



**Substitute House Bill No. 5353**

**Public Act No. 14-89**

**AN ACT CONCERNING MORTGAGE SERVICERS, CONNECTICUT FINANCIAL INSTITUTIONS, CONSUMER CREDIT LICENSES, THE FORECLOSURE MEDIATION PROGRAM, MINOR REVISIONS TO THE BANKING STATUTES, THE MODERNIZATION OF CORPORATION LAW AND REVERSE MORTGAGE TRANSACTIONS.**

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

Section 1. Section 36a-715 of the general statutes is repealed and the following is substituted in lieu thereof (Effective October 1, 2014):

As used in sections 36a-715 to 36a-718, inclusive, as amended by this act and sections 5 to 17, inclusive, of this act, unless the context otherwise requires:

**[(1) "First mortgage loan" has the same meaning as provided in section 36a-485. ]**

(1) "Branch office" means a location other than the main office at which a licensee or any person on behalf of a licensee acts as a mortgage servicer.

(2) The terms "control person", "individual", "main office", "mortgage broker", "mortgage correspondent lender", "mortgage lender", "office" and "person" have the same meanings as provided in section 36a-485, as amended by this act.

**[(2) "Mortgage servicing company"] (3) "Mortgage servicer" (A)** means any person, wherever located, who, for such person or on behalf of the holder of a [(first) residential mortgage loan, receives payments of principal and interest in connection with a (first) residential mortgage loan, records such payments on such person's books and records and performs such other administrative functions as may be necessary to properly carry out the mortgage holder's obligations under the mortgage agreement including, when applicable, the receipt of funds from the mortgagor to be held in escrow for payment of real estate taxes and insurance premiums and the distribution of such funds to the taxing authority and insurance company, and (B) includes a person who makes payments to borrowers pursuant to the terms of a home equity conversion mortgage or reverse mortgage.

(4) "Mortgagor" means the grantor of a residential mortgage, provided if the residential mortgage has been assigned of record, "mortgagor" means the last person to whom the residential mortgage has been assigned of record.

**[(3)] (5) "Mortgagor" means any person obligated to repay a [(first) residential mortgage loan.**

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

Sec. 2. Section 36a-716 of the general statutes is repealed and the following is substituted in lieu thereof (Effective October 1, 2014):

(a) Any mortgage [servicing company which] servicer who receives funds from a mortgagor to be held in escrow for payment of taxes and insurance premiums shall pay the taxes and insurance premiums of the mortgagor to the appropriate taxing authority and insurance company in the amount required and at the time such taxes and insurance premiums are due provided (1) the mortgage [servicing company] servicer has been provided with the tax or insurance bills at least fifteen days prior to the date such taxes and insurance premiums are due, and (2) the mortgagor has paid to the mortgage [servicing company] servicer the amounts required to be paid into the escrow account, as determined by the mortgage [servicing company] servicer, for all amounts scheduled to be paid to the mortgage [servicing company] servicer prior to the date such taxes and insurance premiums are due.

(b) Each mortgage [servicing company] servicer shall, through its own effort and expense, determine and notify the mortgagor of the amounts necessary to be paid into the escrow account to assure that sufficient funds will be available for the payment of such taxes and insurance premiums as of the date such payment is due.

(c) If the amount held in the escrow account as of the date such taxes and insurance premiums are due is insufficient to pay the taxes and insurance premiums despite compliance by the mortgagor with subdivision (2) of subsection (a) of this section, the mortgage [servicing company] servicer shall pay such taxes and insurance premiums from its own funds. The mortgage [servicing company] servicer shall then give the mortgagor the option of paying the shortage over a period of not less than one year. The mortgage [servicing company] servicer shall not charge or collect interest on such shortage during the one-year period.

Sec. 3. Section 36a-717 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

Any mortgage [servicing company which] servicer who violates any provision of section 36a-716, as amended by this act, shall be liable to the mortgagor for: (1) Any penalties, interest or other charges levied by the taxing authority or insurance company as a result of such violation; (2) any actual damages suffered by the mortgagor as a result of such violation, including, but not limited to, any amount which would have been paid by an insurer for a casualty or liability claim had the insurance policy not been cancelled for nonpayment by the mortgage [servicing company] servicer; and (3) in the case of any successful action to enforce the foregoing liability, the costs of the action together with reasonable attorney's fees as determined by the court.

Sec. 4. Section 36a-718 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

**[If the commissioner determines that any mortgage servicing company has violated any provision of section 36a-716, the commissioner may take action against such mortgage servicing company in accordance with sections 36a-50 and 36a-52. The commissioner may also order the mortgage servicing company to make restitution to the mortgagor upon fourteen days' notice in writing. Such notice shall be sent by certified mail, return receipt requested, or by any express delivery carrier that provides a dated delivery receipt, to the principal place of business of the mortgage servicing company and shall state the grounds for the contemplated action. Within fourteen days of receipt of the notice, the mortgage servicing company may file a written request for a hearing. If a hearing is requested, the commissioner shall not issue an order to make restitution until after such hearing is held. Such hearing shall be conducted in accordance with the provisions of chapter 54. ]**

(a) On and after January 1, 2015, no person shall act as a mortgage servicer, directly or indirectly, without first obtaining a license under section 5 of this act from the commissioner for its main office and each branch office where such business is conducted, unless such person is exempt from licensure pursuant to subsection (b) of this section.

(b) The following persons are exempt from mortgage servicer licensing requirements: (1) Any bank, out-of-state bank, Connecticut credit union, federal credit union or out-of-state credit union, provided such bank or credit union is federally insured; (2) any wholly-owned subsidiary of such bank or credit union; (3) any operating subsidiary where each owner of such operating subsidiary is wholly owned by the same such bank or credit union; and (4) any person licensed as a mortgage lender in this state while acting as a mortgage servicer from a

location licensed as a main office or branch office under sections 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-534a and 36a-534b, as amended by this act, provided (A) such person meets the supplemental mortgage servicer surety bond, fidelity bond and errors and omissions coverage requirements under section 8 of this act, and (B) during any period that the license of the mortgage lender in this state has been suspended, such exemption shall not be effective.

(c) The provisions of sections 10 to 13, inclusive, of this act shall apply to any person, including a person exempt from licensure pursuant to subsection (b) of this section, who acts as a mortgage servicer in this state on or after January 1, 2015.

