimum:

1616 (A) A five-year term, ten-year term, fifteen-year term and thirty-year

1617 term; and

1618 (B) (i) No change in the market value of the dwelling or residential
1619 real estate that is the subject of such proposed agreement, and (ii)
1620 changes in the market value of the dwelling or residential real estate that
1621 is the subject of such proposed agreement (I) at the annual rate of ten
1622 per cent depreciation, (II) at the annual rate of three and one-half per
1623 cent appreciation, (III) at the annual rate of five and one-half per cent
1624 appreciation, and (IV) reflecting the actual average rate of appreciation
1625 or depreciation for all dwellings or residential real estate in this state
1626 during the period that is equal to the term of such proposed agreement
1627 and that occurred immediately prior to such term; and

1628 (10) The following information and corresponding calculations for
1629 the proposed shared appreciation agreement:

1630 (A) The calculated appreciation amount;

1631 (B) The appreciation-based charge;

1632 (C) The accrued or charged interest;

1633 (D) The principal amount to be repaid;

1634 (E) The mortgage lender's total calculated share of appreciation or
1635 equity;

1636 (F) Any limit to the mortgage lender's share of appreciation or equity;

1637 (G) The actual amount of money to be paid by the prospective
1638 borrower to the mortgage lender; and

1639 (H) An annual percentage rate calculation equivalent to the amount
1640 described in subparagraph (G) of this subdivision.

1641 Sec. 26. Section 36a-2 of the 2024 supplement to the general statutes
1642 is repealed and the following is substituted in lieu thereof (*Effective July*
1643 *1, 2024*):

1644 As used in this title, unless the context otherwise requires:

1645 (1) "Affiliate" of a person means any person controlling, controlled
1646 by, or under common control with, that person;

1647 (2) "Applicant" with respect to any license or approval provision
1648 pursuant to this title means a person who applies for that license or
1649 approval;

1650 (3) "Automated teller machine" means a stationary or mobile device
1651 that is unattended or equipped with a telephone or televideo device that
1652 allows contact with bank personnel, including a satellite device but
1653 excluding a [point of sale] point-of-sale terminal, at which banking
1654 transactions, including, but not limited to, deposits, withdrawals,
1655 advances, payments or transfers, may be conducted;

1656 (4) "Bank" means a Connecticut bank or a federal bank;

1657 (5) "Bank and trust company" means an institution chartered or
1658 organized under the laws of this state as a bank and trust company;

1659 (6) "Bank holding company" has the meaning given to that term in 12
1660 USC Section 1841(a), as amended from time to time, except that the term
1661 "bank", as used in 12 USC Section 1841(a), includes a bank or out-of-state
1662 bank that functions solely in a trust or fiduciary capacity;

1663 (7) "Capital and surplus" has the same meaning as provided in 12 CFR
1664 1.2, as amended from time to time;

1665 (8) "Capital stock" when used in conjunction with any bank or out-of-
1666 state bank means a bank or out-of-state bank that is authorized to
1667 accumulate funds through the issuance of its capital stock;

1668 (9) "Client" means a beneficiary of a trust for whom the Connecticut
1669 bank acts as trustee, a person for whom the Connecticut bank acts as
1670 agent, custodian or bailee, or other person to whom a Connecticut bank
1671 owes a duty or obligation under a trust or other account administered
1672 by such Connecticut bank, regardless of whether such Connecticut bank

1673 owes a fiduciary duty to the person;

1674 (10) "Club deposit" means deposits to be received at regular intervals,
1675 the whole amount deposited to be withdrawn by the owner or repaid
1676 by the bank in not more than fifteen months from the date of the first
1677 deposit, and upon which no interest or dividends need to be paid;

1678 (11) "Commissioner" means the Banking Commissioner and, with
1679 respect to any function of the commissioner, includes any person
1680 authorized or designated by the commissioner to carry out that
1681 function;

1682 (12) "Company" means any corporation, joint stock company, trust,
1683 association, partnership, limited partnership, unincorporated
1684 organization, limited liability company or similar organization, but does
1685 not include (A) any corporation the majority of the shares of which are
1686 owned by the United States or by any state, or (B) any trust which by its
1687 terms shall terminate within twenty-five years or not later than twenty-
1688 one years and ten months after the death of beneficiaries living on the
1689 effective date of the trust;

1690 (13) "Connecticut bank" means a bank and trust company, savings
1691 bank or savings and loan association chartered or organized under the
1692 laws of this state;

1693 (14) "Connecticut credit union" means a cooperative, nonprofit
1694 financial institution that (A) is organized under chapter 667 and the
1695 membership of which is limited as provided in section 36a-438a, (B)
1696 operates for the benefit and general welfare of its members with the
1697 earnings, benefits or services offered being distributed to or retained for
1698 its members, and (C) is governed by a volunteer board of directors
1699 elected by and from its membership;

1700 (15) "Connecticut credit union service organization" means a credit
1701 union service organization that is (A) incorporated under the laws of
1702 this state, located in this state and established by at least one Connecticut
1703 credit union, or (B) wholly owned by a credit union that converted into

1704 a Connecticut credit union pursuant to section 36a-469b;

1705 (16) "Consolidation" means a combination of two or more institutions
1706 into a new institution; all institutions party to the consolidation, other
1707 than the new institution, are "constituent" institutions; the new
1708 institution is the "resulting" institution;

1709 (17) "Control" has the meaning given to that term in 12 USC Section
1710 1841(a), as amended from time to time;

1711 (18) "Credit union service organization" means an entity organized
1712 under state or federal law to provide credit union service organization
1713 services primarily to its members, to Connecticut credit unions, federal
1714 credit unions and out-of-state credit unions other than its members, and
1715 to members of any such other credit unions;

1716 (19) "Customer" means any person using a service offered by a
1717 financial institution;

1718 (20) "Demand account" means an account into which demand
1719 deposits may be made;

1720 (21) "Demand deposit" means a deposit that is payable on demand, a
1721 deposit issued with an original maturity or required notice period of less
1722 than seven days or a deposit representing funds for which the bank does
1723 not reserve the right to require at least seven days' written notice of the
1724 intended withdrawal, but does not include any time deposit;

1725 (22) "Deposit" means funds deposited with a depository;

1726 (23) "Deposit account" means an account into which deposits may be
1727 made;

1728 (24) "Depositor" includes a member of a mutual savings and loan
1729 association;

1730 (25) "Director" means a member of the governing board of a financial
1731 institution;

1732 (26) "Equity capital" means the excess of a Connecticut bank's total
1733 assets over its total liabilities, as defined in the instructions of the federal
1734 Financial Institutions Examination Council for consolidated reports of
1735 condition and income;

1736 (27) "Executive officer" means every officer of a Connecticut bank
1737 who participates or has authority to participate, otherwise than in the
1738 capacity of a director, in major policy-making functions of such bank,
1739 regardless of whether such officer has an official title or whether that
1740 title contains a designation of assistant and regardless of whether such
1741 officer is serving without salary or other compensation. The president,
1742 vice president, secretary and treasurer of such bank are deemed to be
1743 executive officers, unless, by resolution of the governing board or by
1744 such bank's bylaws, any such officer is excluded from participation in
1745 major policy-making functions, otherwise than in the capacity of a
1746 director of such bank, and such officer does not actually participate in
1747 such policy-making functions;

1748 (28) "Federal agency" has the meaning given to that term in 12 USC
1749 Section 3101, as amended from time to time;

1750 (29) "Federal bank" means a national banking association, federal
1751 savings bank or federal savings and loan association having its principal
1752 office in this state;

1753 (30) "Federal branch" has the meaning given to that term in 12 USC
1754 Section 3101, as amended from time to time;

1755 (31) "Federal credit union" means any institution chartered or
1756 organized as a federal credit union pursuant to the laws of the United
1757 States having its principal office in this state;

1758 (32) "Fiduciary" means a person undertaking to act alone or jointly
1759 with others primarily for the benefit of another or others in all matters
1760 connected with its undertaking and includes a person acting in the
1761 capacity of trustee, executor, administrator, guardian, assignee,
1762 receiver, conservator, agent, custodian under the Connecticut Uniform

1763 Gifts to Minors Act or the Uniform Transfers to Minors Act, and acting
1764 in any other similar capacity;

1765 (33) "Financial institution" means any Connecticut bank, Connecticut
1766 credit union, or other person whose activities in this state are subject to
1767 the supervision of the commissioner, but does not include a person
1768 whose activities are subject to the supervision of the commissioner
1769 solely pursuant to chapter 672a, 672b or 672c or any combination
1770 thereof;

1771 (34) "Foreign bank" has the meaning given to that term in 12 USC
1772 Section 3101, as amended from time to time;

1773 (35) "Foreign country" means any country other than the United
1774 States and includes any colony, dependency or possession of any such
1775 country;

1776 (36) "Governing board" means the group of persons vested with the
1777 management of the affairs of a financial institution irrespective of the
1778 name by which such group is designated;

1779 (37) "Holding company" means a bank holding company or a savings
1780 and loan holding company, except, as used in sections 36a-180 to 36a-
1781 191, inclusive, "holding company" means a company that controls a
1782 bank;

1783 (38) "Innovation bank" means a Connecticut bank that does not accept
1784 retail deposits, but may accept nonretail deposits which are eligible for
1785 insurance from the Federal Deposit Insurance Corporation or the
1786 Federal Deposit Insurance Corporation's successor agency;

1787 [(38)] (39) "Insured depository institution" has the meaning given to
1788 that term in 12 USC Section 1813, as amended from time to time;

1789 [(39)] (40) "Licensee" means any person who is licensed or required
1790 to be licensed pursuant to the applicable provisions of this title;

1791 [(40)] (41) "Loan" includes any line of credit or other extension of

1792 credit;

1793 [(41)] (42) "Loan production office" means an office of a bank or out-
1794 of-state bank, other than a foreign bank, whose activities are limited to
1795 loan production and solicitation;

1796 [(42)] (43) "Merger" means the combination of one or more
1797 institutions with another which continues its corporate existence; all
1798 institutions party to the merger are "constituent" institutions; the
1799 merging institution which upon the merger continues its existence is the
1800 "resulting" institution;

1801 [(43)] (44) "Mutual" when used in conjunction with any institution
1802 that is a bank or out-of-state bank means any such institution without
1803 capital stock;

1804 [(44)] (45) "Mutual holding company" means a mutual holding
1805 company organized under sections 36a-192 to 36a-199, inclusive, and
1806 unless otherwise indicated, a subsidiary holding company controlled by
1807 a mutual holding company organized under sections 36a-192 to 36a-199,
1808 inclusive;

1809 [(45)] (46) "Out-of-state" includes any state other than Connecticut
1810 and any foreign country;

1811 [(46)] (47) "Out-of-state bank" means any institution that engages in
1812 the business of banking, but does not include a bank, Connecticut credit
1813 union, federal credit union or out-of-state credit union;

1814 [(47)] (48) "Out-of-state credit union" means any credit union other
1815 than a Connecticut credit union or a federal credit union;

1816 [(48)] (49) "Out-of-state trust company" means any company
1817 chartered to act as a fiduciary but does not include a company chartered
1818 under the laws of this state, a bank, an out-of-state bank, a Connecticut
1819 credit union, a federal credit union or an out-of-state credit union;

1820 [(49)] (50) "Person" means an individual, company, including a

1821 company described in subparagraphs (A) and (B) of subdivision (12) of
1822 this section, or any other legal entity, including a federal, state or
1823 municipal government or agency or any political subdivision thereof;

1824 [(50) "Point of sale terminal"] (51) "Point-of-sale terminal" means a
1825 device located in a commercial establishment at which sales transactions
1826 can be charged directly to the buyer's deposit, loan or credit account, but
1827 at which deposit transactions cannot be conducted;

1828 [(51)] (52) "Prepayment penalty" means any charge or penalty for
1829 paying all or part of the outstanding balance owed on a loan before the
1830 date on which the principal is due and includes computing a refund of
1831 unearned interest by a method that is less favorable to the borrower than
1832 the actuarial method, as defined by Section 933(d) of the Housing and
1833 Community Development Act of 1992, 15 USC 1615(d), as amended
1834 from time to time;

1835 [(52)] (53) "Reorganized savings bank" means any savings bank
1836 incorporated and organized in accordance with sections 36a-192 and
1837 36a-193;

1838 [(53)] (54) "Reorganized savings and loan association" means any
1839 savings and loan association incorporated and organized in accordance
1840 with sections 36a-192 and 36a-193;

1841 [(54)] (55) "Reorganized savings institution" means any reorganized
1842 savings bank or reorganized savings and loan association;

1843 [(55)] (56) "Representative office" has the meaning given to that term
1844 in 12 USC Section 3101, as amended from time to time;

1845 [(56)] (57) "Reserves for loan and lease losses" means the amounts
1846 reserved by a Connecticut bank against possible loan and lease losses as
1847 shown on the bank's consolidated reports of condition and income;

1848 [(57)] (58) "Retail deposits" means any deposits made by individuals
1849 who are not "accredited investors", as defined in 17 CFR 230.501(a);

1850 [(58)] (59) "Satellite device" means an automated teller machine which
1851 is not part of an office of the bank, Connecticut credit union or federal
1852 credit union which has established such machine;

1853 [(59)] (60) "Savings account" means a deposit account, other than an
1854 escrow account established pursuant to section 49-2a, into which
1855 savings deposits may be made and which account must be evidenced
1856 by periodic statements delivered at least semiannually or by a passbook;

1857 [(60)] (61) "Savings and loan association" means an institution
1858 chartered or organized under the laws of this state as a savings and loan
1859 association;

1860 [(61)] (62) "Savings bank" means an institution chartered or organized
1861 under the laws of this state as a savings bank;

1862 [(62)] (63) "Savings deposit" means any deposit other than a demand
1863 deposit or time deposit on which interest or a dividend is paid
1864 periodically;

1865 [(63)] (64) "Savings and loan holding company" has the meaning
1866 given to that term in 12 USC Section 1467a, as amended from time to
1867 time;

1868 [(64)] (65) "Share account holder" means a person who maintains a
1869 share account in a Connecticut credit union, federal credit union or out-
1870 of-state credit union that maintains in this state a branch, as defined in
1871 section 36a-435b;

1872 [(65)] (66) "State" means any state of the United States, the District of
1873 Columbia, any territory of the United States, Puerto Rico, Guam,
1874 American Samoa, the trust territory of the Pacific Islands, the Virgin
1875 Islands and the Northern Mariana Islands;

1876 [(66)] (67) "State agency" has the meaning given to that term in 12 USC
1877 Section 3101, as amended from time to time;

1878 [(67)] (68) "State branch" has the meaning given to that term in 12 USC

1879 Section 3101, as amended from time to time;

1880 [(68)] (69) "Subsidiary" has the meaning given to that term in 12 USC
1881 Section 1841(d), as amended from time to time;

1882 [(69)] (70) "Subsidiary holding company" means a stock holding
1883 company, controlled by a mutual holding company, that holds one
1884 hundred per cent of the stock of a reorganized savings institution;

1885 [(70)] (71) "Supervisory agency" means: (A) The commissioner; (B) the
1886 Federal Deposit Insurance Corporation; (C) the Resolution Trust
1887 Corporation; (D) the Office of Thrift Supervision; (E) the National Credit
1888 Union Administration; (F) the Board of Governors of the Federal
1889 Reserve System; (G) the United States Comptroller of the Currency; (H)
1890 the Bureau of Consumer Financial Protection; and (I) any successor to
1891 any of the foregoing agencies or individuals;

1892 [(71)] (72) "System" means the Nationwide Mortgage Licensing
1893 System and Registry, NMLS, NMLSR or such other name or acronym as
1894 may be assigned to the multistate system developed by the Conference
1895 of State Bank Supervisors and the American Association of Residential
1896 Mortgage Regulators and owned and operated by the State Regulatory
1897 Registry, LLC, or any successor or affiliated entity, for the licensing and
1898 registration of persons in the mortgage and other financial services
1899 industries;

1900 [(72)] (73) "Time account" means an account into which time deposits
1901 may be made;

1902 [(73)] (74) "Time deposit" means a deposit that the depositor or share
1903 account holder does not have a right and is not permitted to make
1904 withdrawals from within six days after the date of deposit, unless the
1905 deposit is subject to an early withdrawal penalty of at least seven days'
1906 simple interest on amounts withdrawn within the first six days after
1907 deposit, subject to those exceptions permissible under 12 CFR Part 204,
1908 as amended from time to time; and

1909 [(74)] (75) "Trust bank" means a Connecticut bank organized to

1910 function solely in a fiduciary capacity. [; and

1911 (75) "Uninsured bank" means a Connecticut bank that does not accept
1912 retail deposits and for which insurance of deposits by the Federal
1913 Deposit Insurance Corporation or its successor agency is not required.]