Sec. 5. (NEW) (*Effective October 1, 2014*) (a) The Banking Commissioner shall issue a mortgage servicer license to an applicant for such license if the commissioner finds that: (1) The applicant has identified a qualified individual for its main office and a branch manager for each branch office where such business is conducted, provided such qualified individual and branch manager have supervisory authority over the mortgage servicer activities at the respective office location and at least three years' experience in the mortgage servicing business within the five years immediately preceding the date of the application for licensure; (2) notwithstanding the provisions of section 46a-80 of the general statutes, the applicant, the control persons of the applicant, the qualified individual and any branch manager with supervisory authority at the office for which the license is sought have not been convicted of or pled guilty or nolo contendere to, in a domestic, foreign or military court, a felony during the seven-year period preceding the date of the application for licensing or a felony involving an act of fraud or dishonesty, a breach of trust or money laundering at any time preceding the date of application, provided any pardon or expungement of a conviction shall not be a conviction for purposes of this subdivision; (3) the applicant demonstrates that the financial responsibility, character and general fitness of the applicant, the control persons of the applicant, the qualified individual and any branch manager having supervisory authority over the office for which the license is sought command the confidence of the community and warrant a determination that the applicant will operate honestly, fairly and efficiently within the purposes of sections 36a-715 to 36a-718, inclusive, of the general statutes, as amended by this act, and sections 5 to 17, inclusive, of this act; (4) the applicant has met the surety bond, fidelity bond and errors and omissions coverage requirement under section 8 of this act; (5) the applicant has not made a material misstatement in the application; and (6) the applicant has met any other similar requirements as determined by the commissioner. If the commissioner fails to make such findings, the commissioner shall not issue a license, and shall notify the applicant of the denial and the reasons for such denial. For purposes of this subsection, the level of offense of the crime and the status of any conviction, pardon or expungement shall be determined by reference to the law of the jurisdiction where the case was prosecuted. In the event such jurisdiction does not use the term "felony", "pardon" or "expungement", such terms shall include legally equivalent events. For purposes of subdivision (1) of this subsection, "experience in the mortgage servicing business" means paid experience in the (A) servicing of mortgage loans, (B) accounting, receipt and processing of payments on behalf of mortgagees or creditors, or (C) supervision of such activities, or any other relevant experience as determined by the commissioner.

(b) An application for a license as a mortgage servicer or renewal of such license shall be filed, in a form prescribed by the commissioner, with the system and accompanied by the fees required by section 7 of this act. Each such form shall contain content as set forth by instruction or procedure of the commissioner and may be changed or updated as necessary by the commissioner in order to carry out the purpose of sections 36a-715 to 36a-718, inclusive, of the general statutes, as amended by this act, and sections 6 to 17, inclusive, of this act. The applicant shall, at a minimum, furnish to the system information concerning the identity of the applicant, any control person of the applicant, the qualified individual and any branch manager, including personal history and experience in a form prescribed by the system and information related to any administrative, civil or criminal findings by any governmental jurisdiction. The applicant shall notify the commissioner on the system of any change to the information submitted in connection with its most recent application for licensure not later than fifteen days after the applicant has reason to know of such change. For the purpose of this subsection, evidence of experience of the qualified individual and any branch manager shall include: (1) A statement specifying the duties and responsibilities of such person's employment, the term of employment, including month and year, and the name, address and telephone number of a supervisor, employer or, if self-employed, a business reference; and (2) if required by the commissioner, copies of W-2 forms, 1099 tax forms or, if self-

employed, 1120 corporate tax returns, signed letters from the employer on the employer's letterhead verifying such person's duties and responsibilities and term of employment including month and year, and, if such person is unable to provide such letters, other proof satisfactory to the commissioner that such person meets the experience requirement. The commissioner may conduct a criminal history records check of the applicant, any control person of the applicant, the qualified individual and any branch manager with supervisory authority at the office for which the license is sought and require the applicant to submit the fingerprints of such persons as part of the application.

(c) (1) The minimum standards for license renewal for a mortgage servicer shall include the following: (A) The applicant continues to meet the minimum standards under subsection (a) of this section; and (B) the mortgage servicer has paid all required fees for renewal of the license.

(2) The license of a mortgage servicer failing to satisfy the minimum standards for license renewal shall expire. The commissioner may adopt procedures for the reinstatement of expired licenses consistent with the standards established by the system. The commissioner may automatically suspend a mortgage servicer license if the licensee receives a deficiency on the system indicating that the payment required by section 7 of this act was Returned-ACH or returned pursuant to such other term as may be utilized by the system to indicate that the payment was not accepted. After a license has been automatically suspended pursuant to this section, the commissioner shall give such licensee notice of the automatic suspension, pending proceedings for revocation or refusal to renew pursuant to section 15 of this act and an opportunity for a hearing on such action in accordance with section 36a-51 of the general statutes, as amended by this act, and require such licensee to take or refrain from taking such action that, in the opinion of the commissioner, will effectuate the purposes of this section.

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

(2) If the license of a mortgage servicer expires due to the licensee's failure to renew, the commissioner may institute a revocation or suspension proceeding or issue an order suspending or revoking such license pursuant to subsection (a) of section 15 of this act not later than one year after the date of such expiration.

(e) The commissioner may deem an application for a license under this section abandoned if the applicant fails to respond to any request for information required under sections 36a-715 to 36a-718, inclusive, of the general statutes, as amended by this act, and sections 5 to 17, inclusive, of this act or the regulations adopted pursuant to said sections. The commissioner shall notify the applicant on the system that if such information is not submitted not later than sixty days from the date of such request, the application shall be deemed abandoned. An application filing fee paid prior to the date an application is deemed abandoned pursuant to this subsection shall not be refunded. Abandonment of an application pursuant to this subsection shall not preclude the applicant from submitting a new application for a license.

(f) At least annually, as part of its application, a mortgage servicer shall file with the commissioner (1) a current schedule of the ranges of costs and fees it charges mortgagors for its servicing-related activities; and (2) a report in a form and format acceptable to the commissioner detailing the mortgage servicer's activities in the state, including (A) the number of residential mortgage loans the mortgage servicer is servicing, (B) the type and characteristics of the residential mortgage loans in this state, (C) the number of serviced residential mortgage loans in default, along with a breakdown of thirty-day, sixty-day and ninety-day delinquencies, (D) information on loss mitigation activities, including details on workout arrangements undertaken, and (E) information on foreclosures commenced in this state.

Sec. 6. (NEW) (*Effective October 1, 2014*) (a) A mortgage servicer license shall not be transferable or assignable. No licensee may use any name other than its legal name or a fictitious name approved by the Banking Commissioner, provided such licensee may not use its legal name if the commissioner disapproves use of such name. Any licensee who intends to permanently cease acting as a mortgage servicer at any time during a license period for any cause, including, but not limited to, bankruptcy or voluntary dissolution, shall file a request to surrender the license for each office at which the licensee intends to cease to do business, on the system, not later



than fifteen days after the date of such cessation, provided this requirement shall not apply when a license has been suspended pursuant to section 36a-51 of the general statutes, as amended by this act. No surrender shall be effective until accepted by the commissioner.

(b) A mortgage servicer licensee may change the name of the licensee or address of any office specified on the most recent filing with the system if (1) at least thirty calendar days prior to such change, the licensee files such change with the system and, in the case of a main office or branch office, provides, directly to the commissioner, a bond rider or endorsement, or addendum, as applicable, to any bond or evidence of errors and omissions coverage on file with the commissioner that reflects the new name or address of the main office or branch office; and (2) the commissioner does not disapprove such change, in writing, or request further information within such thirty-day period.

(c) The mortgage servicer licensee shall file with the system or, if the information cannot be filed on the system, directly notify the commissioner, in writing, not later than five business days after the licensee has reason to know of the occurrence of any of the following events:

- (1) Filing for bankruptcy, or the consummation of a corporate restructuring, of the licensee;
- (2) Filing of a criminal indictment against the licensee or receiving notification of the filing of any criminal felony indictment or felony conviction of any of the licensee's officers, directors, members, partners or shareholders owning ten per cent or more of the outstanding stock;
- (3) Receiving notification of the institution of license denial, cease and desist, suspension or revocation procedures, or other formal or informal regulatory action by any governmental agency against the licensee and the reasons for such action;
- (4) Receiving notification of the initiation of any action by the Attorney General or the attorney general of any other state and the reasons for such action;
- (5) Suspension or termination of the licensee's status as an approved seller or servicer by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation or Government National Mortgage Association;
- (6) Receiving notification that certain servicing rights of the licensee will be rescinded or cancelled, and the reasons provided therefor;
- (7) Receiving notification of filing for bankruptcy of any of the licensee's officers, directors, members, partners or shareholders owning ten per cent or more of the outstanding stock of the licensee; or
- (8) Receiving notification of the initiation of a class action lawsuit on behalf of consumers against the licensee that is related to the operation of the licensed business.

Sec. 7. (NEW) (*Effective October 1, 2014*) (a) Each mortgage servicer license shall expire at the close of business on December thirty-first of the year in which it is approved, unless such license is renewed, and provided any such license that is approved on or after November first shall expire at the close of business on December thirty-first of the year following the year in which it is approved. An application for renewal of a license shall be filed between November first and December thirty-first of the year in which the license expires. Each applicant for an initial license or renewal of a license as a mortgage servicer shall pay to the system any required fees or charges and a license fee of one thousand dollars.

(b) All fees paid pursuant to this section, including fees paid in connection with an application that is denied or withdrawn prior to the issuance of the license, shall be nonrefundable. No fee paid pursuant to this section shall be prorated if the license is surrendered, revoked or suspended prior to the expiration of the period for which it was approved.

Sec. 8. (NEW) (*Effective October 1, 2014*) (a) Each mortgage servicer applicant or licensee and any person exempt from mortgage servicer licensure pursuant to subdivision (4) of subsection (b) of section 36a-718 of the general statutes, as amended by this act, shall file with the Banking Commissioner (1) a surety bond, written by a surety authorized to write such bonds in this state, covering its main office and any branch office from which it acts as mortgage servicer, in a penal sum of one hundred thousand dollars per office location in accordance with subsection (b) of this section, (2) a fidelity bond, written by a surety authorized to write such bonds in this state, in accordance with the requirements of subsection (c) of this section, and (3) evidence of errors and omissions coverage, written by a surety authorized to write such coverage in this state, in accordance with the requirements of subsection (c) of this section. No mortgage servicer licensee and no person otherwise exempt from mortgage servicer licensure pursuant to subdivision (4) of subsection (b) of section 36a-718 of the general statutes, as amended by this act, shall act as a mortgage servicer in this state without maintaining the surety bond, fidelity bond and errors and omissions coverage required by this section.

(b) The surety bond required by subsection (a) of this section shall be (1) in a form approved by the Attorney General; and (2) conditioned upon the mortgage servicer licensee or person exempt from mortgage servicer licensure pursuant to subdivision (4) of subsection (b) of section 36a-718 of the general statutes, as amended by this act, faithfully performing any and all written agreements or commitments with or for the benefit of mortgagors and mortgagees, truly and faithfully accounting for all funds received from a mortgagor or mortgagee in such person's capacity as a mortgage servicer, and conducting such mortgage business consistent with the provisions of sections 36a-715 to 36a-718, inclusive, of the general statutes, as amended by this act, and sections 5 to 17, inclusive, of this act. Any mortgagor that may be damaged by the failure of a mortgage servicer licensee or person exempt from mortgage servicer licensure pursuant to subdivision (4) of subsection (b) of section 36a-718 of the general statutes, as amended by this act, to perform any written agreements or commitments, or by the wrongful conversion of funds paid by a mortgagor to such licensee or person, may proceed on such bond against the principal or surety thereon, or both, to recover damages. The commissioner may proceed on such bond against the principal or surety on such bond, or both, to collect any civil penalty imposed pursuant to subsection (a) of section 36a-50 of the general statutes, any restitution imposed pursuant to subsection (c) of section 36a-50 of the general statutes and any unpaid costs of examination of a licensee as determined pursuant to section 36a-65 of the general statutes, as amended by this act. The proceeds of the bond, even if commingled with other assets of the principal, shall be deemed by operation of law to be held in trust for the benefit of such claimants against the principal in the event of bankruptcy of the principal and shall be immune from attachment by creditors and judgment creditors. The surety bond shall run concurrently with the period of the license for the main office of the mortgage servicer or mortgage lender and the aggregate liability under the bond shall not exceed the penal sum of the bond. The principal shall notify the commissioner of the commencement of an action on the bond. When an action is commenced on a principal's bond, the commissioner may require the filing of a new bond and immediately on recovery on any action on the bond, the principal shall file a new bond.

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

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

(2) If the amount of such loans exceeds one hundred million dollars, the principal amount shall be three hundred thousand dollars plus (A) three-twentieths of one per cent of the amount of residential mortgage loans

serviced greater than one hundred million dollars but less than or equal to five hundred million dollars; (B) plus one-eighth of one per cent of the amount of residential mortgage loans serviced greater than five hundred million dollars but less than or equal to one billion dollars; and (C) plus one-tenth of one per cent of the amount of residential mortgage loans serviced greater than one billion dollars.

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

(d) A surety shall have the right to cancel the surety bond, fidelity bond and errors and omissions coverage required by this section at any time by a written notice to the principal stating the date cancellation shall take effect. Such notice shall be sent by certified mail to the principal at least thirty days prior to the date of cancellation. A surety bond, fidelity bond or errors and omissions coverage shall not be cancelled unless the surety notifies the commissioner, in writing, not less than thirty days prior to the effective date of cancellation. After receipt of such notification from the surety, the commissioner shall give written notice to the principal of the date such cancellation shall take effect. The commissioner shall automatically suspend the license of a mortgage servicer on such date. No automatic suspension or inactivation shall occur if, prior to the date that such bond or errors and omissions coverage cancellation shall take effect, (1) the principal submits a letter of reinstatement of the bond or errors and omissions coverage, or a new bond or errors and omissions policy; or (2) the mortgage servicer licensee has ceased business in this state and has surrendered all licenses in accordance with section 36a-51 of the general statutes, as amended by this act, and section 6 of this act. After a mortgage servicer license has been automatically suspended pursuant to this section, the commissioner shall give such licensee notice of the automatic suspension, pending proceedings for revocation or refusal to renew pursuant to section 15 of this act and an opportunity for a hearing on such action in accordance with section 36a-51 of the general statutes, as amended by this act, and require such licensee to take or refrain from taking such action as in the opinion of the commissioner will effectuate the purposes of this section. A person licensed as a mortgage lender in this state acting as a mortgage servicer from a location licensed as a main office or branch office under sections 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-534a and 36a-534b of the general statutes, as amended by this act, shall cease to be exempt from mortgage servicer licensing requirements in this state upon cancellation of any surety bond, fidelity bond or errors and omissions coverage required by this section.

(e) If the commissioner finds that the financial condition of a mortgage servicer or mortgage lender licensee so requires, as evidenced by the reduction of tangible net worth, financial losses or potential losses as a result of a violation of sections 36a-715 to 36a-718, inclusive, of the general statutes, as amended by this act, and sections 5 to 16, inclusive, of this act, the commissioner may require one or more additional bonds meeting the standards set forth in this section. The licensee shall file any such additional bonds not later than ten days after receipt of the commissioner's written notice of such requirement. A mortgage servicer or mortgage lender licensee shall file, as the commissioner may require, any bond rider or endorsement or addendum, as applicable, to any bond or evidence of errors and omissions coverage on file with the commissioner to reflect any changes necessary to maintain the surety bond, fidelity bond and errors and omissions coverage required by this section.