1914 Sec. 27. Subsection (e) of section 36a-65 of the general statutes is
1915 repealed and the following is substituted in lieu thereof (*Effective July 1,*
1916 *2024*):

1917 (e) (1) If the commissioner determines that the assessment to be
1918 collected from an [uninsured] innovation bank or a trust bank pursuant
1919 to subdivision (1) of subsection (a) of this section is unreasonably low or
1920 high based on the size and risk profile of the bank, the commissioner
1921 may require such bank to pay a fee in lieu of such assessment. Each such
1922 bank shall pay such fee to the commissioner not later than the date
1923 specified by the commissioner for payment. If payment of such fee is not
1924 made by the time specified by the commissioner, such bank shall pay to
1925 the commissioner an additional two hundred dollars.

1926 (2) Any [uninsured] innovation bank required to pay a fee in lieu of
1927 assessment shall also pay to the commissioner the actual cost of the
1928 examination of such bank, as such cost is determined by the
1929 commissioner.

1930 Sec. 28. Subsections (n) to (u), inclusive, of section 36a-70 of the
1931 general statutes are repealed and the following is substituted in lieu
1932 thereof (*Effective July 1, 2024*):

1933 (n) The Connecticut bank shall not commence business until: (1) A
1934 final certificate of authority has been issued in accordance with
1935 subsection (l) of this section, (2) except in the case of a trust bank, an
1936 interim Connecticut bank organized pursuant to subsection (p) of this
1937 section, or an [uninsured] innovation bank organized pursuant to
1938 subsection (t) of this section, until its insurable accounts or deposits are
1939 insured by the Federal Deposit Insurance Corporation or its successor
1940 agency, and (3) it has complied with the requirements of subsection (u)

1941 of this section, if applicable. The acceptance of subscriptions for deposits
1942 by a mutual savings bank or mutual savings and loan association as may
1943 be necessary to obtain insurance by the Federal Deposit Insurance
1944 Corporation or its successor agency shall not be considered to be
1945 commencing business. No Connecticut bank other than a trust bank
1946 may exercise any of the fiduciary powers granted to Connecticut banks
1947 by law until express authority therefor has been given by the
1948 commissioner.

1949 (o) Prior to the issuance of a final certificate of authority to commence
1950 business in accordance with subsection (l) of this section, the
1951 Connecticut bank shall pay to the State Treasurer a franchise tax,
1952 together with a filing fee of twenty dollars for the required papers. The
1953 franchise tax for a mutual savings bank and mutual savings and loan
1954 association shall be thirty dollars. The franchise tax for all capital stock
1955 Connecticut banks shall be one cent per share up to and including the
1956 first ten thousand authorized shares, one-half cent per share for each
1957 authorized share in excess of ten thousand shares up to and including
1958 one hundred thousand shares, one-quarter cent per share for each
1959 authorized share in excess of one hundred thousand shares up to and
1960 including one million shares and one-fifth cent per share for each
1961 authorized share in excess of one million shares.

1962 (p) (1) One or more persons may organize an interim Connecticut
1963 bank solely (A) for the acquisition of an existing bank, whether by
1964 acquisition of stock, by acquisition of assets, or by merger or
1965 consolidation, or (B) to facilitate any other corporate transaction
1966 authorized by this title in which the commissioner has determined that
1967 such transaction has adequate regulatory supervision to justify the
1968 organization of an interim Connecticut bank. Such interim Connecticut
1969 bank shall not accept deposits or otherwise commence business.
1970 Subdivision (2) of subsection (c) and subsections (d), (f), (g), (h) and (o)
1971 of this section shall not apply to the organization of an interim bank,
1972 provided the commissioner may, in the commissioner's discretion,
1973 order a hearing under subsection (e) or require that the organizers
1974 publish or mail the proposed certificate of incorporation or both. The

1975 approving authority for an interim Connecticut bank shall be the
1976 commissioner acting alone. If the approving authority determines that
1977 the organization of the interim Connecticut bank complies with
1978 applicable law, the approving authority shall issue a temporary
1979 certificate of authority conditioned on the approval by the appropriate
1980 supervisory agency of the corporate transaction for which the interim
1981 Connecticut bank is formed.

1982 (2) (A) Notwithstanding any provision of this title, for the period
1983 from June 13, 2011, to September 30, 2013, inclusive, one or more
1984 persons may apply to the commissioner for the conditional preliminary
1985 approval of one or more expedited Connecticut banks organized
1986 primarily for the purpose of assuming liabilities and purchasing assets
1987 from the Federal Deposit Insurance Corporation when the Federal
1988 Deposit Insurance Corporation is acting as receiver or conservator of an
1989 insured depository institution. The application shall be made on a form
1990 acceptable to the commissioner and shall be executed and
1991 acknowledged by the applicant or applicants. Such application shall
1992 contain sufficient information for the commissioner to evaluate (i) the
1993 amount, type and sources of capital that would be available to the bank
1994 or banks; (ii) the ownership structure and holding companies, if any,
1995 over the bank or banks; (iii) the identity, biographical information and
1996 banking experience of each of the initial organizers and prospective
1997 initial directors, senior executive officers and any individual, group or
1998 proposed shareholders of the bank that will own or control ten per cent
1999 or more of the stock of the bank or banks; (iv) the overall strategic plan
2000 of the organizers and investors for the bank or banks; and (v) a
2001 preliminary business plan outlining intended product and business
2002 lines, retail branching plans and capital, earnings and liquidity
2003 projections. The commissioner, acting alone, shall grant conditional
2004 preliminary approval of such application to organize if the
2005 commissioner determines that the organizers have available sufficient
2006 committed funds to invest in the bank or banks; the organizers and
2007 proposed directors possess capacity and fitness for the duties and
2008 responsibilities with which they will be charged; the proposed bank or
2009 banks have a reasonable chance of success and will be operated in a safe

2010 and sound manner; and the fee for investigating and processing the
2011 application has been paid in accordance with subparagraph (H) of
2012 subdivision (1) of subsection (d) of section 36a-65. Such preliminary
2013 approval shall be subject to such conditions as the commissioner deems
2014 appropriate, including the requirements that the bank or banks not
2015 commence the business of a Connecticut bank until after their bid or
2016 application for a particular insured depository institution is accepted by
2017 the Federal Deposit Insurance Corporation, that the background checks
2018 are satisfactory, and that the organizers submit, for the safety and
2019 soundness review by the commissioner, more detailed operating plans
2020 and current financial statements as potential acquisition transactions are
2021 considered, and such plans and statements are satisfactory to the
2022 commissioner. The commissioner may alter, suspend or revoke the
2023 conditional preliminary approval if the commissioner deems any
2024 interim development warrants such action. The conditional preliminary
2025 approval shall expire eighteen months from the date of approval, unless
2026 extended by the commissioner.

2027 (B) The commissioner shall not issue a final certificate of authority to
2028 commence the business of a Connecticut bank or banks under this
2029 subdivision until all conditions and preopening requirements and
2030 applicable state and federal regulatory requirements have been met and
2031 the fee for issuance of a final certificate of authority for an expedited
2032 Connecticut bank has been paid in accordance with subparagraph (M)
2033 of subdivision (1) of subsection (d) of section 36a-65. The commissioner
2034 may waive any requirement under this title or regulations adopted
2035 under this title that is necessary for the consummation of an acquisition
2036 involving an expedited Connecticut bank if the commissioner finds that
2037 such waiver is advisable and in the interest of depositors or the public,
2038 provided the commissioner shall not waive the requirement that the
2039 institution's insurable accounts or deposits be federally insured. Any
2040 such waiver granted by the commissioner under this subparagraph
2041 shall be in writing and shall set forth the reason or reasons for the
2042 waiver. The commissioner may impose conditions on the final certificate
2043 of authority as the commissioner deems necessary to ensure that the
2044 bank will be operated in a safe and sound manner. The commissioner

2045 shall cause notice of the issuance of the final certificate of authority to be
2046 published in the department's weekly bulletin.

2047 (q) (1) As used in this subsection, "bankers' bank" means a
2048 Connecticut bank that is (A) owned exclusively by (i) any combination
2049 of banks, out-of-state banks, Connecticut credit unions, federal credit
2050 unions, or out-of-state credit unions, or (ii) a bank holding company that
2051 is owned exclusively by any such combination, and (B) engaged
2052 exclusively in providing services for, or that indirectly benefit, other
2053 banks, out-of-state banks, Connecticut credit unions, federal credit
2054 unions, or out-of-state credit unions and their directors, officers and
2055 employees.

2056 (2) One or more persons may organize a bankers' bank in accordance
2057 with the provisions of this section, except that subsections (g) and (h) of
2058 this section shall not apply. The approving authority for a bankers' bank
2059 shall be the commissioner acting alone. Before granting a temporary
2060 certificate of authority in the case of an application to organize a
2061 bankers' bank, the approving authority shall consider (A) whether the
2062 proposed bankers' bank will facilitate the provision of services that such
2063 banks, out-of-state banks, Connecticut credit unions, federal credit
2064 unions, or out-of-state credit unions would not otherwise be able to
2065 readily obtain, and (B) the character and experience of the proposed
2066 directors and officers. The application to organize a bankers' bank shall
2067 be approved if the approving authority determines that the interest of
2068 the public will be directly or indirectly served to advantage by the
2069 establishment of the proposed bankers' bank, and the proposed
2070 directors possess capacity and fitness for the duties and responsibilities
2071 with which they will be charged.

2072 (3) A bankers' bank shall have all of the powers of and be subject to
2073 all of the requirements applicable to a Connecticut bank under this title
2074 which are not inconsistent with this subsection, except to the extent the
2075 commissioner limits such powers by regulation. Upon the written
2076 request of a bankers' bank, the commissioner may waive specific
2077 requirements of this title and the regulations adopted thereunder if the

2078 commissioner finds that (A) the requirement pertains primarily to banks
2079 that provide retail or consumer banking services and is inconsistent
2080 with this subsection, and (B) the requirement may impede the ability of
2081 the bankers' bank to compete or to provide desired services to its market
2082 provided, any such waiver and the commissioner's findings shall be in
2083 writing and shall be made available for public inspection.

2084 (4) The commissioner may adopt regulations, in accordance with
2085 chapter 54, to administer the provisions of this subsection.

2086 (r) (1) As used in this subsection and section 36a-139, "community
2087 bank" means a Connecticut bank that is organized pursuant to this
2088 subsection and is subject to the provisions of this subsection and section
2089 36a-139.

2090 (2) One or more persons may organize a community bank in
2091 accordance with the provisions of this section, except that subsection (g)
2092 of this section shall not apply. Any such community bank shall
2093 commence business with a minimum equity capital of at least three
2094 million dollars. The approving authority for a community bank shall be
2095 the commissioner acting alone. In addition to the considerations and
2096 determinations required by subsection (h) of this section, before
2097 granting a temporary certificate of authority to organize a community
2098 bank, the approving authority shall determine that (A) each of the
2099 proposed directors and proposed executive officers, as defined in
2100 subparagraph (D) of subdivision (3) of this subsection, possesses
2101 capacity and fitness for the duties and responsibilities with which such
2102 director or officer will be charged, and (B) there is satisfactory
2103 community support for the proposed community bank based on
2104 evidence of such support provided by the organizers to the approving
2105 authority. If the approving authority cannot make such determination
2106 with respect to any such proposed director or proposed executive
2107 officer, the approving authority may refuse to allow such proposed
2108 director or proposed executive officer to serve in such capacity in the
2109 proposed community bank.

2110 (3) A community bank shall have all of the powers of and be subject

2111 to all of the requirements and limitations applicable to a Connecticut
2112 bank under this title which are not inconsistent with this subsection,
2113 except: (A) No community bank may (i) exercise any of the fiduciary
2114 powers granted to Connecticut banks by law until express authority
2115 therefor has been given by the approving authority, (ii) establish and
2116 maintain one or more mutual funds, (iii) invest in derivative securities
2117 other than mortgage-backed securities fully guaranteed by
2118 governmental agencies or government sponsored agencies, (iv) own
2119 any real estate for the present or future use of the bank unless the
2120 approving authority finds, based on an independently prepared
2121 analysis of costs and benefits, that it would be less costly to the bank to
2122 own instead of lease such real estate, or (v) make mortgage loans
2123 secured by nonresidential real estate the aggregate amount of which, at
2124 the time of origination, exceeds ten per cent of all assets of such bank;
2125 (B) the aggregate amount of all loans made by a community bank shall
2126 not exceed eighty per cent of the total deposits held by such bank; (C) (i)
2127 the total direct or indirect liabilities of any one obligor, whether or not
2128 fully secured and however incurred, to any community bank, exclusive
2129 of such bank's investment in the investment securities of such obligor,
2130 shall not exceed at the time incurred ten per cent of the equity capital
2131 and reserves for loan and lease losses of such bank, and (ii) the
2132 limitations set forth in subsection (a) of section 36a-262 shall apply to
2133 this subparagraph; and (D) the limitations set forth in subsection (a) of
2134 section 36a-263 shall apply to all community banks, provided, a
2135 community bank may (i) make a mortgage loan to any director or
2136 executive officer secured by premises occupied or to be occupied by
2137 such director or officer as a primary residence, (ii) make an educational
2138 loan to any director or executive officer for the education of any child of
2139 such director or executive officer, and (iii) extend credit to any director
2140 or executive officer in an amount not exceeding ten thousand dollars for
2141 extensions of credit not otherwise specifically authorized in this
2142 subparagraph. The aggregate amount of all loans or extensions of credit
2143 made by a community bank pursuant to this subparagraph shall not
2144 exceed thirty-three and one-third per cent of the equity capital and
2145 reserves for loan and lease losses of such bank. As used in this

2146 subparagraph, "executive officer" means every officer of a community
2147 bank who participates or has authority to participate, other than in the
2148 capacity of a director, in major policy-making functions of the bank,
2149 regardless of whether such officer has an official title or whether such
2150 officer serves without salary or other compensation. The vice president,
2151 chief financial officer, secretary and treasurer of a community bank are
2152 presumed to be executive officers unless, by resolution of the governing
2153 board or by the bank's bylaws, any such officer is excluded from
2154 participation in major policy-making functions, other than in the
2155 capacity of a director of the bank, and such officer does not actually
2156 participate in major policy-making functions.