Sec. 9. (NEW) (*Effective October 1, 2014*) (a) Each mortgage servicer licensee and person exempt from licensure pursuant to subdivision (4) of subsection (b) of section 36a-718 of the general statutes, as amended by this act, shall maintain adequate records of each residential mortgage loan transaction at the office named in the mortgage servicer or mortgage lender license, or, if requested by the Banking Commissioner, shall make such records available at such office or send such records to the commissioner by registered or certified mail, return receipt requested, or by any express delivery carrier that provides a dated delivery receipt, not later than five business days after requested by the commissioner to do so. Upon request, the commissioner may grant a licensee additional time to make such records available or send them to the commissioner. Such records shall provide the following information: (1) A loan history for residential mortgage loans upon which payments are received or made by the mortgage servicer, itemizing the amount and date of each payment and the unpaid balance at all times; (2) the original or an exact copy of the note, residential mortgage or other evidence of indebtedness and mortgage deed; (3) the name and address of the mortgage lender, mortgage correspondent lender and mortgage broker, if any, involved in the residential mortgage loan transaction; (4) copies of any disclosures or notifications provided to the mortgagor required by state or federal law; (5) a copy of any

bankruptcy plan approved in a proceeding filed by the mortgagor or a co-owner of the property subject to the residential mortgage loan; (6) a communications log that documents all verbal communications with the mortgagor or the mortgagor's representative; and (7) a copy of all notices sent to the mortgagor related to any foreclosure proceeding filed against the encumbered property.

(b) Every mortgage servicer licensee and person exempt from licensure pursuant to subdivision (4) of subsection (b) of section 36a-718 of the general statutes, as amended by this act, shall retain the records of each residential mortgage loan serviced for not less than two years following the final payment on such residential mortgage loan, or the assignment of such residential mortgage loan, whichever occurs first, or such longer period as may be required by any other provision of law. Every mortgage servicer licensee and person exempt from licensure pursuant to subdivision (4) of subsection (b) of section 36a-718 of the general statutes, as amended by this act, shall keep and use in its business books, accounts and records that will enable the commissioner to determine whether such mortgage servicer is complying with the provisions of sections 36a-715 to 36a-718, inclusive, of the general statutes, as amended by this act, and sections 5 to 17, inclusive, of this act and with any regulations adopted pursuant thereto.

Sec. 10. (NEW) (*Effective January 1, 2015*) Upon assignment of servicing rights on a residential mortgage loan, the mortgage servicer shall disclose to the mortgagor: (1) Any notice required by the Real Estate Settlement Procedures Act of 1974, 12 USC Section 2601 et seq. , as from time to time amended, and the regulations promulgated thereunder, and within the time periods prescribed therein; and (2) a schedule of the ranges and categories of its costs and fees for its servicing-related activities, which shall comply with state and federal law and, if such disclosure is made by a mortgage servicer licensee, shall not exceed those reported to the Banking Commissioner in accordance with subsection (f) of section 5 of this act.

Sec. 11. (NEW) (*Effective January 1, 2015*) A mortgage servicer shall comply with all applicable federal laws and regulations relating to mortgage loan servicing, including, but not limited to, the Real Estate Settlement Procedures Act of 1974, 12 USC Section 2601 et seq. , the Truth-in-Lending Act, 15 USC Section 1601 et seq. , as from time to time amended, and the regulations promulgated thereunder. In addition to any other remedies provided by law, a violation of any such federal law or regulation shall be deemed a violation of this section and a basis upon which the Banking Commissioner may take enforcement action pursuant to section 15 of this act.

Sec. 12. (NEW) (*Effective January 1, 2015*) (a) A mortgage servicer shall maintain and keep current a schedule of fees that it charges mortgagors for its servicing-related activities. The schedule shall identify each fee, provide a plain English explanation of the fee and state the amount of the fee or range of amounts or, if there is no standard fee, how the fee is calculated or determined. A mortgage servicer shall make its schedule available to the mortgagor or the mortgagor's authorized representative upon request.

(b) A mortgage servicer shall not impose any late fee or delinquency charge when the only delinquency is attributable to late fees or delinquency charges assessed on an earlier payment, and the payment is otherwise a full payment for the applicable period and is paid on its due date or within any applicable grace period. Late charges shall not be (1) based on an amount greater than the past due amount; (2) collected from the escrow account or from escrow surplus without the approval of the mortgagor; or (3) deducted from any regular payment.

Sec. 13. (NEW) (*Effective January 1, 2015*) No mortgage servicer shall:

(1) Directly or indirectly employ any scheme, device or artifice to defraud or mislead mortgagors or mortgagees or to defraud any person;

(2) Engage in any unfair or deceptive practice toward any person or misrepresent or omit any material information in connection with the servicing of the residential mortgage loan, including, but not limited to, misrepresenting the amount, nature or terms of any fee or payment due or claimed to be due on a residential mortgage loan, the terms and conditions of the servicing agreement or the mortgagor's obligations under the residential mortgage loan;



- (3) Obtain property by fraud or misrepresentation;
- (4) Knowingly misapply or recklessly apply residential mortgage loan payments to the outstanding balance of a residential mortgage loan;
- (5) Knowingly misapply or recklessly apply payments to escrow accounts;
- (6) Place hazard, homeowner's or flood insurance on the mortgaged property when the mortgage servicer knows or has reason to know that the mortgagor has an effective policy for such insurance;
- (7) Fail to comply with section 49-10a of the general statutes;
- (8) Knowingly or recklessly provide inaccurate information to a credit bureau, thereby harming a mortgagor's creditworthiness;
- (9) Fail to report both the favorable and unfavorable payment history of the mortgagor to a nationally recognized consumer credit bureau at least annually if the mortgage servicer regularly reports information to a credit bureau;
- (10) Collect private mortgage insurance beyond the date for which private mortgage insurance is required;
- (11) Fail to issue a release of mortgage in accordance with section 49-8 of the general statutes;
- (12) Fail to provide written notice to a mortgagor upon taking action to place hazard, homeowner's or flood insurance on the mortgaged property, including a clear and conspicuous statement of the procedures by which the mortgagor may demonstrate that he or she has the required insurance coverage and by which the mortgage servicer shall terminate the insurance coverage placed by it and refund or cancel any insurance premiums and related fees paid by or charged to the mortgagor;
- (13) Place hazard, homeowner's or flood insurance on a mortgaged property, or require a mortgagor to obtain or maintain such insurance, in excess of the replacement cost of the improvements on the mortgaged property as established by the property insurer;
- (14) Fail to provide to the mortgagor a refund of unearned premiums paid by a mortgagor or charged to the mortgagor for hazard, homeowner's or flood insurance placed by a mortgagee or the mortgage servicer if the mortgagor provides reasonable proof that the mortgagor has obtained coverage such that the forced placement insurance is no longer necessary and the property is insured. If the mortgagor provides reasonable proof that no lapse in coverage occurred such that the forced placement was not necessary, the mortgage servicer shall promptly refund the entire premium;
- (15) Require any amount of funds to be remitted by means more costly to the mortgagor than a bank or certified check or attorney's check from an attorney's account to be paid by the mortgagor;
- (16) Refuse to communicate with an authorized representative of the mortgagor who provides a written authorization signed by the mortgagor, provided the mortgage servicer may adopt procedures reasonably related to verifying that the representative is in fact authorized to act on behalf of the mortgagor;
- (17) Conduct any business covered by sections 36a-715 to 36a-718, inclusive, of the general statutes, as amended by this act, and sections 5 to 17, inclusive, of this act without holding a valid license as required under said sections, or assist or aid and abet any person in the conduct of business without a valid license as required under title 36a of the general statutes;
- (18) Negligently make any false statement or knowingly and wilfully make any omission of a material fact in connection with any information or reports filed with a governmental agency or the system or in connection with any investigation conducted by the Banking Commissioner or another governmental agency; or

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

Sec. 14. (NEW) (*Effective October 1, 2014*) (a) In addition to any authority provided under title 36a of the general statutes, the Banking Commissioner shall have the authority to conduct investigations and examinations as follows:

(1) For purposes of initial licensing, license renewal, license suspension, license conditioning, license revocation or termination, or general or specific inquiry or investigation to determine compliance with sections 36a-715 to 36a-718, inclusive, of the general statutes, as amended by this act, and sections 5 to 17, inclusive, of this act, the commissioner may access, receive and use any books, accounts, records, files, documents, information or evidence including, but not limited to, (A) criminal, civil and administrative history information; (B) personal history and experience information, including independent credit reports obtained from a consumer reporting agency described in Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a; and (C) any other documents, information or evidence the commissioner deems relevant to the inquiry or investigation regardless of the location, possession, control or custody of such documents, information or evidence.

(2) For the purposes of investigating violations or complaints arising under sections 36a-715 to 36a-718, inclusive, of the general statutes, as amended by this act, and sections 5 to 17, inclusive, of this act or for the purposes of examination, the commissioner may review, investigate or examine any mortgage servicer licensee or person subject to said sections as often as necessary in order to carry out the purposes of said sections. The commissioner may direct, subpoena or order the attendance of and examine under oath all persons whose testimony may be required about the residential mortgage loans or the business or subject matter of any such examination or investigation, and may direct, subpoena or order such person to produce books, accounts, records, files and any other documents the commissioner deems relevant to the inquiry.

(b) Each mortgage servicer licensee or person subject to sections 36a-715 to 36a-718, inclusive, of the general statutes, as amended by this act, and sections 5 to 17, inclusive, of this act shall make or compile reports or prepare other information as directed by the commissioner in order to carry out the purposes of this section including accounting compilations, information lists and data concerning residential mortgage loan transactions in a format prescribed by the commissioner or such other information the commissioner deems necessary to carry out the purposes of sections 36a-715 to 36a-718, inclusive, of the general statutes, as amended by this act, and sections 5 to 17, inclusive, of this act.

(c) In making any examination or investigation authorized by this section, the commissioner may control access to any documents and records of the mortgage servicer licensee or person under examination or investigation. The commissioner may take possession of the documents and records or place a person in exclusive charge of the documents and records in the place where they are usually kept. During the period of control, no person shall remove or attempt to remove any of the documents and records except pursuant to a court order or with the consent of the commissioner. Unless the commissioner has reasonable grounds to believe the documents or records of the mortgage servicer licensee or person have been, or are at risk of being, altered or destroyed for purposes of concealing a violation of sections 36a-715 to 36a-718, inclusive, of the general statutes, as amended by this act, and sections 5 to 17, inclusive, of this act the mortgage servicer licensee or owner of the documents and records shall have access to the documents or records as necessary to conduct its ordinary business affairs.

(d) In order to carry out the purposes of this section, the commissioner may:

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

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

- (3) Use, hire, contract or employ public or privately available analytical systems, methods or software to examine or investigate the mortgage servicer licensee or person subject to sections 36a-715 to 36a-718, inclusive, of the general statutes, as amended by this act, and sections 5 to 17, inclusive, of this act;
  - (4) Accept and rely on examination or investigation reports made by other government officials, within or without this state; and
  - (5) Accept audit reports made by an independent certified public accountant for the mortgage servicer licensee or person subject to sections 36a-715 to 36a-718, inclusive, of the general statutes, as amended by this act, and sections 5 to 17, inclusive, of this act in the course of that part of the examination covering the same general subject matter as the audit and may incorporate the audit report in the report of examination, report of investigation or other writing of the commissioner.
- (e) The authority of this section shall remain in effect, whether such mortgage servicer licensee or person subject to sections 36a-715 to 36a-718, inclusive, of the general statutes, as amended by this act, and sections 5 to 17, inclusive, of this act, acts or claims to act under any licensing or registration law of this state, or claims to act without such authority.
- (f) No mortgage servicer licensee or person subject to investigation or examination under this section may knowingly withhold, abstract, remove, mutilate, destroy or secrete any books, records, computer records or other information.

Sec. 15. (NEW) (*Effective October 1, 2014*) (a) The Banking Commissioner may suspend, revoke or refuse to renew any mortgage servicer license or take any other action, in accordance with the provisions of section 36a-51 of the general statutes, as amended by this act, for any reason which would be sufficient grounds for the commissioner to deny an application for such license under section 5 of this act, or if the commissioner finds that the licensee, any control person of the licensee, the qualified individual or any branch manager with supervisory authority, trustee, employee or agent of such licensee has done any of the following: (1) Made any material misstatement in the application; (2) committed any fraud or misrepresentation or misappropriated funds; (3) violated any of the provisions of title 36a of the general statutes or of any regulations adopted pursuant thereto, or any other law or regulation applicable to the conduct of its business; or (4) failed to perform any agreement with a mortgagee or a mortgagor.

(b) Whenever it appears to the commissioner that any person has violated, is violating or is about to violate section 49-8 or 49-10a of the general statutes, any of the provisions of title 36a of the general statutes or of any regulations adopted pursuant thereto, or any licensee has failed to perform any agreement with a mortgagee or mortgagor, committed any fraud, made any misrepresentation or misappropriated funds, the commissioner may take action against such person or licensee in accordance with sections 36a-50 and 36a-52 of the general statutes.

Sec. 16. (NEW) (*Effective October 1, 2014*) The Banking Commissioner may adopt such regulations, in accordance with chapter 54 of the general statutes, as the commissioner deems necessary to administer and enforce the provisions of sections 36a-715 to 36a-718, inclusive, of the general statutes, as amended by this act, and sections 5 to 17, inclusive, of this act.

Sec. 17. (NEW) (*Effective October 1, 2014*) The provisions of section 36a-718 of the general statutes, as amended by this act, and sections 5 to 13, inclusive, of this act shall not apply to (1) a person exempt from licensure as a mortgage lender or mortgage correspondent lender pursuant to subsection (b) of section 36a-487 of the general statutes while servicing residential mortgage loans made pursuant to such exemption, (2) a person servicing five or fewer residential mortgage loans within any period of twelve consecutive months, (3) any agency of the federal government, any state or municipal government or any quasi-governmental agency servicing residential mortgage loans under the specific authority of the laws of any state or the United States, and (4) a person exempt from licensure as a mortgage servicer pursuant to subdivisions (1), (2) and (3) of subsection (b) of section 36a-718 of the general statutes, as amended by this act.

Sec. 18. Section 36a-1 of the 2014 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

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

Sec. 19. Subdivision (6) of subsection (c) of section 36a-65 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(6) A licensee under section 36a-489, 36a-541, 36a-556, 36a-581, 36a-600, 36a-628, 36a-656, 36a-671, [section 5 of this act](#) or 36a-801, [as amended by this act](#), shall pay to the commissioner the actual cost of any examination of the licensee, as such cost is determined by the commissioner. If the licensee fails to pay such cost not later than sixty days after receipt of demand from the commissioner, the commissioner may suspend the license until such costs are paid.