2157 (4) The audit and examination requirements set forth in section 36a-
2158 86 shall apply to each community bank.

2159 (5) The commissioner may adopt regulations, in accordance with
2160 chapter 54, to administer the provisions of this subsection and section
2161 36a-139.

2162 (s) (1) As used in this subsection, "community development bank"
2163 means a Connecticut bank that is organized to serve the banking needs
2164 of a well-defined neighborhood, community or other geographic area as
2165 determined by the commissioner, primarily, but not exclusively, by
2166 making commercial loans in amounts of one hundred fifty thousand
2167 dollars or less to existing businesses or to persons seeking to establish
2168 businesses located within such neighborhood, community or
2169 geographic area.

2170 (2) One or more persons may organize a community development
2171 bank in accordance with the provisions of this section, except that
2172 subsection (g) of this section shall not apply. The approving authority
2173 for a community development bank shall be the commissioner acting
2174 alone. Any such community development bank shall commence
2175 business with a minimum equity capital determined by the
2176 commissioner to be appropriate for the proposed activities of such bank,
2177 provided, if such proposed activities include accepting deposits, such
2178 minimum equity capital shall be sufficient to enable such deposits to be

2179 insured by the Federal Deposit Insurance Corporation or its successor
2180 agency.

2181 (3) The state, acting through the State Treasurer, may be the sole
2182 organizer of a community development bank or may participate with
2183 any other person or persons in the organization of any community
2184 development bank, and may own all or a part of any capital stock of
2185 such bank. No application fee shall be required under subparagraph (H)
2186 of subdivision (1) of subsection (d) of section 36a-65 and no franchise tax
2187 shall be required under subsection (o) of this section for any community
2188 development bank organized by or in participation with the state.

2189 (4) In addition to the considerations and determinations required by
2190 subsection (h) of this section, before granting a temporary certificate of
2191 authority to organize a community development bank, the approving
2192 authority shall determine that (A) each of the proposed directors and
2193 proposed executive officers possesses capacity and fitness for the duties
2194 and responsibilities with which such director or officer will be charged,
2195 and (B) there is satisfactory community support for the proposed
2196 community development bank based on evidence of such support
2197 provided by the organizers to the approving authority. If the approving
2198 authority cannot make such determination with respect to any such
2199 proposed director or proposed executive officer, the approving
2200 authority may refuse to allow such proposed director or proposed
2201 executive officer to serve in such capacity in the proposed community
2202 development bank. As used in this subdivision, "executive officer"
2203 means every officer of a community development bank who
2204 participates or has authority to participate, other than in the capacity of
2205 a director, in major policy-making functions of the bank, regardless of
2206 whether such officer has an official title or whether such officer serves
2207 without salary or other compensation. The vice president, chief financial
2208 officer, secretary and treasurer of a community development bank are
2209 presumed to be executive officers unless, by resolution of the governing
2210 board or by the bank's bylaws, any such officer is excluded from
2211 participation in major policy-making functions, other than in the
2212 capacity of a director of the bank, and such officer does not actually

2213 participate in major policy-making functions.

2214 (5) Notwithstanding any contrary provision of this title: (A) The
2215 commissioner may limit the powers that may be exercised by a
2216 community development bank or impose conditions on the exercise by
2217 such bank of any power allowed by this title as the commissioner deems
2218 necessary in the interest of the public and for the safety and soundness
2219 of the community development bank, provided, any such limitations or
2220 conditions, or both, shall be set forth in the final certificate of authority
2221 issued in accordance with subsection (l) of this section; and (B) the
2222 commissioner may waive in writing any requirement imposed on a
2223 community development bank under this title or any regulation
2224 adopted under this title if the commissioner finds that such requirement
2225 is inconsistent with the powers that may be exercised by such
2226 community development bank under its final certificate of authority.

2227 (6) The commissioner may adopt regulations, in accordance with
2228 chapter 54, to carry out the provisions of this subsection.

2229 (t) (1) One or more persons may organize an [uninsured] innovation
2230 bank in accordance with the provisions of this section, except that
2231 subsection (g) of this section shall not apply. The approving authority
2232 for an [uninsured] innovation bank shall be the commissioner acting
2233 alone. Any such [uninsured] innovation bank shall commence business
2234 with a minimum equity capital of at least five million dollars unless the
2235 commissioner establishes a different minimum capital requirement for
2236 such [uninsured] innovation bank based upon its proposed activities.

2237 (2) An [uninsured] innovation bank shall have all of the powers of
2238 and be subject to all of the requirements and limitations applicable to a
2239 Connecticut bank under this title which are not inconsistent with this
2240 subsection, except no [uninsured] innovation bank may accept retail
2241 deposits and, notwithstanding any provision of this title, sections 36a-
2242 30 to 36a-34, inclusive, do not apply to [uninsured] innovation banks.

2243 (3) (A) An [uninsured] innovation bank shall display conspicuously,
2244 at each window or other place where deposits are usually accepted, a

2245 sign stating that deposits are not insured by the Federal Deposit
2246 Insurance Corporation or its successor agency.

2247 (B) An [uninsured] innovation bank shall either (i) include in boldface
2248 conspicuous type on each signature card, passbook, and instrument
2249 evidencing a deposit the following statement: "This deposit is not
2250 insured by the FDIC" or (ii) require each depositor to execute a
2251 statement that acknowledges that the initial deposit and all future
2252 deposits at the [uninsured] innovation bank are not insured by the
2253 Federal Deposit Insurance Corporation or its successor agency. The
2254 [uninsured] innovation bank shall retain such acknowledgment as long
2255 as the depositor maintains any deposit with the [uninsured] innovation
2256 bank.

2257 (C) An [uninsured] innovation bank shall include on all of its deposit-
2258 related advertising a conspicuous statement that deposits are not
2259 insured by the Federal Deposit Insurance Corporation or its successor
2260 agency.

2261 (4) Notwithstanding any provision of this title, an innovation bank
2262 may accept and hold nonretail deposits, including, but not limited to,
2263 nonretail deposits received from a corporation that owns the majority of
2264 the shares of the innovation bank. An innovation bank may secure
2265 deposit insurance for such nonretail deposits, including from the
2266 Federal Deposit Insurance Corporation.

2267 (u) (1) Each trust bank and [uninsured] innovation bank shall keep
2268 assets on deposit in the amount of at least one million dollars with such
2269 banks as the commissioner may approve, provided a trust bank or
2270 [uninsured] innovation bank that received its final certificate of
2271 authority prior to May 12, 2004, shall keep assets on deposit as follows:
2272 At least two hundred fifty thousand dollars no later than one year from
2273 May 12, 2004, at least five hundred thousand dollars no later than two
2274 years from said date, at least seven hundred fifty thousand dollars no
2275 later than three years from said date and at least one million dollars no
2276 later than four years from said date. No trust bank or [uninsured]
2277 innovation bank shall make a deposit pursuant to this section until the

2278 bank at which the assets are to be deposited and the trust bank or
2279 [uninsured] innovation bank shall have executed a deposit agreement
2280 satisfactory to the commissioner. The value of such assets shall be based
2281 upon the principal amount or market value, whichever is lower. If the
2282 commissioner determines that an asset that otherwise qualifies under
2283 this section shall be valued at less than the amount otherwise provided
2284 in this subdivision, the commissioner shall so notify the trust bank or
2285 [uninsured] innovation bank, which shall thereafter value such asset as
2286 directed by the commissioner.

2287 (2) As used in this subsection, "assets" means: (A) United States dollar
2288 deposits payable in the United States, other than certificates of deposit;
2289 (B) bonds, notes, debentures or other obligations of the United States or
2290 any agency or instrumentality thereof, or guaranteed by the United
2291 States, or of this state or of a county, city, town, village, school district,
2292 or instrumentality of this state or guaranteed by this state; (C) bonds,
2293 notes, debentures or other obligations issued by the Federal Home Loan
2294 Mortgage Corporation and the Federal National Mortgage Corporation;
2295 (D) commercial paper payable in dollars in the United States, provided
2296 such paper is rated in one of the three highest rating categories by a
2297 rating service recognized by the commissioner. In the event that an issue
2298 of commercial paper is rated by more than one recognized rating
2299 service, it shall be rated in one of the three highest rating categories by
2300 each such rating service; (E) negotiable certificates of deposit that are
2301 payable in the United States; (F) reserves held at a federal reserve bank;
2302 and (G) such other assets as determined by the commissioner upon
2303 written application.

2304 Sec. 29. Subsections (a) to (h), inclusive, of section 36a-139a of the
2305 general statutes are repealed and the following is substituted in lieu
2306 thereof (*Effective July 1, 2024*):

2307 (a) Any [uninsured] innovation bank or any trust bank may, upon the
2308 approval of the commissioner, convert to a Connecticut bank that is
2309 authorized to accept retail deposits and operate without the limitations
2310 provided in subdivisions (2) and (3) of subsection (t) and subsection (u)

2311 of section 36a-70, as amended by this act, and subsection (b) of section
2312 36a-250.

2313 (b) The converting bank shall file with the commissioner a proposed
2314 plan of conversion, a copy of the proposed amended certificate of
2315 incorporation and a certificate by the secretary of the converting bank
2316 that the proposed plan of conversion and proposed amended certificate
2317 of incorporation have been approved in accordance with subsection (c)
2318 of this section.

2319 (c) The proposed plan of conversion and proposed amended
2320 certificate of incorporation shall require the approval of a majority of the
2321 governing board of the converting bank and the favorable vote of not
2322 less than two-thirds of the holders of each class of the converting
2323 [bank's] bank's capital stock, if any, or in the case of a converting mutual
2324 bank, the incorporators thereof, cast at a meeting called to consider such
2325 conversion.

2326 (d) Any shareholder of a capital stock Connecticut bank that proposes
2327 to convert under this section, who, on or before the date of the
2328 [shareholders'] shareholders' meeting to vote on such conversion,
2329 objects to the conversion by filing a written objection with the secretary
2330 of such bank may, within ten days after the effective date of such
2331 conversion, make written demand upon the bank for payment of such
2332 shareholder's stock. Any such shareholder that makes such objection
2333 and demand shall have the same rights as those of a shareholder that
2334 asserts appraisal rights with respect to the merger of two or more capital
2335 stock Connecticut banks.

2336 (e) The commissioner shall approve a conversion under this section
2337 if the commissioner determines that: (1) The converting bank has
2338 complied with all applicable provisions of law; (2) the converting bank
2339 has equity capital of at least five million dollars; (3) the converting bank
2340 has received satisfactory ratings on its most recent safety and soundness
2341 examination; (4) the proposed conversion will serve the public necessity
2342 and convenience; and (5) the converting bank will provide adequate
2343 services to meet the banking needs of all community residents,

2344 including low-income residents and moderate-income residents to the
2345 extent permitted by its charter, in accordance with a plan submitted by
2346 the converting bank to the commissioner, in such form and containing
2347 such information as the commissioner may require. Upon receiving any
2348 such plan, the commissioner shall make the plan available for public
2349 inspection and comment at the Department of Banking and cause notice
2350 of its submission and availability for inspection and comment to be
2351 published in the department's weekly bulletin. With the concurrence of
2352 the commissioner, the converting bank shall publish, in the form of a
2353 legal advertisement in a newspaper having a substantial circulation in
2354 the area, notice of such plan's submission and availability for public
2355 inspection and comment. The notice shall state that the inspection and
2356 comment period will last for a period of thirty days from the date of
2357 publication. The commissioner shall not make such determination until
2358 the expiration of the thirty-day period. In making such determination,
2359 the commissioner shall, unless clearly inapplicable, consider, among
2360 other factors, whether the plan identifies specific unmet credit and
2361 consumer banking needs in the local community and specifies how such
2362 needs will be satisfied, provides for sufficient distribution of banking
2363 services among branches or satellite devices, or both, located in low-
2364 income neighborhoods, contains adequate assurances that banking
2365 services will be offered on a nondiscriminatory basis and demonstrates
2366 a commitment to extend credit for housing, small business and
2367 consumer purposes in low-income neighborhoods.

2368 (f) After receipt of the commissioner's approval, the converting bank
2369 shall promptly file such approval and its amended certificate of
2370 incorporation with the Secretary of the State and with the town clerk of
2371 the town in which its principal office is located. Upon such filing, the
2372 bank shall cease to be an [uninsured] innovation bank subject to the
2373 provisions of subdivisions (2) and (3) of subsection (t) and subsection
2374 (u) of section 36a-70, as amended by this act, or a trust bank, subject to
2375 the limitations provided in subsection (u) of section 36a-70, as amended
2376 by this act, and subsection (b) of section 36a-250, and shall be a
2377 Connecticut bank subject to all of the requirements and limitations and
2378 possessed of all rights, privileges and powers granted to it by its

2379 amended certificate of incorporation and by the provisions of the
2380 general statutes applicable to its type of Connecticut bank. Such
2381 Connecticut bank shall not commence business unless its insurable
2382 accounts and deposits are insured by the Federal Deposit Insurance
2383 Corporation or its successor agency. Upon such filing with the Secretary
2384 of the State and with the town clerk, all of the assets, business and good
2385 will of the converting bank shall be transferred to and vested in such
2386 Connecticut bank without any deed or instrument of conveyance,
2387 provided the converting bank may execute any deed or instrument of
2388 conveyance as is convenient to confirm such transfer. Such Connecticut
2389 bank shall be subject to all of the duties, relations, obligations, trusts and
2390 liabilities of the converting bank, whether as debtor, depository,
2391 registrar, transfer agent, executor, administrator or otherwise, and shall
2392 be liable to pay and discharge all such debts and liabilities, and to
2393 perform all such duties in the same manner and to the same extent as if
2394 the Connecticut bank had itself incurred the obligation or liability or
2395 assumed the duty or relation. All rights of creditors of the converting
2396 bank and all liens upon the property of such bank shall be preserved
2397 unimpaired and the Connecticut bank shall be entitled to receive,
2398 accept, collect, hold and enjoy any and all gifts, bequests, devises,
2399 conveyances, trusts and appointments in favor of or in the name of the
2400 converting bank and whether made or created to take effect prior to or
2401 after the conversion.

2402 (g) The persons named as directors in the amended certificate of
2403 incorporation shall be the directors of such Connecticut bank until the
2404 first annual election of directors after the conversion or until the
2405 expiration of their terms as directors, and shall have the power to take
2406 all necessary actions and to adopt bylaws concerning the business and
2407 management of such Connecticut bank.

2408 (h) No such Connecticut bank resulting from the conversion of an
2409 [uninsured] innovation bank may exercise any of the fiduciary powers
2410 granted to Connecticut banks by law until express authority therefor has
2411 been given by the commissioner, unless such authority was previously
2412 granted to the converting bank.

2413 Sec. 30. Subsections (a) to (g), inclusive, of section 36a-139b of the
2414 general statutes are repealed and the following is substituted in lieu
2415 thereof (*Effective July 1, 2024*):

2416 (a) Any Connecticut bank may, upon the approval of the
2417 commissioner, convert to an [uninsured] innovation bank.

2418 (b) The converting bank shall file with the commissioner a proposed
2419 plan of conversion, a copy of the proposed amended certificate of
2420 incorporation and a certificate by the secretary of the converting bank
2421 that the proposed plan of conversion and proposed certificate of
2422 incorporation have been approved in accordance with subsection (c) of
2423 this section.

2424 (c) The proposed plan of conversion and proposed amended
2425 certificate of incorporation shall require the approval of a majority of the
2426 governing board of the converting bank and the favorable vote of not
2427 less than two-thirds of the holders of each class of the [bank's] bank's
2428 capital stock, if any, or, in the case of a mutual bank, the corporators
2429 thereof, cast at a meeting called to consider such conversion.

2430 (d) Any shareholder of a converting capital stock Connecticut bank
2431 that proposes to convert to an [uninsured] innovation bank who, on or
2432 before the date of the [shareholders'] shareholders' meeting to vote on
2433 such conversion, objects to the conversion by filing a written objection
2434 with the secretary of such bank may, within ten days after the effective
2435 date of such conversion, make written demand upon the converted bank
2436 for payment of such [shareholder's] shareholder's stock. Any such
2437 shareholder that makes such objection and demand shall have the same
2438 rights as those of a shareholder who dissents from the merger of two or
2439 more capital stock Connecticut banks.

2440 (e) If applicable, a converting Connecticut bank shall liquidate all of
2441 its retail deposits with the approval of the commissioner. The converting
2442 bank shall file with the commissioner a written notice of its intent to
2443 liquidate all of its retail deposits together with a plan of liquidation and
2444 a proposed notice to depositors approved and executed by a majority of

2445 its governing board. The commissioner shall approve the plan and the
2446 notice to depositors. The commissioner shall not approve a sale of the
2447 retail deposits of the converting bank if the purchasing insured
2448 depository institution, including all insured depository institutions
2449 which are affiliates of such institution, upon consummation of the sale,
2450 would control thirty per cent or more of the total amount of deposits of
2451 insured depository institutions in this state, unless the commissioner
2452 permits a greater percentage of such deposits. The converting and
2453 purchasing institutions shall file with the commissioner a written
2454 agreement approved and executed by a majority of the governing board
2455 of each institution prescribing the terms and conditions of the
2456 transaction.

2457 (f) The commissioner shall approve a conversion under this section if
2458 the commissioner determines that: (1) The converting bank has
2459 complied with all applicable provisions of law; (2) the converting bank
2460 has equity capital of at least five million dollars unless the commissioner
2461 establishes a different minimum capital requirement based on the
2462 proposed activities of the converting bank; (3) the converting bank has
2463 liquidated all of its retail deposits, if any, and has no deposits that are
2464 insured by the Federal Deposit Insurance Corporation or its successor
2465 agency; and (4) the proposed conversion will serve the public necessity
2466 and convenience. The commissioner shall not approve such conversion
2467 unless the commissioner considers the findings of the most recent state
2468 or federal safety and soundness examination of the converting bank,
2469 and the effect of the proposed conversion on the financial resources and
2470 future prospects of the converting bank.

2471 (g) After receipt of the [commissioner's] commissioner's approval for
2472 the conversion, the converting bank shall promptly file such approval
2473 and its certificate of incorporation with the Secretary of the State and
2474 with the town clerk of the town in which its principal office is located.
2475 Upon such filing, the converted Connecticut bank shall not accept retail
2476 deposits and shall be an [uninsured] innovation bank, subject to the
2477 limitations in subdivisions (2) and (3) of subsection (t) and subsection
2478 (u) of section 36a-70, as amended by this act. Upon such conversion, the

2479 converted Connecticut bank possesses all of the rights, privileges and
2480 powers granted to it by its certificate of incorporation and by the
2481 provisions of the general statutes applicable to its type of Connecticut
2482 bank, and all of the assets, business and good will of the converting bank
2483 shall be transferred to and vested in the converted Connecticut bank
2484 without any deed or instrument of conveyance, provided the converting
2485 bank may execute any deed or instrument of conveyance as is
2486 convenient to confirm such transfer. The converted Connecticut bank
2487 shall be subject to all of the duties, relations, obligations, trusts and
2488 liabilities of the converting bank, whether as debtor, depository,
2489 registrar, transfer agent, executor, administrator or otherwise, and shall
2490 be liable to pay and discharge all such debts and liabilities, and to
2491 perform all such duties in the same manner and to the same extent as if
2492 the converted bank had itself incurred the obligation or liability or
2493 assumed the duty or relation. All rights of creditors of the converting
2494 bank and all liens upon the property of such bank shall be preserved
2495 unimpaired and the [uninsured] innovation bank shall be entitled to
2496 receive, accept, collect, hold and enjoy any and all gifts, bequests,
2497 devises, conveyances, trusts and appointments in favor of or in the
2498 name of the converting bank and whether made or created to take effect
2499 prior to or after the conversion.

2500 Sec. 31. Section 36a-215 of the general statutes is repealed and the
2501 following is substituted in lieu thereof (*Effective July 1, 2024*):

2502 If, in the opinion of the commissioner, a trust bank, or an [uninsured]
2503 innovation bank, in danger of becoming insolvent, is not likely to be able
2504 to meet the demands of its depositors, in the case of an [uninsured]
2505 innovation bank, or pay its obligations in the normal course of business,
2506 or is likely to incur losses that may deplete all or substantially all of its
2507 capital, the commissioner may require such trust bank or [uninsured]
2508 innovation bank to increase the assets kept on deposit as required by
2509 subsection (u) of section 36a-70, as amended by this act, to an amount
2510 that would be sufficient to meet the costs and expenses incurred by the
2511 commissioner pursuant to section 36a-222 and all fees and assessments
2512 due the commissioner. Such assets shall be deposited with such bank as

2513 the commissioner may designate, and shall be in such form and subject
2514 to such conditions as the commissioner deems necessary.

2515 Sec. 32. Subsection (a) of section 36a-220 of the general statutes is
2516 repealed and the following is substituted in lieu thereof (*Effective July 1,*
2517 *2024*):

2518 (a) If it appears to the commissioner that (1) the charter of any
2519 Connecticut bank or out-of-state bank that maintains in this state a
2520 branch, as defined in section 36a-410, or the certificate of authority of
2521 any Connecticut credit union or out-of-state credit union that maintains
2522 in this state a branch, as defined in section 36a-435b, is forfeited, (2) the
2523 public is in danger of being defrauded by such bank or credit union, it
2524 is unsafe or unsound for such bank or credit union to continue business
2525 or its assets are being dissipated, (3) such bank or credit union is
2526 insolvent, is in danger of imminent insolvency or that its capital is not
2527 adequate to support the level of risk, or (4) the Federal Deposit
2528 Insurance Corporation, National Credit Union Administration or their
2529 successor agencies have terminated insurance of the insurable accounts
2530 or deposits of such bank, unless such Connecticut bank has filed an
2531 application with the commissioner to convert to an [uninsured]
2532 innovation bank pursuant to section 36a-139b, as amended by this act,
2533 or credit union, the commissioner shall apply to the superior court for
2534 the judicial district of Hartford or the judicial district in which the main
2535 office of such bank or credit union is located for an injunction restraining
2536 such bank or credit union from conducting business or, in the case of a
2537 Connecticut bank or Connecticut credit union, for the appointment of a
2538 conservator or for a receiver to wind up its affairs.

2539 Sec. 33. Subsections (a) to (c), inclusive, of section 36a-221a of the
2540 general statutes are repealed and the following is substituted in lieu
2541 thereof (*Effective July 1, 2024*):

2542 (a) (1) The receiver of a trust bank or [uninsured] innovation bank
2543 shall, as soon after the receiver's appointment as is practicable,
2544 terminate all fiduciary positions the bank holds, surrender all property
2545 held by the bank as a fiduciary and settle the fiduciary accounts. With

2546 the approval of the Superior Court, the receiver of a trust bank or
2547 [uninsured] innovation bank shall release all segregated and identifiable
2548 fiduciary property held by the bank to one or more successor fiduciaries,
2549 and may sell one or more fiduciary accounts to one or more successor
2550 fiduciaries on terms that appear to be in the best interest of the bank's
2551 estate and the persons interested in the property or fiduciary accounts.

2552 (2) Upon the sale or transfer of fiduciary property or a fiduciary
2553 account, the successor fiduciary shall be automatically substituted
2554 without further action and without any order of any court. Prior to the
2555 effective date of substitution of the successor fiduciary, the receiver shall
2556 mail notice of such substitution to each person to whom such bank
2557 provides periodic reports of fiduciary activity. The notice shall include:
2558 (A) The name of such bank, (B) the name of the successor fiduciary, and
2559 (C) the effective date of the substitution of the successor fiduciary. The
2560 provisions of section 45a-245a shall not apply to the substitution of a
2561 fiduciary under this section.

2562 (b) A successor fiduciary shall have all of the rights, powers, duties
2563 and obligations of such bank and shall be deemed to be named,
2564 nominated or appointed as fiduciary in any will, trust, court order or
2565 similar written document or instrument that names, nominates or
2566 appoints such bank as fiduciary, whether executed before or after the
2567 successor fiduciary is substituted, provided the successor fiduciary shall
2568 have no obligations or liabilities under this section for any acts, actions,
2569 inactions or events occurring prior to the effective date of the
2570 substitution.

2571 (c) If commingled fiduciary money held by the trust bank or
2572 [uninsured] innovation bank as trustee is insufficient to satisfy all
2573 fiduciary claims to the commingled money, the receiver shall distribute
2574 such money pro rata to all fiduciary claimants of such money based on
2575 their proportionate interest.

2576 Sec. 34. Section 36a-225 of the general statutes is repealed and the
2577 following is substituted in lieu thereof (*Effective July 1, 2024*):

2578 (a) The Superior Court, upon appointing a receiver of any
2579 Connecticut bank, other than a trust bank or an [uninsured] innovation
2580 bank, or Connecticut credit union, shall limit the time within which all
2581 claims against the bank or credit union may be presented to the receiver,
2582 and the court may, upon cause shown, extend such time and shall cause
2583 such public notice of such limitation or extension of time to be given as
2584 it deems reasonable and just. All claims not presented to the receiver
2585 within the period limited shall be forever barred, except that any claim
2586 for a deposit or share account, as shown by the depositor's or share
2587 account holder's passbook, certificate of deposit, statement or other
2588 evidence of deposit or the records of such bank or credit union, shall be
2589 allowed by the receiver.

2590 (b) (1) As soon as reasonably practicable after appointment of a
2591 receiver of a trust bank or an [uninsured] innovation bank, the receiver
2592 shall publish notice, in a newspaper of general circulation in each town
2593 in which an office of such bank is located, stating that: (A) The bank has
2594 been placed in receivership; (B) the depositors, clients and creditors are
2595 required to present their claims for payment on or before a specific date
2596 and at a specified place; and (C) all safe deposit box holders and bailors
2597 of property left with the bank are required to remove their property no
2598 later than a specified date. The dates that the receiver selects may not be
2599 earlier than the one hundred twenty-first day after the date of the notice,
2600 and shall allow: (i) The affairs of the bank to be wound up as quickly as
2601 feasible; and (ii) depositors, clients, creditors, safe deposit box holders
2602 and bailors of property adequate time for presentation of claims,
2603 withdrawal of accounts, and redemption of property. The receiver may
2604 adjust the dates with the approval of the court and with or without
2605 republication of notice if the receiver determines that additional time is
2606 needed for any such presentation, withdrawal or redemption.

2607 (2) As soon as reasonably practicable, given the state of the [bank's]
2608 bank's records and the adequacy of staffing, the receiver shall mail to
2609 each of the [bank's] bank's known depositors, clients, creditors, safe
2610 deposit box holders and bailors of property left with the bank, at the
2611 mailing address shown on the [bank's] bank's records, an individual

2612 notice containing the information required in the notice provided in
2613 subdivision (1) of this subsection, and specific information pertinent to
2614 the account or property of the addressee. The receiver of a trust bank or
2615 [uninsured] innovation bank may require a fiduciary claimant to file a
2616 proof of claim if the records of such bank are insufficient to identify the
2617 [claimant's] claimant's interest.

2618 Sec. 35. Subsection (a) of section 36a-226a of the general statutes is
2619 repealed and the following is substituted in lieu thereof (*Effective July 1,*
2620 *2024*):

2621 (a) A contract between a trust bank or [uninsured] innovation bank
2622 in receivership and another person for bailment, of deposit for hire, or
2623 for the lease of a safe, vault or safe deposit box terminates on the date
2624 specified for removal of property in the notices that were published and
2625 mailed in accordance with section 36a-225, as amended by this act, or a
2626 later date approved by the receiver or the Superior Court. A person who
2627 has paid rental or storage charges for a period extending beyond the
2628 date designated for removal of property has a claim against such bank's
2629 estate for a refund of the unearned amount paid.

2630 Sec. 36. Subsections (a) and (b) of section 36a-237 of the general
2631 statutes are repealed and the following is substituted in lieu thereof
2632 (*Effective July 1, 2024*):

2633 (a) The assets of any Connecticut bank, other than a trust bank or
2634 [uninsured] innovation bank, in the possession of a receiver shall be
2635 distributed in the following order of priority: (1) All fees and
2636 assessments due the commissioner; (2) the charges and expenses of
2637 settling such bank's affairs; (3) all deposits; (4) all other liabilities; (5) any
2638 liquidation account; and (6) in the case of a capital stock Connecticut
2639 bank, the claims of shareholders or, in the case of a mutual savings bank
2640 or mutual savings and loan association, the claims of depositors in
2641 proportion to their respective deposits.

2642 (b) (1) The assets of a trust bank or an [uninsured] innovation bank
2643 shall be distributed in the following order of priority: (A) All fees and

2644 assessments due the commissioner; (B) administrative expenses; (C)
2645 approved claims of owners of secured trust funds on deposit to the
2646 extent of the value of the security as provided in subsection (d) of section
2647 36a-237f, as amended by this act; (D) approved claims of secured
2648 creditors to the extent of the value of the security as provided in
2649 subsection (d) of section 36a-237f, as amended by this act; (E) approved
2650 claims by beneficiaries of insufficient commingled fiduciary money or
2651 missing fiduciary property and approved claims of clients of the trust
2652 bank or [uninsured] innovation bank; (F) other approved claims of
2653 depositors and general creditors not falling within a higher priority
2654 under this subdivision, including unsecured claims for taxes and debts
2655 due the federal government or a state or local government; (G)
2656 approved claims of a type described by subparagraphs (A) to (F),
2657 inclusive, of this subdivision that were not filed within the period
2658 prescribed by sections 36a-215 to 36a-239, inclusive, as amended by this
2659 act; and (H) claims of capital note or debenture holders or holders of
2660 similar obligations and proprietary claims of shareholders or other
2661 owners according to the terms established by issue, class or series.

2662 (2) As used in this subsection, "administrative expense" means (A)
2663 any expense designated as an administrative expense by sections 36a-
2664 231 and 36a-237h, as amended by this act; (B) any charge or expense of
2665 settling the affairs of the bank, including court costs and expenses of
2666 operation and liquidation of the bank's estate; (C) wages owed to an
2667 employee of the bank for services rendered within three months before
2668 the date the bank was placed in receivership and not exceeding two
2669 thousand dollars to each employee; (D) current wages owed to an
2670 employee of the bank whose services are retained by the receiver for
2671 services rendered after the date the bank is placed in receivership; and
2672 (E) an unpaid expense of supervision or conservatorship of the bank
2673 before it was placed in receivership.