Sec. 20. Subdivision (4) of subsection (a) of section 36a-412 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(4) (A) The laws of this state, including laws regarding (i) community reinvestment pursuant to sections 36a-30 to 36a-33, inclusive; (ii) consumer protection pursuant to sections 36a-41 to 36a-45, inclusive, 36a-290 to 36a-304, inclusive, 36a-306, 36a-307, 36a-315 to 36a-323, inclusive, 36a-645 to 36a-647, inclusive, 36a-690, 36a-695 to 36a-700, inclusive, 36a-705 to 36a-707, inclusive, 36a-715 to 36a-718, inclusive, [as amended by this act, sections 5 to 17, inclusive, of this act](#), 36a-725, 36a-726, 36a-755 to 36a-759, inclusive, 36a-770 to 36a-788, inclusive, and 36a-800 to 36a-810, inclusive; (iii) fair lending pursuant to sections 36a-737, 36a-740 and 36a-741; and (iv) establishment of interstate branches pursuant to section 36a-145, [as amended by this act](#), shall apply to any branch in this state of an out-of-state bank, other than a federally-chartered out-of-state bank, to the same extent as such laws apply to a branch in this state of an out-of-state national banking association.

(B) An out-of-state bank, other than a federally-chartered out-of-state bank, that establishes a branch in this state may conduct any activity at such branch that is permissible under the laws of the home state of such out-of-state bank, to the extent such activity is permissible either for a Connecticut bank or for a branch in this state of an out-of-state national banking association. If the commissioner determines that a branch in this state of an out-of-state bank, other than a federally-chartered out-of-state bank, is being operated in violation of any applicable law of this state or in an unsafe and unsound manner, the commissioner may take any enforcement action authorized under this title against such out-of-state bank to the same extent as if such branch were a Connecticut bank, provided the commissioner shall promptly give notice of such action to the home state banking regulator of such out-of-state bank and, to the extent practicable, shall consult and cooperate with such regulator in pursuing and resolving such action. For purposes of this subparagraph, "activity" includes acquiring or retaining any investment.

Sec. 21. Subsection (a) of section 36a-487 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(a) The following are exempt from licensing as a mortgage lender, mortgage correspondent lender or mortgage broker under sections 36a-485 to 36a-498f, inclusive, [as amended by this act](#), 36a-534a and 36a-534b, [as amended by this act](#): (1) Any bank, out-of-state bank, Connecticut credit union, federal credit union or out-of-state credit union, provided such bank or credit union is federally insured, (2) any **[operating]** [wholly-owned](#) subsidiary of **[a federal bank or federally-chartered out-of-state bank or any wholly-owned subsidiary of a Connecticut bank or a Connecticut]** [any such bank or credit union; \[\(2\)\] \(3\) any operating subsidiary where each owner of such operating subsidiary is wholly owned by the same such bank or credit union;](#) (4) any person licensed under

sections 36a-671 to 36a-671d, inclusive, or exempt from licensure under section 36a-671c, [as amended by this act](#), who is negotiating or offering to negotiate terms of a residential mortgage loan as authorized by said sections 36a-671 to 36a-671d, inclusive; and ~~[(3)]~~ [\(5\)](#) any person engaged solely in providing loan processing or underwriting services to persons (A) licensed as a mortgage lender, mortgage correspondent lender or mortgage broker, or (B) exempt from such licensure under subdivision (1) of this subsection. Each wholly-owned subsidiary of a Connecticut bank or Connecticut credit union that engages in the business of making residential mortgage loans or acts as a mortgage broker in this state shall provide written notification to the commissioner prior to engaging in such activity.

Sec. 22. Section 36a-671c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

The provisions of sections 36a-671 to 36a-671d, inclusive, shall not apply to the following: (1) Any attorney admitted to the practice of law in this state who engages or offers to engage in debt negotiation as an ancillary matter to such attorney's representation of a client; (2) any bank, out-of-state bank, Connecticut credit union, federal credit union or out-of-state credit union; ~~[, provided subsidiaries of such institutions other than operating subsidiaries of federal banks and federally-chartered out-of-state banks are not exempt from licensure;]~~ (3) [any wholly-owned subsidiary of any such bank or credit union](#); (4) [any operating subsidiary where each owner of such operating subsidiary is wholly owned by the same such bank or credit union](#); (5) any person licensed as a debt adjuster pursuant to sections 36a-655 to 36a-665, inclusive, while performing debt adjuster services; ~~[(4)]~~ [\(6\)](#) any person acting under the order of a court; or ~~[(5)]~~ [\(7\)](#) any bona fide nonprofit organization organized under Section 501(c)(3) of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time.

Sec. 23. Section 49-2a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(a) On and after July 1, 1993, each state bank and trust company, national banking association, state or ~~[federally chartered]~~ [federally-chartered](#) savings and loan association, savings bank, insurance company and other mortgagee or mortgage [\[servicing company\]](#) [servicer](#) holding funds of a mortgagor in escrow for the payment of taxes and insurance premiums with respect to mortgaged property located in this state shall pay interest on such funds, except as provided in section 49-2c, [as amended by this act](#), at a rate of not less than the average rate paid, as of December 30, 1992, on savings deposits by insured commercial banks as published in the Federal Reserve Board Bulletin and rounded to the nearest one-tenth of one percentage point, except in no event shall the rate be less than one and one-half per cent. On and after January 1, 1994, until September 30, 2012, the rate for each calendar year shall be not less than the deposit index as defined in subsection (c) of this section for that year and rounded to the nearest one-tenth of one percentage point, except in no event shall the rate be less than one and one-half per cent. On and after October 1, 2012, the rate for each calendar year shall be not less than the deposit index as defined in subsection (c) of this section for that year and rounded to the nearest one-tenth of one percentage point. Interest payments shall be credited on the thirty-first day of December annually toward the payment of taxes or insurance premiums as the case may be, on such mortgaged property in the ensuing year. If the mortgage debt is paid prior to December thirty-first in any year, the interest to the date of payment shall be paid to the mortgagor. The provisions of this section shall apply only with respect to mortgages on owner-occupied residential property consisting of not more than four living units and housing cooperatives occupied solely by the shareholders thereof. Any mortgagee or mortgage [\[servicing company\]](#) [servicer](#) violating the provisions of this section shall be fined not more than one hundred dollars for each offense.

(b) Each mortgagee or mortgage [\[servicing company\]](#) [servicer](#) subject to the provisions of this section may contact the Department of Banking to ascertain the published deposit index to determine the minimum rate paid on funds of a mortgagor held in escrow for the payment of taxes and insurance premiums.

(c) The deposit index for each calendar year shall be equal to the average rate paid on savings deposits by insured commercial banks as last published in the Federal Reserve Board Bulletin in November of the prior year. The commissioner shall determine the deposit index for each calendar year and publish such deposit index in the Department of Banking news bulletin no later than December fifteenth of the prior year. For purposes of this



section, "Federal Reserve Board Bulletin" means the monthly survey of selected deposits published as a special supplement to the Federal Reserve Statistical Release Publication H. 6 published by the Board of Governors of the Federal Reserve System or, if such bulletin is superseded or becomes unavailable, a substantially similar index or publication.