2674 Sec. 37. Section 36a-237f of the general statutes is repealed and the
2675 following is substituted in lieu thereof (*Effective July 1, 2024*):

2676 (a) To receive payment of a claim against the estate of a trust bank or

2677 [uninsured] innovation bank in receivership, a person who has a claim,
2678 other than a shareholder acting in that capacity, including a claimant
2679 with a secured claim or a fiduciary claimant ordered by the receiver to
2680 file a proof of claim under subdivision (2) of subsection (b) of section
2681 36a-225, as amended by this act, shall present proof of the claim to the
2682 receiver at a place specified by the receiver, within the period specified
2683 by the receiver. Receipt of the required proof of claim by the receiver is
2684 a condition precedent to the payment of the claim. A claim that is not
2685 filed within the period or at the place specified by the receiver may not
2686 participate in a distribution of the assets by the receiver, except that,
2687 subject to court approval, the receiver may accept a claim filed not later
2688 than the one-hundred-eightieth day after the date notice of the
2689 claimant's right to file a proof of claim is mailed to the claimant,
2690 provided such claim shall be subordinate to an approved claim of a
2691 general creditor. Interest does not accrue on any claim after the date the
2692 bank is placed in receivership. The provisions of this subsection shall
2693 not apply to a fiduciary claimant or depositor where the records of the
2694 bank in receivership are sufficient to identify the fiduciary claimant's or
2695 depositor's interest.

2696 (b) (1) The proof of claim against a trust bank or an [uninsured]
2697 innovation bank shall be in writing, be signed by the claimant, and
2698 include: (A) A statement of the claim; (B) a description of the
2699 consideration for the claim; (C) a statement of whether collateral is held
2700 or a security interest is asserted against the claim and, if so, a description
2701 of the collateral or security interest; (D) a statement of any right of
2702 priority of payment for the claim or other specific right asserted by the
2703 claimant; (E) a statement of whether a payment has been made on the
2704 claim and, if so, the amount and source of the payment, to the extent
2705 known by the claimant; (F) a statement that the amount claimed is justly
2706 owed by the bank to the claimant; and (G) any other matter that is
2707 required by the Superior Court.

2708 (2) The receiver may designate the form of the proof of claim. A proof
2709 of claim shall be filed under oath unless the oath is waived by the
2710 receiver. If a claim is founded on a written instrument, the original

2711 instrument, unless lost or destroyed, shall be filed with the proof of
2712 claim. After the instrument is filed, the receiver may permit the claimant
2713 to substitute a copy of the instrument until the final disposition of the
2714 claim. If the instrument is lost or destroyed, a statement of that fact and
2715 of the circumstances of the loss or destruction shall be filed under oath
2716 with the claim.

2717 (c) A judgment against a trust bank or [uninsured] innovation bank
2718 in receivership taken by default or by collusion before the date the bank
2719 was placed in receivership may not be considered as conclusive
2720 evidence of the liability of the bank to the judgment creditor or of the
2721 amount of damages to which the judgment creditor is entitled. A
2722 judgment against the bank entered after the date the bank was placed in
2723 receivership may not be considered as evidence of liability or of the
2724 amount of damages.

2725 (d) (1) The owner of secured trust funds on deposit may file a claim
2726 as a creditor against a trust bank or [uninsured] innovation bank in
2727 receivership. The value of the security shall be determined under
2728 supervision of the Superior Court by converting the security into
2729 money.

2730 (2) The owner of a secured claim against a trust bank or [uninsured]
2731 innovation bank in receivership may surrender the security and file a
2732 claim as a general creditor or apply the security to the claim and
2733 discharge the claim.

2734 (3) If the owner applies the security and discharges the claim under
2735 subdivision (2) of this subsection, any deficiency shall be treated as a
2736 claim against the general assets of the bank on the same basis as a claim
2737 of an unsecured creditor. The amount of the deficiency shall be
2738 determined as provided by subsection (e) of this section, except that if
2739 the amount of the deficiency has been adjudicated by a court in a
2740 proceeding in which the receiver has had notice and an opportunity to
2741 be heard, the court's decision is conclusive as to the amount.

2742 (4) The value of security held by a secured creditor shall be

2743 determined under supervision of the court by converting the security
2744 into money according to the terms of the agreement under which the
2745 security was delivered to the creditor or by agreement, arbitration,
2746 compromise or litigation between the creditor and the receiver.

2747 (e) (1) A claim against a trust bank or [uninsured] innovation bank in
2748 receivership based on an unliquidated or undetermined demand shall
2749 be filed within the period for the filing of the claim. The claim may not
2750 share in any distribution to claimants until the claim is definitely
2751 liquidated, determined and allowed. After the claim is liquidated,
2752 determined and allowed, the claim shares ratably with the claims of the
2753 same class in all subsequent distributions.

2754 (2) If the receiver in all other respects is in a position to close the
2755 receivership proceeding, the proposed closing is sufficient grounds for
2756 the rejection of any remaining claim based on an unliquidated or
2757 undetermined demand. The receiver shall notify the claimant of the
2758 intention to close the proceeding. If the demand is not liquidated or
2759 determined before the sixty-first day after the date of the notice, the
2760 receiver may reject the claim.

2761 (3) For the purposes of this subsection, a demand is considered
2762 unliquidated or undetermined if the right of action on the demand
2763 accrued while the trust bank or [uninsured] innovation bank was placed
2764 in receivership and the liability on the demand has not been determined
2765 or the amount of the demand has not been liquidated.

2766 (f) (1) Mutual credits and mutual debts shall be set off and only the
2767 balance allowed or paid, except that a set-off may not be allowed in
2768 favor of a person if: (A) The obligation of a trust bank or [uninsured]
2769 innovation bank to the person on the date the bank was placed in
2770 receivership did not entitle the person to share as a claimant in the assets
2771 of the bank; (B) the obligation of the bank to the person was purchased
2772 by or transferred to the person after the date the bank was placed in
2773 receivership or for the purpose of increasing set-off rights; or (C) the
2774 obligation of the person or the bank is as a trustee or fiduciary.

2775 (2) Upon request, the receiver shall provide a person with an
2776 accounting statement identifying each debt that is due and payable. A
2777 person who owes a trust bank or [uninsured] innovation bank an
2778 amount that is due and payable against which the person asserts set-off
2779 of mutual credits that may become due and payable from the bank in
2780 the future shall promptly pay to the receiver the amount due and
2781 payable. The receiver shall promptly refund, to the extent of the person's
2782 prior payment, mutual credits that become due and payable to the
2783 person by the bank in receivership.

2784 (g) (1) Not later than six months after the last day permitted for the
2785 filing of claims or a later date allowed by the Superior Court, the receiver
2786 shall accept or reject in whole or in part each claim filed against a trust
2787 bank or an [uninsured] innovation bank in receivership, except for an
2788 unliquidated or undetermined claim governed by subsection (e) of this
2789 section. The receiver shall reject a claim if the receiver doubts its validity.

2790 (2) The receiver shall mail written notice to each claimant, specifying
2791 the disposition of the person's claim. If a claim is rejected in whole or in
2792 part, the receiver in the notice shall specify the basis for rejection and
2793 advise the claimant of the procedures and deadline for appeal.

2794 (3) The receiver shall send each claimant a summary schedule of
2795 approved and rejected claims by priority class and notify the claimant:
2796 (A) That a copy of a schedule of claims disposition, including only the
2797 name of the claimant, the amount of the claim allowed, and the amount
2798 of the claim rejected, is available upon request; and (B) of the procedure
2799 and deadline for filing an objection to an approved claim.

2800 (h) The receiver of a trust bank or [uninsured] innovation bank, with
2801 the approval of the superior court, shall set a deadline for an objection
2802 to an approved claim. On or before that date, a depositor, creditor, other
2803 claimant or shareholder of a trust bank or [uninsured] innovation bank
2804 may file an objection to an approved claim. The objection shall be heard
2805 and determined by the court. If the objection is sustained, the court shall
2806 direct an appropriate modification of the schedule of claims.

2807 (i) The receiver's rejection of a claim may be appealed to the superior
2808 court in which the receivership proceeding of a trust bank or
2809 [uninsured] innovation bank is pending. The appeal shall be filed within
2810 three months after the date of service of notice of the rejection. If the
2811 appeal is timely filed, review is de novo as if it were an action originally
2812 filed in the court, and is subject to the rules of procedure and appeal
2813 applicable to civil cases. An action to appeal rejection of a claim by the
2814 receiver is separate from the receivership proceeding, and may not be
2815 initiated by a claimant intervening in the receivership proceeding. If the
2816 action is not timely filed, the action of the receiver is final and not subject
2817 to review.

2818 (j) (1) The commissioner shall deposit all money available for the
2819 benefit of persons who have not filed a claim and are, according to the
2820 bank's records, depositors and creditors of a trust bank or [uninsured]
2821 innovation bank in receivership in a bank, Connecticut credit union,
2822 federal credit union, out-of-state bank that maintains in this state a
2823 branch, as defined in section 36a-410, or out-of-state credit union that
2824 maintains in this state a branch, as defined in section 36a-435b. The
2825 commissioner shall pay the nonclaiming depositors and creditors on
2826 demand the undisputed amount, based on the bank's records, held for
2827 their benefit.

2828 (2) The receiver may periodically make a partial distribution to the
2829 holders of approved claims if: (A) All objections have been heard and
2830 decided as provided by subsection (h) of this section; (B) the time for
2831 filing appeals has expired as provided by subsection (i) of this section;
2832 (C) money has been made available to provide for the payment of all
2833 nonclaiming depositors and creditors in accordance with subdivision (1)
2834 of this subsection; and (D) a proper reserve is established for the pro rata
2835 payment of: (i) Rejected claims that have been appealed, and (ii) any
2836 claims based on unliquidated or undetermined demands governed by
2837 subsection (e) of this section.

2838 (3) As soon as practicable after all objections, appeals and claims
2839 based on previously unliquidated or undetermined demands governed

2840 by subsection (e) of this section have been determined and money has
2841 been made available to provide for the payment of all nonclaiming
2842 depositors and creditors in accordance with subdivision (1) of this
2843 subsection, the receiver shall distribute the assets of a trust bank or
2844 [uninsured] innovation bank in satisfaction of approved claims other
2845 than claims asserted in a person's capacity as a shareholder.

2846 Sec. 38. Section 36a-237g of the general statutes is repealed and the
2847 following is substituted in lieu thereof (*Effective July 1, 2024*):

2848 (a) All fiduciary records relating to the administration of fiduciary
2849 accounts of a trust bank or [uninsured] innovation bank shall be turned
2850 over to the successor fiduciary, as defined in section 45a-245a, in charge
2851 of administration of the accounts. The receiver may devise a method for
2852 the effective, efficient and economical maintenance of all other records
2853 of the trust bank or [uninsured] innovation bank and of the receiver's
2854 office.

2855 (b) On approval by the Superior Court, the receiver may dispose of
2856 records of the trust bank or [uninsured] innovation bank in receivership
2857 that are obsolete and unnecessary to the continued administration of the
2858 receivership proceeding.

2859 Sec. 39. Subsections (a) to (c), inclusive, of section 36a-237h of the
2860 general statutes are repealed and the following is substituted in lieu
2861 thereof (*Effective July 1, 2024*):

2862 (a) Persons entitled to protection under this section shall be: (1) All
2863 receivers or conservators of trust banks or [uninsured] innovation
2864 banks, including present and former receivers and conservators; and (2)
2865 the employees of such receivers or conservators. Attorneys,
2866 accountants, auditors and other professional persons or firms who are
2867 retained by the receiver or conservator as independent contractors, and
2868 their employees, shall not be considered employees of the receiver or
2869 conservator for purposes of this section.

2870 (b) The receiver or conservator and the employees of the receiver or

2871 conservator shall be immune from suit and liability, both personally and
2872 in their official capacities, for any claim for damage to or loss of
2873 property, personal injury or other civil liability caused by or resulting
2874 from any alleged act, error or omission of the receiver or conservator or
2875 any employee arising out of or by reason of their duties or employment,
2876 provided nothing in this section shall be construed to hold the receiver
2877 or conservator or any employee immune from suit or liability for any
2878 damage, loss, injury or liability caused by the intentional or wilful and
2879 wanton misconduct of the receiver or conservator or any employee.

2880 (c) (1) If any legal action is commenced against the receiver or
2881 conservator or any employee, whether personally or in such person's
2882 official capacity, alleging property damage, property loss, personal
2883 injury or other civil liability caused by or resulting from any alleged act,
2884 error or omission of the receiver or conservator or any employee arising
2885 out of or by reason of their duties or employment, the receiver or
2886 conservator and any employee shall be indemnified from the assets of
2887 the trust bank or [uninsured] innovation bank for all expenses,
2888 attorneys' fees, judgments, settlements, decrees or amounts due and
2889 owing or paid in satisfaction of or incurred in the defense of such legal
2890 action unless it is determined upon a final adjudication on the merits
2891 that the alleged act, error or omission of the receiver or conservator or
2892 employee giving rise to the claim did not arise out of or by reason of
2893 such person's duties or employment, or was caused by intentional or
2894 wilful and wanton misconduct.

2895 (2) Attorneys' fees and any related expenses incurred in defending a
2896 legal action for which immunity or indemnity is available under this
2897 section shall be paid from the assets of the trust bank or [uninsured]
2898 innovation bank, as they are incurred, in advance of the final disposition
2899 of such action upon receipt of an undertaking by or on behalf of the
2900 receiver or conservator or employee to repay the attorneys' fees and
2901 expenses if it shall ultimately be determined upon a final adjudication
2902 on the merits that the receiver or conservator or employee is not entitled
2903 to immunity or indemnity under this section.

2904 (3) Any indemnification for expense payments, judgments,
2905 settlements, decrees, attorneys' fees, surety bond premiums or other
2906 amounts paid or to be paid from the assets of the trust bank or
2907 [uninsured] innovation bank pursuant to this section shall be an
2908 administrative expense of the receivership or conservatorship.

2909 (4) In the event of any actual or threatened litigation against a receiver
2910 or conservator or any employee for which immunity or indemnity may
2911 be available under this section, a reasonable amount of funds, which in
2912 the judgment of the receiver or conservator may be needed to provide
2913 immunity or indemnity, shall be segregated and reserved from the
2914 assets of the trust bank or [uninsured] innovation bank as security for
2915 the payment of indemnity until such time as all applicable statutes of
2916 limitation shall have run and all actual or threatened actions against the
2917 receiver or conservator or any employee have been completely and
2918 finally resolved, and all obligations of the trust bank or [uninsured]
2919 innovation bank and the commissioner under this section shall have
2920 been satisfied.

2921 (5) In lieu of segregation and reserving of funds, the receiver or
2922 conservator may, in the receiver's or conservator's discretion, obtain a
2923 surety bond or make other arrangements that will enable the receiver or
2924 conservator to fully secure the payment of all obligations under this
2925 section.

2926 Sec. 40. Subdivision (2) of subsection (a) of section 36a-333 of the
2927 general statutes is repealed and the following is substituted in lieu
2928 thereof (*Effective July 1, 2024*):

2929 (2) Notwithstanding the provisions of subdivisions (1) and (3) of this
2930 subsection, to secure public deposits, each qualified public depository
2931 that (A) has been conducting business in this state for a period of less
2932 than two years, except for a depository that is a successor institution to
2933 a depository which conducted business in this state for two years or
2934 more, or (B) is an [uninsured] innovation bank, shall at all times
2935 maintain, segregated from its other assets as required under subsection
2936 (b) of this section, eligible collateral in an amount not less than one

2937 hundred twenty per cent of all uninsured public deposits held by the
2938 depository.

2939 Sec. 41. Section 36a-609 of the 2024 supplement to the general statutes
2940 is repealed and the following is substituted in lieu thereof (*Effective July*
2941 *1, 2024*):

2942 The provisions of sections 36a-597 to 36a-607, inclusive, and sections
2943 36a-611 and 36a-612 shall not apply to:

2944 (1) Any federally insured federal bank, out-of-state bank, Connecticut
2945 bank, Connecticut credit union, federal credit union or out-of-state
2946 credit union, provided such institution does not engage in the business
2947 of money transmission in this state through any person who is not (A) a
2948 federally insured federal bank, out-of-state bank, Connecticut bank,
2949 Connecticut credit union, federal credit union or out-of-state credit
2950 union, (B) a person licensed pursuant to sections 36a-595 to 36a-612,
2951 inclusive, or an authorized delegate acting on behalf of such licensed
2952 person, or (C) a person exempt pursuant to subdivisions (2) to (4),
2953 inclusive, of this section;

2954 (2) Any Connecticut bank that is an [uninsured] innovation bank
2955 organized pursuant to subsection (t) of section 36a-70, as amended by
2956 this act;

2957 (3) The United States Postal Service and any contractor that engages
2958 in the business of money transmission in this state on behalf of the
2959 United States Postal Service; and

2960 (4) A person whose activity is limited to the electronic funds transfer
2961 of governmental benefits for or on behalf of a federal, state or other
2962 governmental agency, quasi-governmental agency or government
2963 sponsored enterprise.

2964 Sec. 42. Section 3-24j of the 2024 supplement to the general statutes is
2965 repealed and the following is substituted in lieu thereof (*Effective July 1,*
2966 *2024*):

2967 As used in this section and sections 3-24k and 3-24l:

2968 (1) "Community bank" means a bank [and trust company, savings
2969 bank or savings and loan association chartered or organized under the
2970 laws of this state] or out-of-state bank, as those terms are defined in
2971 section 36a-2, as amended by this act; and

2972 (2) "Community credit union" means a [cooperative, nonprofit
2973 financial institution that (A) is organized under chapter 667 and the
2974 membership of which is limited as provided in section 36a-438a, (B)
2975 operates for the benefit and general welfare of its members with the
2976 earnings, benefits or services offered being distributed to or retained for
2977 its members, and (C) is governed by a volunteer board of directors
2978 elected by and from its membership] Connecticut credit union or federal
2979 credit union, as those terms are defined in section 36a-2, as amended by
2980 this act.

2981 Sec. 43. Subdivisions (4) and (5) of subsection (i) of section 36a-261 of
2982 the 2024 supplement to the general statutes are repealed and the
2983 following is substituted in lieu thereof (*Effective October 1, 2024*):

2984 (4) Loans that are renewed, refinanced [,] or restructured without the
2985 advancement of new funds or an increase in a line of credit, except for
2986 reasonable closing costs.

2987 (5) Loans that are renewed, refinanced [,] or restructured in
2988 connection with a workout situation, either with or without the
2989 advancement of new funds, where such action is consistent with safe
2990 and sound banking practices and is a part of a clearly defined and well
2991 documented program to achieve orderly liquidation of the debt, reduce
2992 risk of loss or maximize recovery of the loan.

2993 Sec. 44. Subdivision (2) of subsection (b) of section 36a-262 of the 2024
2994 supplement to the general statutes is repealed and the following is
2995 substituted in lieu thereof (*Effective October 1, 2024*):

2996 (2) When loans are made (A) to obligors who are related directly or
2997 indirectly through common control, including where one obligor is

2998 directly or indirectly controlled by another obligor; and (B) substantial
2999 financial interdependence exists between or among the obligors.
3000 Substantial financial interdependence is deemed to exist when fifty per
3001 cent or more of one obligor's gross receipts or gross expenditures, on an
3002 annual basis, are derived from transactions with the other obligor. Gross
3003 receipts and expenditures include gross revenues, expenses,
3004 intercompany loans, dividends, capital contributions [,] and similar
3005 receipts or payments;

3006 Sec. 45. Subdivision (2) of subsection (e) of section 36a-309 of the 2024
3007 supplement to the general statutes is repealed and the following is
3008 substituted in lieu thereof (*Effective October 1, 2024*):

3009 (2) A banking institution that posts_z in the public area of its branches
3010 and offices in the state_z the notices described in subdivision (1) of this
3011 subsection [,] shall also post equally conspicuous notice, in the same
3012 public area of its branches and offices in the state and in the same
3013 manner, of the Department of Banking's toll-free consumer hotline
3014 number that may be used to file a complaint if a consumer is not satisfied
3015 with the services a banking institution provides.

3016 Sec. 46. Subparagraph (F) of subdivision (5) of subsection (b) of
3017 section 36a-486 of the 2024 supplement to the general statutes is
3018 repealed and the following is substituted in lieu thereof (*Effective October*
3019 *1, 2024*):

3020 (F) An employee of a person licensed as a lead generator or exempt
3021 from licensure as a lead generator, while engaged in lead [generator]
3022 generation activities on behalf of such person; and

3023 Sec. 47. Subparagraph (D) of subdivision (1) of subsection (f) of
3024 section 36b-14 of the 2024 supplement to the general statutes, as
3025 amended by public act 23-161, is repealed and the following is
3026 substituted in lieu thereof (*Effective July 1, 2024*):

3027 (D) "Trusted contact person" means an individual who is at least
3028 eighteen years of age [who] whom an eligible adult identifies and

3029 authorizes a qualified person to, at the qualified person's option, contact
3030 and disclose information about the account to address possible financial
3031 exploitation, or to confirm the specifics of the account holder's current
3032 contact information, health status or the identity of any conservator,
3033 executor, trustee or holder of a power of attorney.

3034 Sec. 48. Subsection (c) of section 49-2 of the 2024 supplement to the
3035 general statutes is repealed and the following is substituted in lieu
3036 thereof (*Effective October 1, 2024*):

3037 (c) Advancements may also be made by a mortgagee, or the assignee
3038 of any mortgagee, under an open-end mortgage to the original
3039 mortgagor, or to the assign or assigns of the original mortgagor who
3040 assume the existing mortgage, or any of them, and any such mortgage
3041 debt and future advances shall, from the time such mortgage deed is
3042 recorded, without regard to whether the terms and conditions upon
3043 which such advances will be made are contained in the mortgage deed
3044 and, in the case of an open-end mortgage securing a commercial future
3045 advance loan, a consumer revolving loan or a letter of credit, without
3046 regard to whether the authorized amount of indebtedness shall at that
3047 time or any time have been fully advanced, be a part of the debt due
3048 such mortgagee and be secured by such mortgage equally with the debts
3049 and obligations secured thereby at the time of recording the mortgage
3050 deed and have the same priority over the rights of others who may
3051 acquire any rights in, or liens upon, the mortgaged real estate
3052 subsequent to the recording of such mortgage deed, provided: (1) The
3053 heading of any such mortgage deed shall be clearly entitled "Open-End
3054 Mortgage"; (2) the mortgage deed shall contain specific provisions
3055 permitting such advancements and, if applicable, shall specify that such
3056 advancements are made pursuant to a commercial future advance loan
3057 agreement, a consumer revolving loan agreement or a letter of credit; (3)
3058 the mortgage deed shall state the full amount of the loan therein
3059 authorized; (4) the terms of repayment of such advancements shall not
3060 extend the time of repayment beyond the maturity of the original
3061 mortgage debt, provided this subdivision shall not be applicable where
3062 such advancements are made or would be made pursuant to a

3063 commercial future advance loan agreement, a consumer revolving loan
3064 agreement or a letter of credit, and the mortgage deed specifies that such
3065 advancements are repayable upon demand or by a date which shall not
3066 be later than thirty years from the date of the mortgage; (5) such
3067 advancements shall be secured or evidenced by a note or notes signed
3068 by the original mortgagor or mortgagors or any assign or assigns of the
3069 original mortgagor or mortgagors who assume the existing mortgage,
3070 or any of them, but no note shall be required with respect to any
3071 advancements made pursuant to a commercial future advance loan
3072 agreement, a consumer revolving loan agreement or a letter of credit as
3073 long as such advancements are recorded in the books and records of the
3074 original mortgagee or its assignee; (6) the original mortgage shall be
3075 executed and recorded after October 1, 1955; (7) the original mortgagor
3076 or mortgagors, or any assign or assigns of the original mortgagor or
3077 mortgagors who assume the existing mortgage, or any of them, are
3078 hereby authorized to record a written notice terminating the right to
3079 make such optional future advances secured by such mortgage or
3080 limiting such advances to not more than the amount actually advanced
3081 at the time of the recording of such notice, provided a copy of such
3082 written notice shall also be sent by registered or certified mail, postage
3083 prepaid and return receipt requested, to the mortgagee, or a copy of
3084 such written notice shall be delivered to the mortgagee by a proper
3085 officer or an indifferent person and a receipt for the same received from
3086 the mortgagee, and such notice, unless a later date is recorded or
3087 specified in the notice, shall be effective from the time it is received by
3088 the mortgagee; (8) except that if any such optional future advance or
3089 advances are made by the mortgagee, or the assignee of any mortgagee,
3090 to the original mortgagor or mortgagors, or any assign or assigns who
3091 assume the existing mortgage, or any of them, after receipt of written
3092 notice of any subsequent mortgage, lien, attachment, lis pendens, legal
3093 proceeding or adjudication against such real property, then the amount
3094 of any such advance, other than an advance made pursuant to a
3095 commercial future advance loan agreement or a letter of credit, shall not
3096 be a priority as against any such mortgage, lien, attachment, lis pendens
3097 or adjudication of which such written notice was given; (9) any notice

3098 given to the mortgagee under the terms of subdivision (8) of this
3099 subsection shall be deemed valid and binding upon the original
3100 mortgagee or any assignee of the original mortgagee, in the case of a
3101 mortgagee other than a banking institution, on the next business day
3102 following receipt by such mortgagee of such notice sent by registered or
3103 certified mail, postage prepaid and return receipt requested, or by hand
3104 delivery with a signed receipt, and in the case of a mortgagee which is a
3105 banking institution, on the next business day following receipt at the
3106 main office of such banking institution of such notice sent by registered
3107 or certified mail, postage prepaid and return receipt requested, or by
3108 hand delivery with a signed receipt. For the purposes of this subsection:
3109 (A) "Banking institution" means a bank and trust company, a national
3110 banking association having its main office in this state, a savings bank,
3111 a federal savings bank having its main office in this state, a savings and
3112 loan association, a federal savings and loan association having its main
3113 office in this state, a credit union having assets of two million dollars or
3114 more, or a federal credit union having its main office in this state and
3115 having assets of two million dollars or more; (B) "commercial future
3116 advance loan" means a loan to a foreign or domestic corporation,
3117 partnership, limited liability company, sole proprietorship, association
3118 or entity, or any combination thereof, the proceeds of which are not
3119 intended primarily for personal, family or household purposes, which
3120 loan entails advances of all or part of the loan proceeds and repayments
3121 of all or part of the outstanding balance of the loan from time to time,
3122 and includes (i) a commercial revolving loan wherein all or part of the
3123 loan proceeds that have been repaid may be readvanced, and (ii) a
3124 commercial nonrevolving loan wherein previously advanced loan
3125 proceeds, once repaid, cannot be readvanced; and (C) "consumer
3126 revolving loan" means a loan to one or more individuals, the proceeds
3127 of which are intended primarily for personal, family or household
3128 purposes, which is secured by a mortgage on residential real property,
3129 and is made pursuant to an agreement between the mortgagor and
3130 mortgagee which (i) provides for advancements of all or part of the loan
3131 proceeds during a period of time which shall not exceed ten years from
3132 the date of such agreement and for repayments of the loan from time to

3133 time, (ii) provides for payments to be applied at least in part to the
 3134 unpaid principal balance not later than ten years from the date of the
 3135 loan, (iii) does not authorize access to the loan proceeds by single
 3136 advancements of less than one thousand dollars by a card or any similar
 3137 instrument or device, whether known as a credit card, credit plate, or by
 3138 any other name, issued with or without a fee by an issuer for the use of
 3139 the cardholder in obtaining money, goods, services [,] or anything else
 3140 of value on credit, and (iv) does not provide that such a revolving loan
 3141 to more than one mortgagor will be immediately due and payable upon
 3142 the death of fewer than all the mortgagors who signed the revolving
 3143 loan agreement. Nothing in this subsection shall affect the validity or
 3144 enforceability of any loan agreement which provides for future
 3145 advancements by a lender to a borrower as between such parties or their
 3146 heirs, successors or assigns, or shall affect the validity or enforceability
 3147 of any mortgage securing any such loan that would be valid and
 3148 enforceable without the provisions of this subsection.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2024	36a-492(c)
Sec. 2	October 1, 2024	36a-602(c)
Sec. 3	October 1, 2024	36a-664(b)
Sec. 4	October 1, 2024	36a-671d(c)
Sec. 5	October 1, 2024	36a-802(b)
Sec. 6	October 1, 2024	36a-490(b)(2)
Sec. 7	October 1, 2024	36a-598(d)(2)
Sec. 8	October 1, 2024	36a-658(b)
Sec. 9	October 1, 2024	36a-671(i)
Sec. 10	October 1, 2024	36a-719a(b)
Sec. 11	October 1, 2024	36a-801(i)
Sec. 12	October 1, 2024	36a-535(2)
Sec. 13	October 1, 2024	36a-718
Sec. 14	October 1, 2024	36a-719c
Sec. 15	October 1, 2024	36a-850a
Sec. 16	October 1, 2024	36a-51
Sec. 17	October 1, 2024	36a-556(a)
Sec. 18	October 1, 2024	36a-715
Sec. 19	October 1, 2024	36a-846

Sec. 20	October 1, 2024	36a-487(d)
Sec. 21	October 1, 2024	36a-250(a)(8) to (33)
Sec. 22	from passage	36b-6
Sec. 23	from passage	36b-21(d)
Sec. 24	from passage	36b-15(a)
Sec. 25	October 1, 2024	New section
Sec. 26	July 1, 2024	36a-2
Sec. 27	July 1, 2024	36a-65(e)
Sec. 28	July 1, 2024	36a-70(n) to (u)
Sec. 29	July 1, 2024	36a-139a(a) to (h)
Sec. 30	July 1, 2024	36a-139b(a) to (g)
Sec. 31	July 1, 2024	36a-215
Sec. 32	July 1, 2024	36a-220(a)
Sec. 33	July 1, 2024	36a-221a(a) to (c)
Sec. 34	July 1, 2024	36a-225
Sec. 35	July 1, 2024	36a-226a(a)
Sec. 36	July 1, 2024	36a-237(a) and (b)
Sec. 37	July 1, 2024	36a-237f
Sec. 38	July 1, 2024	36a-237g
Sec. 39	July 1, 2024	36a-237h(a) to (c)
Sec. 40	July 1, 2024	36a-333(a)(2)
Sec. 41	July 1, 2024	36a-609
Sec. 42	July 1, 2024	3-24j
Sec. 43	October 1, 2024	36a-261(i)(4) and (5)
Sec. 44	October 1, 2024	36a-262(b)(2)
Sec. 45	October 1, 2024	36a-309(e)(2)
Sec. 46	October 1, 2024	36a-486(b)(5)(F)
Sec. 47	July 1, 2024	36b-14(f)(1)(D)
Sec. 48	October 1, 2024	49-2(c)