Sec. 24. Section 49-2c of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(a) In no event shall interest be required to be paid on escrow accounts where (1) there is a contract between the mortgagor and the mortgagee, entered into before October 1, 1975, which contains an express disclaimer of an obligation on the part of the mortgagee to pay interest on the accounts, (2) the payment of such interest would violate any federal law or regulation, (3) the accounts are maintained with a mortgage [servicing company] servicer, neither affiliated with nor owned in whole or in part by the mortgagee, under a written contract or any mortgage agreements underlying the contracts, entered into before October 1, 1975, which contract does not permit the mortgage [servicing company] servicer to earn or receive a return from the investment of the accounts, or (4) the accounts are maintained in connection with mortgage loans entered into (A) on and after October 1, 1977, and before January 1, 1989, and which are serviced and held for sale for not more than one year by a mortgage [servicing company] servicer, neither affiliated with nor owned in whole or in part by the purchaser of the mortgage loan, and (B) on and after January 1, 1989, and which are serviced and held for sale for not more than six months by any such mortgage [servicing company] servicer, provided such mortgage [servicing company] servicer shall pay interest on an escrow account maintained in connection with such mortgage loan if the loan is sold within such specified periods and the mortgage [servicing company] servicer continues to service the loan.

(b) In no event shall interest be required to be paid at a rate in excess of two per cent per annum where (1) there is a contract between the mortgagor and the mortgagee entered into before October 1, 1977, which contains an express agreement to pay interest at the rate of two per cent per annum, or (2) such accounts are maintained in connection with mortgage loans entered into prior to October 1, 1977, and which are serviced and held for sale for not more than one year by a mortgage [servicing company] servicer, neither affiliated with nor owned in whole or in part by the purchaser of the mortgage loan.

Sec. 25. Subsection (o) of section 36a-145 of the 2014 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(o) (1) With the approval of the commissioner, a Connecticut bank may establish a loan production office in or outside this state.

(2) A Connecticut bank that proposes to close any loan production office shall submit to the commissioner a notice of the proposed closing not later than thirty days prior to the date proposed for such closing. The notice shall include a detailed statement of the reasons for the decision to close the loan production office and the statistical and other information in support of such reasons. After receipt of the notice, the commissioner may require the Connecticut bank to submit any additional information. The Connecticut bank shall provide notice of the proposed closing to its customers by posting a notice in a conspicuous manner on the premises of such loan production office for at least a thirty-day period ending on the date proposed for such closing.

Sec. 26. Subsection (a) of section 36a-633 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(a) Each applicant for a license, at the time of making such application, shall pay to the commissioner a nonrefundable license fee of four hundred dollars. Each license issued pursuant to this subsection shall expire at the close of business on June thirtieth of each year, unless such license is renewed. The license shall not be transferable or assignable. Each licensee shall, on or before June twentieth of each year, pay to the commissioner the sum of four hundred dollars as a license renewal fee for the succeeding year, commencing July first. Each applicant or licensee shall pay the expenses of any examination or investigation made under sections 36a-625 to 36a-634, inclusive.

Sec. 27. Subsection (q) of section 36a-70 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(q) (1) As used in this subsection, "bankers' bank" means a Connecticut bank that is (A) owned exclusively by any combination of banks, out-of-state banks, Connecticut credit unions, federal credit unions, or out-of-state credit unions having their principal office in Connecticut, Maine, Massachusetts, New Hampshire, [New Jersey](#), New York, [Pennsylvania](#), Rhode Island or Vermont, and (B) organized to engage exclusively in providing services for, or that indirectly benefit, other banks, out-of-state banks, Connecticut credit unions, federal credit unions, or out-of-state credit unions and their directors, officers and employees.

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

(3) A bankers' bank shall have all of the powers of and be subject to all of the requirements applicable to a Connecticut bank under this title which are not inconsistent with this subsection, except: (A) A bankers' bank may only provide services for, or that indirectly benefit, other banks, out-of-state banks, Connecticut credit unions, federal credit unions, or out-of-state credit unions and for the directors, officers and employees of such banks, out-of-state banks, Connecticut credit unions, federal credit unions, or out-of-state credit unions; (B) only banks, out-of-state banks, Connecticut credit unions, federal credit unions, or out-of-state credit unions having their principal office in Connecticut, Maine, Massachusetts, New Hampshire, [New Jersey](#), New York, [Pennsylvania](#), Rhode Island or Vermont may own the capital stock of or otherwise invest in a bankers' bank; (C) upon the written request of a bankers' bank, the commissioner may waive specific requirements of this title and the regulations adopted thereunder if the commissioner finds that (i) the requirement pertains primarily to banks that provide retail or consumer banking services and is inconsistent with this subsection, and (ii) the requirement may impede the ability of the bankers' bank to compete or to provide desired services to its market provided, any such waiver and the commissioner's findings shall be in writing and shall be made available for public inspection; and (D) the commissioner may, by regulation, limit the powers that may be exercised by a bankers' bank.

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

Sec. 28. Section 36a-2 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

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

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

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

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

- (4) "Bank" means a Connecticut bank or a federal bank;
- (5) "Bank and trust company" means an institution chartered or organized under the laws of this state as a bank and trust company;
- (6) "Bank holding company" has the meaning given to that term in 12 USC Section 1841(a), as amended from time to time, except that the term "bank", as used in 12 USC Section 1841(a) includes a bank or out-of-state bank that functions solely in a trust or fiduciary capacity;
- (7) "Capital stock" when used in conjunction with any bank or out-of-state bank means a bank or out-of-state bank that is authorized to accumulate funds through the issuance of its capital stock;
- (8) "Client" means a beneficiary of a trust for whom the Connecticut bank acts as trustee, a person for whom the Connecticut bank acts as agent, custodian or bailee, or other person to whom a Connecticut bank owes a duty or obligation under a trust or other account administered by such Connecticut bank, regardless of whether such Connecticut bank owes a fiduciary duty to the person;
- (9) "Club deposit" means deposits to be received at regular intervals, the whole amount deposited to be withdrawn by the owner or repaid by the bank in not more than fifteen months from the date of the first deposit, and upon which no interest or dividends need to be paid;
- (10) "Commissioner" means the Banking Commissioner and, with respect to any function of the commissioner, includes any person authorized or designated by the commissioner to carry out that function;
- (11) "Company" means any corporation, joint stock company, trust, association, partnership, limited partnership, unincorporated organization, limited liability company or similar organization, but does not include (A) any corporation the majority of the shares of which are owned by the United States or by any state, or (B) any trust which by its terms shall terminate within twenty-five years or not later than twenty-one years and ten months after the death of beneficiaries living on the effective date of the trust;
- (12) "Connecticut bank" means a bank and trust company, savings bank or savings and loan association chartered or organized under the laws of this state;
- (13) "Connecticut credit union" means a cooperative, nonprofit financial institution that (A) is organized under chapter 667 and the membership of which is limited as provided in section 36a-438a, (B) operates for the benefit and general welfare of its members with the earnings, benefits or services offered being distributed to or retained for its members, and (C) is governed by a volunteer board of directors elected by and from its membership;
- (14) "Connecticut credit union service organization" means a credit union service organization that is incorporated under the laws of this state, located in this state and established by at least one Connecticut credit union;
- (15) "Consolidation" means a combination of two or more institutions into a new institution; all institutions party to the consolidation, other than the new institution, are "constituent" institutions; the new institution is the "resulting" institution;
- (16) "Control" has the meaning given to that term in 12 USC Section 1841(a), as amended from time to time;
- (17) "Credit union service organization" means an entity organized under state or federal law to provide credit union service organization services primarily to its members, to Connecticut credit unions, federal credit unions and out-of-state credit unions other than its members, and to members of any such other credit unions;
- (18) "Customer" means any person using a service offered by a financial institution;
- (19) "Demand account" means an account into which demand deposits may be made;