Statement of Legislative Commissioners:

In Sections 10(b)(1) and 11(i)(1), "change in the legal name" was changed to "change to the legal name" for consistency; in Section 11(i)(1), "a licensee" was changed to "the licensee" for internal consistency; in Section 13(d)(1), "this section" was changed to "this subdivision" for accuracy; in Section 13(d)(2), "any registrant, control person" was changed to "the registrant or any control person" for clarity; in Section 13(d)(2)(A), "in the application" was changed to "in an application" for clarity; in Section 15(a)(3), "private student education loan servicer" was changed to "[private student education loan servicer] person servicing the private student education loan" for accuracy; in Section 15(b),

"disability by" was changed to "disability of" for clarity; in Section 15(b)(1), "restrictions" was changed to "any restriction" and "for cosigner release" was changed to "for a cosigner release" for clarity; Section 15(b)(2) was redrafted for clarity; in Section 15(b)(3), "cosigner release" was changed to "a cosigner release" for clarity; in Section 15(b)(4), "has a total and permanent disability" was changed to "is totally and permanently disabled" for clarity; in Section 20(d), "pursuant to this section" was changed to "pursuant to this subsection" for accuracy; in Section 22(f)(1)(B), "the buyer" was changed to "a buyer" for clarity and consistency with standard drafting conventions; in Section 22(f)(1)(C)(ii), "the merger and acquisition broker-dealer" was changed to "a merger and acquisition broker-dealer" and "the securities transaction" was changed to "a securities transaction" for clarity and consistency with standard drafting conventions; in Section 22(f)(3)(A), "broker-dealer directly or indirectly, in" was changed to "broker-dealer, directly or indirectly and in" for clarity; in Section 23(d)(2), "sell securities that are covered securities under Section 18(b)(3) of the Securities Act of 1933 in this state," was changed to "sell in this state securities that are covered securities under Section 18(b)(3) of the Securities Act of 1933" and "with the commissioner" was added after "file" for clarity; in Section 25(7), "residential estate" was changed to "residential real estate" for accuracy and consistency; in Section 25(10)(H), "APR" was changed to "annual percentage rate" for clarity; and in Section 26(38), "its" was changed to "the Federal Deposit Insurance Corporation's" for clarity and consistency with standard drafting conventions.

BA *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 25 \$	FY 26 \$
Banking Dept.	BF - Revenue Gain	5,000 to 15,000	5,000 to 15,000
Banking Dept.	BF - Potential Revenue Gain	Minimal	Minimal

Note: BF=Banking Fund

Municipal Impact: None

Explanation

The bill makes various changes to the banking statutes that result in the following impacts.

Sections 12 and 17-19 potentially broaden the class of entities subject to licensure as (1) sales finance companies, (2) small loan servicers, (3) mortgage servicers, and (4) private student loan servicers, resulting in a minimal potential revenue gain to the Banking Fund.¹ The bill expands the types of activities that require someone to be licensed, but these changes are not expected to result in a substantial increase in licensees.

Section 23 creates a notice filing fee of \$250 for Tier 2 securities offerings, resulting in a revenue gain to the Banking Fund ranging from \$5,000 to \$15,000 in FY 24 and FY 25, as the department receives 20 to 60 such filings each year.

Section 42 changes eligibility for participation in the Treasurer's

¹The initial and annual renewal fees for these licenses are \$400, \$400, \$1,000, and \$9,000, respectively.

Community Bank and Community Credit Union programs. The impact of those changes is unknown, as it will depend on whether there are increased investments in community banks and credit unions because of the changes and any difference between investment returns generated by the expanded programs and other short term cash flow investments.

The bill also makes various clarifying, conforming, and technical changes that result in no fiscal impact to the state.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of licensees and Tier 2 securities offerings.

OLR Bill Analysis

sHB 5142

AN ACT CONCERNING CONSUMER CREDIT, CERTAIN BANK REAL ESTATE IMPROVEMENTS, THE CONNECTICUT UNIFORM SECURITIES ACT, SHARED APPRECIATION AGREEMENTS, INNOVATION BANKS, THE COMMUNITY BANK AND COMMUNITY CREDIT UNION PROGRAM AND TECHNICAL REVISIONS TO THE BANKING STATUTES.

TABLE OF CONTENTS:

[§§ 1-5 & 14 — SURETY BOND CANCELLATIONS](#)

Requires all surety bond cancellations to be done electronically for bonds issued to certain banking department regulated entities

[§§ 6-11 — SURETY BOND UPDATES](#)

Requires certain banking licensees to update their surety bonds when they change their legal names instead of when they change their office names or addresses

[§§ 12 & 17-19 — FINANCE ACTIVITY REQUIRING LICENSURE](#)

Expands what constitutes sales finance company, small loan, and mortgage servicing activity requiring licensure to when someone receives any payments (including fees) in connection with certain contracts or loans as applicable and makes a similar expansion for education loan servicing licensees and registrants

[§§ 13 & 14 — MORTGAGE LENDER REGISTRATION ON NMLS](#)

Requires licensed mortgage lenders to register on NMLS as “exempt mortgage servicer registrants” before acting as mortgage servicers and authorizes the banking commissioner to suspend, revoke, or refuse to renew these registrations

[§§ 15 & 19 — SERVICING PRIVATE STUDENT EDUCATION LOANS](#)

Extends private student education loan servicing requirements to any person servicing them instead of just private student education loan servicers

[§ 16 — ENFORCEMENT OVER REGISTRATIONS](#)

Extends existing enforcement law so that the banking commissioner may suspend, revoke, or refuse to renew registrations issued by him

[§ 20 — REGISTRATIONS FOR MORTGAGE LICENSE SPONSORS](#)

Creates a registration timeline and fee requirements for exempt registrants that sponsor the licensing of a mortgage loan originator or a loan processor or underwriter

[§ 21 — CONNECTICUT BANK ALTERATIONS OR IMPROVEMENTS](#)

Allows Connecticut banks to alter or improve their business real estate without the banking commissioner's written approval if certain criteria are met

§§ 22-24 — SECURITIES REGULATION

Exempts merger and acquisition broker-dealers from state registration requirements, aligning state law with federal law; requires submission of a notice filing form and \$250 fee for Tier 2 securities offerings in the state; broadens the commissioner's enforcement authority over registered securities broker-dealers, broker-dealer agents, investment advisors, and investment advisor agents to include censure and bar

§ 25 — SHARED APPRECIATION AGREEMENT DISCLOSURES

Establishes written disclosure requirements for mortgage lenders offering to make residential loans in which the lender receives an interest in the appreciated value of the property

§§ 26-41 — INNOVATION BANKS

Replaces a current type of Connecticut-organized bank ("uninsured bank") with a substantially similar type under a different name ("innovation bank")

§ 42 — COMMUNITY BANKING PROGRAM

Adds federal banks and out-of-state banks and reinstates federal credit unions to the treasurer's Community Banking Program's list of eligible participants

§§ 43-48 — TECHNICAL CHANGES

Makes technical changes to several banking laws, a securities provision, and a mortgage statute

§§ 1-5 & 14 — SURETY BOND CANCELLATIONS

Requires all surety bond cancellations to be done electronically for bonds issued to certain banking department regulated entities

The bill generally requires surety companies to give all their cancellation notices electronically for the bonds they issue to certain banking department regulated entities. More specifically, it requires them to give written cancellation notices through the "system" (i.e., the Nationwide Multistate Licensing System and Registry (NMLS) (CGS § 36a-2)).

The bill applies to bonds issued to the following banking department licensees and others it regulates:

1. mortgage lenders, mortgage correspondent lenders, and mortgage brokers, and specific entities and individuals exempt from licensing as such (e.g., federally-insured banks and credit unions (and certain subsidiaries)) (see CGS §§ 36a-492(a) and 36a-487(a) & (b));

2. mortgage loan originators (see CGS § 36a-492(a));
3. money transmitters (see CGS §§ 36a-597 and 36a-602(a));
4. debt adjusters (see CGS §§ 36a-656 and 36a-664(a));
5. debt negotiators (see CGS § 36a-671d(a));
6. consumer collection agencies (see CGS § 36a-802(a)); and
7. mortgage servicers, including certain mortgage lenders acting as servicers but exempt from licensing as such.

The bill's requirement replaces current law, which (1) only allows surety companies to send cancellations electronically if the bond was issued electronically on NMLS and (2) otherwise requires them to send cancellations by certified mail.

By law, cancellations must be sent at least 30 days before the cancellation date to the bond's principal and the banking commissioner.

EFFECTIVE DATE: October 1, 2024

§§ 6-11 — SURETY BOND UPDATES

Requires certain banking licensees to update their surety bonds when they change their legal names instead of when they change their office names or addresses

The bill modifies the circumstances for when certain licensees must update their surety bonds with the banking commissioner. It specifically applies to the following:

1. mortgage lenders, mortgage correspondent lenders, mortgage brokers, and lead generators (see CGS § 36a-490(b)(1));
2. money transmitters (see CGS § 36a-598(d)(1));
3. debt adjusters (see CGS §§ 36a-656 and 36a-658(a));
4. debt negotiators (see CGS § 36a-671(b));
5. mortgage servicers (see CGS § 36a-719a(a)); and

6. consumer collection agencies.

Under existing law, a licensee may change the name or office address on its most recent filing with NMLS if, at least 30 calendar days beforehand, it files the change with the system and the commissioner does not disapprove of the change, in writing, or request more information within the 30-day period.

Generally, under current law, the licensee must also give the commissioner a bond rider or endorsement, or addendum, as applicable, that reflects the new name or address. The bill instead only requires licensees to give the commissioner a bond rider to their surety bonds when they change their legal names.

EFFECTIVE DATE: October 1, 2024

§§ 12 & 17-19 — FINANCE ACTIVITY REQUIRING LICENSURE

Expands what constitutes sales finance company, small loan, and mortgage servicing activity requiring licensure to when someone receives any payments (including fees) in connection with certain contracts or loans as applicable and makes a similar expansion for education loan servicing licensees and registrants

The bill expands the types of activities that require someone to obtain certain licenses and registrations under the state's banking laws. Existing law generally prohibits anyone from engaging in the business of a sales finance company or acting as a mortgage servicer without first obtaining a respective license (see CGS §§ 36a-536 and 36a-718). Similarly, certain small loan related actions are prohibited without a license.

Under the bill, sales finance company, small loan, and mortgage servicing activity requiring licensure includes when someone receives any payments (including fees) in connection with, respectively, a retail installment contract or installment loan contract, small loan, and residential mortgage loan, instead of just principal and interest payments under one.

The bill also makes a similar expansion affecting certain education loan servicers. Existing law generally prohibits anyone from acting as a

private student loan servicer without a banking department license or acting as a federal student loan servicer unless they are registered as such on NMLS (see CGS §§ 36a-847 and 36a-847a). The bill changes what is considered “servicing” for these servicers to encompass receiving any payment rather than just scheduled periodic ones and maintaining account records for and communicating with a borrower about his or her loan during any period that payments are not required instead of periods outside of scheduled periodic payments.

Lastly, the bill makes technical and conforming changes.

EFFECTIVE DATE: October 1, 2024

§§ 13 & 14 — MORTGAGE LENDER REGISTRATION ON NMLS

Requires licensed mortgage lenders to register on NMLS as “exempt mortgage servicer registrants” before acting as mortgage servicers and authorizes the banking commissioner to suspend, revoke, or refuse to renew these registrations

Existing law exempts certain mortgage lender licensees from having to obtain a separate license to act as a mortgage servicer if they meet certain conditions. The bill generally carries this exemption forward but further requires these lenders to register on NMLS as “exempt mortgage servicer registrants” before acting as mortgage servicers. It relatedly authorizes the banking commissioner to suspend, revoke, or refuse to renew these registrations.

Generally, under current law, any person licensed as a mortgage lender in Connecticut is exempt from mortgage servicer licensure if (1) they act as a mortgage servicer from their lender licensed main office or branch office, (2) they satisfy certain bonding requirements, and (3) their lender license is not suspended. The bill carries the first of these two conditions forward but modifies the third by requiring that their NMLS-associated registration is not suspended.

Lastly, the bill makes technical and conforming changes.

EFFECTIVE DATE: October 1, 2024

Exempt Mortgage Servicer Registration Conditions and Oversight

Under the bill, exempt mortgage servicer registrations must generally expire at the close of business on December 31 of the year in which they are approved, unless renewed. However, any registration that is approved on or after November 1 must expire at the close of business on December 31 of the following year. Renewal applications must be filed between November 1 and December 31 of the year in which the registration expires.

The bill requires each applicant for an initial registration or renewal to meet the supplemental mortgage servicer surety bond, fidelity bond, and errors and omissions coverage requirements that apply under existing law to mortgage lenders exempt from mortgage servicer licensure. It further requires applicants to pay to NMLS any required fees or charges and makes all fees nonrefundable.

The bill also expressly authorizes the banking commissioner to suspend, revoke, or refuse to renew any exempt mortgage servicer registration or take any other action under his licensing and registration enforcement authority (see § 16 below). He may only exercise this authority if he finds that the registrant no longer meets the requirements for registration or if the registrant or any control person, trustee, employee, or agent of the registrant has (1) made any material misstatement in an application; (2) committed any fraud or misappropriated funds; or (3) violated any Connecticut banking statute, banking department regulation or order, or any other law applicable to the conduct of the registrant's business.

Additionally, the bill extends to exempt mortgage servicer registrants automatic suspension provisions that apply to mortgage servicer licensees under existing law. It specifically requires the commissioner to automatically suspend the registration when an exempt registrant's fidelity bond or errors and omissions coverage expires or is no longer in effect. However, no automatic suspension or inactivation may occur if, before the bond or coverage cancellation or expiration takes effect, the (1) principal submits a letter of reinstatement of the bond or coverage, or a new bond or coverage, or (2) exempt registrant has ceased business

in Connecticut and surrendered its registration. After a registration has been automatically suspended, the commissioner must (1) give the registrant notice of the automatic suspension, pending proceedings for revocation or refusal to renew, and an opportunity for a hearing in accordance with state banking law, and (2) require the registrant to take or refrain from taking any action the commissioner deems necessary.

§§ 15 & 19 — SERVICING PRIVATE STUDENT EDUCATION LOANS

Extends private student education loan servicing requirements to any person servicing them instead of just private student education loan servicers

The bill extends to private education lenders, private education loan creditors, and any other person servicing a private student education loan requirements that apply to private student education loan servicers under existing law. Generally, under these requirements, the entities must give certain information to borrowers and cosigners about (1) borrower and cosigner rights and responsibilities, (2) cosigner release eligibility, and (3) parameters for the cosigner release application process.

The bill adds a new requirement that any person that makes or extends a private student education loan on or after October 1, 2024, to provide options for cosigner release on the loan if certain criteria are met, including 12 consecutive on-time payments by the borrower or if the cosigner becomes totally and permanently disabled.

Additionally, the bill modifies which entities are subject to existing constraints that are carried forward but that currently only apply to private student education loan servicers. These include prohibiting any restriction that permanently prevents a borrower or cosigner from qualifying for a cosigner release or requirements that a borrower make more than 12 consecutive timely payments to be eligible for a cosigner release. The bill specifically prohibits, on and after October 1, 2024, any person that makes, extends, or owns at least one private student education loan, including any private education lender or private education loan creditor, from directly or indirectly taking these actions.

This prohibition also applies to a provision that is similar to one

under current law. The latter generally prohibits (1) refusing to release the cosigner from his or her obligation to repay the loan when notified that the cosigner is totally and permanently disabled and (2) requiring that a new cosigner be added to the loan after the original cosigner has been released. Current law applies this prohibition unless it is otherwise expressly prohibited under the loan agreement's terms. The bill does not carry that exception forward (i.e., under the bill, these actions are prohibited, regardless of the loan agreement's terms).

Lastly, the bill makes minor, technical, and conforming changes.

EFFECTIVE DATE: October 1, 2024

Application

Under the bill, "servicing" generally is:

1. receiving any payments from a student loan borrower on a student education loan;
2. applying these payments to a loan;
3. maintaining account records for and communicating with the borrower about the loan during the period when no payments are required;
4. interacting with a borrower to service a loan, including helping a borrower prevent loan defaults; or
5. performing other administrative services on a loan.

By law, a "private student education loan" is any student education loan that is not (1) made under the William D. Ford Federal Direct Loan Program or purchased by the U.S. Department of Education and (2) owned by the U.S. Department of Education.

Under existing law, a "private student education loan servicer" is any person, wherever located, responsible for the servicing of private student education loans to student loan borrowers who live in

Connecticut.

The bill does not specifically define “private education lender” or “private education loan creditor.” (These terms are defined in a separate banking law, CGS § 36a-856, but the bill does not incorporate them.)

By law, unchanged by the bill, the above requirements do not apply to banks, out-of-state banks with a physical presence in Connecticut, and credit unions; their wholly owned subsidiaries; operating subsidiaries where the owners are wholly owned by the bank or credit union; and the Connecticut Higher Education Supplemental Loan Authority (CHESLA).

§ 16 — ENFORCEMENT OVER REGISTRATIONS

Extends existing enforcement law so that the banking commissioner may suspend, revoke, or refuse to renew registrations issued by him

Existing law authorizes the banking commissioner to suspend, revoke, or refuse to renew any license he issues under state law according to notice and hearing procedures. This law also generally establishes processes for him to address when these licenses are surrendered or expire as well as when applications for them are withdrawn. The bill extends this collective enforcement authority to registrations issued by the commissioner. By law, this authority does not apply to the state’s securities laws.

EFFECTIVE DATE: October 1, 2024

§ 20 — REGISTRATIONS FOR MORTGAGE LICENSE SPONSORS

Creates a registration timeline and fee requirements for exempt registrants that sponsor the licensing of a mortgage loan originator or a loan processor or underwriter

Existing law exempts several different entities from being licensed as a mortgage lender, mortgage correspondent lender, or mortgage broker (e.g., federally insured banks and credit unions, any corporation that makes residential mortgage loans exclusively for the benefit of its employees or agents, and people who make secondary mortgage loans to immediate family members) (see CGS § 36a-487(a) to (c)).

By law, any person who claims such an exemption may register on

NMLS as an exempt registrant to sponsor a mortgage loan originator or a loan processor or underwriter. The bill creates a timeline and fee requirements for those who register.

Under the bill, these registrations must generally expire at the close of business on December 31 of the year in which they are approved, unless renewed. However, any registration that is approved on or after November 1 must expire at the close of business on December 31 of the following year. Renewal applications must be filed between November 1 and December 31 of the year in which the registration expires.

The bill requires each applicant for an initial registration or renewal to pay to NMLS any required fees or charges and makes all fees nonrefundable.

EFFECTIVE DATE: October 1, 2024

§ 21 — CONNECTICUT BANK ALTERATIONS OR IMPROVEMENTS

Allows Connecticut banks to alter or improve their business real estate without the banking commissioner's written approval if certain criteria are met

The bill adds a second exception to the state requirement that Connecticut banks obtain the banking commissioner's written approval before altering or improving their business real estate. Under this exception, no approval is needed for altering or improving business real estate that a Connecticut bank, or a corporation controlled by it, already owns or leases so long as the bank is (1) adequately capitalized under federal law and (2) not the subject of a pending formal enforcement action by the banking commissioner or the Federal Deposit Insurance Corporation.

Under existing law, Connecticut banks may generally acquire, alter, or improve real estate for present or future use in the bank's business with the banking commissioner's written approval. However, approval is not required for altering or improving business real estate that the bank, or a corporation controlled by it, already owns or leases if the expenditure for the alterations or improvements does not, in any one calendar year, exceed 5% of the bank's capital and surplus or \$750,000,

whichever is less.

The bill also makes technical and conforming changes.

EFFECTIVE DATE: October 1, 2024

Applicability

By law, a “Connecticut bank” is a Connecticut-chartered or organized bank and trust company, savings bank, or savings and loan association (CGS § 36a-2(13)).

Under existing law and the bill, the requisite level of control needed by a bank for the exceptions to apply to real estate owned or leased by a corporation is at least 51% of the equity securities issued by the corporation, unless the banking commissioner determines that a lesser percentage constitutes effective working control of the corporation (CGS § 36a-276(d)).

Subject to other conditions and provisions, a Connecticut bank is generally considered “adequately capitalized” if it has a:

1. total risk-based capital ratio of at least 8%,
2. Tier 1 risk-based capital ratio of at least 6%,
3. common equity Tier 1 capital ratio of at least 4.5%, and
4. leverage ratio of at least 4% (12 C.F.R. § 324.403(b)).

§§ 22-24 — SECURITIES REGULATION

Exempts merger and acquisition broker-dealers from state registration requirements, aligning state law with federal law; requires submission of a notice filing form and \$250 fee for Tier 2 securities offerings in the state; broadens the commissioner’s enforcement authority over registered securities broker-dealers, broker-dealer agents, investment advisors, and investment advisor agents to include censure and bar

Merger and Acquisition Broker-Dealer Registration Exemption (§ 22)

The bill exempts merger and acquisition (M & A) broker-dealers from state registration requirements, aligning state law with federal law (see 15 U.S.C. § 78o). These broker-dealers work for sellers or buyers in

securities transactions only to transfer ownership of eligible privately held companies (e.g., through the purchase, sale, exchange, or issuance of assets) under certain specific conditions. For example, the broker-dealer must reasonably believe that the person acquiring the assets will control the company or its business and be active in its management. Currently, they must register in Connecticut as regular broker-dealers.

Under the bill, the exemption does not apply to an M & A broker-dealer that does any of the following:

1. receives, holds, transmits, or has custody of the funds or securities to be exchanged by the parties to the transaction;
2. on an issuer's behalf, engages in a public offering of any class of securities that must be registered with the Securities and Exchange Commission (SEC) or is subject to certain SEC filing requirements;
3. engages on behalf of any party in a transaction involving a shell company (i.e., one with no or nominal operations and no or nominal assets, only cash or cash equivalent assets, or a combination of these and nominal other assets) other than a business combination related shell company (i.e., a shell company only used to change the nonshell company's domicile in the United States or to complete certain business combination transactions);
4. provides financing related to an eligible privately held company's ownership transfer;
5. helps any party get financing from an unaffiliated third party without complying with associated laws and disclosing compensation in writing to the party;
6. represents both the buyer and seller in the same transaction without clearly disclosing, in writing, the parties the broker-dealer represents and getting written consent from both;

7. facilitates a transaction with a group of buyers that the broker-dealer helped form to acquire the eligible privately held company;
8. engages in a transaction that involves the transfer of ownership of an eligible privately held company to a passive buyer or group of them; or
9. binds a party to an eligible privately held company's ownership transfer.

An M & A broker-dealer is also ineligible for the registration exemption if it (or any officer, director, member, manager, partner, control person, or employee) was subject to certain court or regulatory actions, such as a securities- or finance-related criminal conviction or court injunction or subject to a Department of Banking (DOB) or SEC cease and desist order, registration revocation, or certain other sanctions.

Tier 2 Notice Filing Form and Fee (§ 23)

The bill requires securities issuers that propose to offer or sell in a Tier 2 offering, within 21 days before the initial sale of securities in Connecticut, to pay a \$250 filing fee and file the following with DOB a:

1. completed Regulation A - Tier 2 notice filing form and, upon the DOB commissioner's request, copies of all documents filed with the SEC related to the form and
2. consent to service of process, unless provided in the notice filing form.

Under the bill, the initial notice filing is effective for 12 months after being filed with DOB. For each additional 12-month period that the same offering is continued, the issuer may renew its notice before it expires by submitting a renewal notice filing form and paying a \$250 fee.

Federal securities laws require security offerings or sales to be

registered with the SEC unless they meet an exception. Regulation A is an exception that applies to public offerings, which includes two tiers. A “Tier 2” offering is one of up to \$75 million in a 12-month period.

DOB Registration Enforcement (§ 24)

The bill expands the DOB commissioner’s enforcement authority over registered securities broker-dealers, broker-dealer agents, investment advisors, and investment advisor agents. It allows him to censure or impose a bar on them for the same reasons existing law allows him to deny, suspend, or revoke their registrations or restrict or condition their securities or investment advisory activities in the state (e.g., certain statutory noncompliance or criminal convictions, subject to certain federal orders, insolvency, supervision failure). This expanded authority also applies to the registrants’ partners, officers, or directors, or any person who directly or indirectly controls them.

By law, the commissioner’s enforcement actions are subject to an opportunity for a hearing and written findings of fact and conclusions of law.

EFFECTIVE DATE: Upon passage

§ 25 — SHARED APPRECIATION AGREEMENT DISCLOSURES

Establishes written disclosure requirements for mortgage lenders offering to make residential loans in which the lender receives an interest in the appreciated value of the property

The bill requires mortgage lenders that offer to make a shared appreciation agreement to give certain written disclosures at least three business days after a prospective borrower applies for the agreement.

By law, a “mortgage lender” is generally someone who makes residential mortgage loans. A “shared appreciation agreement” is a nonrecourse obligation in which money is advanced to a consumer in exchange for an equity interest in a dwelling, residential real estate, or a future obligation to repay when a certain event happens, such as a transfer of ownership, maturity date, borrower’s death, or other circumstance outlined and explicitly agreed to (CGS § 36a-485).

The bill's required disclosures include, among other things, an informational statement, the agreement and transaction details, the method of determining the property's fair market value, the interest charged, and repayment examples.

EFFECTIVE DATE: October 1, 2024

Written Disclosures

The bill requires the following statement to be given and that it is clear, conspicuous, and in at least 12-point font:

"You are not required to complete this agreement merely because you have received these disclosures or have signed a loan application. If you obtain this loan, the lender will have a mortgage and shared interest in your home. You could lose your home, and any money you have put into it, if you do not meet your obligations under the loan. You may wish to consult an attorney."

The following must also be disclosed:

1. financial information relevant to the proposed shared appreciation agreement, including whether repayment terminates it, such as through the mortgage lender receiving some or all of the sale proceeds for the dwelling or residential real estate (collectively "property" for the purposes of this bill analysis) that is the subject of the agreement;
2. agreement and transaction details for the agreement, including the mortgage lender's contact information, transaction amount, cash sum to be paid to the prospective borrower, term of the agreement, and the property's estimated current fair market value;
3. the method of determining the property's current fair market value;
4. the method of determining the property's final value when the

-
- agreement is terminated;
 - 5. the interest charged;
 - 6. the limit of the mortgage lender's share of appreciation or equity in the property; and
 - 7. an advisory on the agreement's tax implications.

Additionally, repayment examples for the proposed shared appreciation agreement must be given based on, at least, (1) a five-year, 10-year, 15-year, and 30-year term; (2) no change in the property's market value; and (3) changes in its market value (a) at a 10% annual depreciation rate, 3.5% annual appreciation rate, and 5.5% annual appreciation rate, and (b) reflecting the actual average rate of appreciation or depreciation for all dwellings or residential real estate in Connecticut during the period that is equal to the term of the agreement and that occurred immediately before it.

Lastly, information and corresponding calculations for the proposed agreement must be given on the:

- 1. calculated appreciation amount,
- 2. appreciation-based charge,
- 3. accrued or charged interest,
- 4. principal amount to be repaid,
- 5. mortgage lender's total calculated share of appreciation or equity and any limit to that share, and
- 6. actual amount of money to be paid by the prospective borrower to the lender and an annual percentage rate calculation equivalent to this amount.

§§ 26-41 — INNOVATION BANKS

Replaces a current type of Connecticut-organized bank ("uninsured bank") with a substantially similar type under a different name ("innovation bank")

The bill replaces all references to “uninsured banks” in the state’s banking laws with “innovation banks.” In doing so, it makes all requirements and conditions that apply to uninsured banks under current law apply to innovation banks instead.

The bill defines “innovation bank” similarly to “uninsured bank” (i.e., a Connecticut-chartered or -organized bank and trust company, savings bank, or savings and loan association that does not accept retail deposits). However, whereas, by definition, “uninsured banks” were not required to have Federal Deposit Insurance Corporation (FDIC) insurance for their deposits, “innovation banks” are instead expressly allowed to accept nonretail deposits that are eligible for FDIC insurance.

Separate from its definition, the bill also authorizes each innovation bank to receive nonretail deposits (including from a corporation that owns the majority of the bank’s shares) and to secure deposit insurance for them, including from the FDIC.

By law, “retail deposits” are deposits by anyone other than accredited investors as defined in federal securities regulations. Generally, “accredited investors” include, among other entities, certain banks, securities brokers or dealers, insurance companies, investment companies, business development companies, qualifying retirement and employee benefit plans, trusts with assets over \$5 million, and people who had an individual income over \$200,000 in the past two years or \$300,000 jointly with a spouse (17 C.F.R. § 230.501(a)).

Lastly, the bill makes several technical and conforming changes.

EFFECTIVE DATE: July 1, 2024

§ 42 — COMMUNITY BANKING PROGRAM

Adds federal banks and out-of-state banks and reinstates federal credit unions to the treasurer’s Community Banking Program’s list of eligible participants

Existing law authorizes the treasurer, based on cash availability, to administer a program to reinvest up to \$300 million with community banks and credit unions. The bill increases the pool of financial

institutions eligible to participate in the program by:

1. adding federal banks and out-of-state banks and
2. reinstating federal credit unions, which were removed by PA 23-126.

EFFECTIVE DATE: July 1, 2024

§§ 43-48 — TECHNICAL CHANGES

Makes technical changes to several banking laws, a securities provision, and a mortgage statute

The bill makes technical changes to several banking laws, a provision in the state’s securities laws, and a mortgage statute.

EFFECTIVE DATE: October 1, 2024, except the change to the securities law is effective July 1, 2024.

COMMITTEE ACTION

Banking Committee

Joint Favorable Substitute

Yea 8 Nay 4 (03/12/2024)