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

(21) "Deposit" means funds deposited with a depository;

(22) "Deposit account" means an account into which deposits may be made;

(23) "Depositor" includes a member of a mutual savings and loan association;

(24) "Director" means a member of the governing board of a financial institution;

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

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

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

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

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

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

(31) "Fiduciary" means a person undertaking to act alone or jointly with others primarily for the benefit of another or others in all matters connected with its undertaking and includes a person acting in the capacity of trustee, executor, administrator, guardian, assignee, receiver, conservator, agent, custodian under the Connecticut Uniform Gifts to Minors Act or the Uniform Transfers to Minors Act, and acting in any other similar capacity;

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

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

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

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

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

- (37) "Insured depository institution" has the meaning given to that term in 12 USC Section 1813, as amended from time to time;
- (38) "Licensee" means any person who is licensed or required to be licensed pursuant to the applicable provisions of this title;
- (39) "Loan" includes any line of credit or other extension of credit;
- (40) "Loan production office" means an office of a bank or out-of-state bank, other than a foreign bank, whose activities are limited to loan production and solicitation;
- (41) "Merger" means the combination of one or more institutions with another which continues its corporate existence; all institutions party to the merger are "constituent" institutions; the merging institution which upon the merger continues its existence is the "resulting" institution;
- (42) "Mutual" when used in conjunction with any institution that is a bank or out-of-state bank means any such institution without capital stock;
- (43) "Mutual holding company" means a mutual holding company organized under sections 36a-192 to 36a-199, inclusive, and unless otherwise indicated, a subsidiary holding company controlled by a mutual holding company organized under sections 36a-192 to 36a-199, inclusive;
- (44) "Out-of-state" includes any state other than Connecticut and any foreign country;
- (45) "Out-of-state bank" means any institution that engages in the business of banking, but does not include a bank, Connecticut credit union, federal credit union or out-of-state credit union;
- (46) "Out-of-state credit union" means any credit union other than a Connecticut credit union or a federal credit union;
- (47) "Out-of-state trust company" means any company chartered to act as a fiduciary but does not include a company chartered under the laws of this state, a bank, an out-of-state bank, a Connecticut credit union, a federal credit union or an out-of-state credit union;
- (48) "Person" means an individual, company, including a company described in subparagraphs (A) and (B) of subdivision (11) of this section, or any other legal entity, including a federal, state or municipal government or agency or any political subdivision thereof;
- (49) "Point of sale terminal" means a device located in a commercial establishment at which sales transactions can be charged directly to the buyer's deposit, loan or credit account, but at which deposit transactions cannot be conducted;
- (50) "Prepayment penalty" means any charge or penalty for paying all or part of the outstanding balance owed on a loan before the date on which the principal is due and includes computing a refund of unearned interest by a method that is less favorable to the borrower than the actuarial method, as defined by Section 933(d) of the Housing and Community Development Act of 1992, 15 USC 1615(d), as amended from time to time;
- (51) "Reorganized savings bank" means any savings bank incorporated and organized in accordance with sections 36a-192 and 36a-193;
- (52) "Reorganized savings and loan association" means any savings and loan association incorporated and organized in accordance with sections 36a-192 and 36a-193;
- (53) "Reorganized savings institution" means any reorganized savings bank or reorganized savings and loan association;



- (54) "Representative office" has the meaning given to that term in 12 USC Section 3101, as amended from time to time;
- (55) "Reserves for loan and lease losses" means the amounts reserved by a Connecticut bank against possible loan and lease losses as shown on the bank's consolidated reports of condition and income;
- (56) "Retail deposits" means any deposits made by individuals who are not "accredited investors", as defined in 17 CFR 230. 501(a);
- (57) "Satellite device" means an automated teller machine which is not part of an office of the bank, Connecticut credit union or federal credit union which has established such machine;
- (58) "Savings account" means a deposit account, other than an escrow account established pursuant to section 49-2a, [as amended by this act](#), into which savings deposits may be made and which account must be evidenced by periodic statements delivered at least semiannually or by a passbook;
- (59) "Savings and loan association" means an institution chartered or organized under the laws of this state as a savings and loan association;
- (60) "Savings bank" means an institution chartered or organized under the laws of this state as a savings bank;
- (61) "Savings deposit" means any deposit other than a demand deposit or time deposit on which interest or a dividend is paid periodically;
- (62) "Savings and loan holding company" has the meaning given to that term in 12 USC Section 1467a, as amended from time to time;
- (63) "Share account holder" means a person who maintains a share account in a Connecticut credit union, federal credit union or out-of-state credit union that maintains in this state a branch, as defined in section 36a-435b;
- (64) "State" means any state of the United States, the District of Columbia, any territory of the United States, Puerto Rico, Guam, American Samoa, the trust territory of the Pacific Islands, the Virgin Islands and the Northern Mariana Islands;
- (65) "State agency" has the meaning given to that term in 12 USC Section 3101, as amended from time to time;
- (66) "State branch" has the meaning given to that term in 12 USC Section 3101, as amended from time to time;
- (67) "Subsidiary" has the meaning given to that term in 12 USC Section 1841(d), as amended from time to time;
- (68) "Subsidiary holding company" means a stock holding company, controlled by a mutual holding company, that holds one hundred per cent of the stock of a reorganized savings institution;
- (69) "Supervisory agency" means: (A) The commissioner; (B) the Federal Deposit Insurance Corporation; (C) the Resolution Trust Corporation; (D) the Office of Thrift Supervision; (E) the National Credit Union Administration; (F) the Board of Governors of the Federal Reserve System; (G) the United States Comptroller of the Currency; (H) the Bureau of Consumer Financial Protection; and (I) any successor to any of the foregoing agencies or individuals;
- [\(70\) "System" means the Nationwide Mortgage Licensing System and Registry, NMLS, NMLSR or such other name or acronym as may be assigned to the multistate system developed by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators and owned and operated by the State Regulatory Registry, LLC, or any successor or affiliated entity, for the licensing and registration of persons in the mortgage and other financial services industries;](#)

**[(70)] (71)** "Time account" means an account into which time deposits may be made;

~~[(71)]~~ ~~(72)~~ "Time deposit" means a deposit that the depositor or share account holder does not have a right and is not permitted to make withdrawals from within six days after the date of deposit, unless the deposit is subject to an early withdrawal penalty of at least seven days' simple interest on amounts withdrawn within the first six days after deposit, subject to those exceptions permissible under 12 CFR Part 204, as amended from time to time;

~~[(72)]~~ ~~(73)~~ "Trust bank" means a Connecticut bank organized to function solely in a fiduciary capacity; and

~~[(73)]~~ ~~(74)~~ "Uninsured bank" means a Connecticut bank that does not accept retail deposits and for which insurance of deposits by the Federal Deposit Insurance Corporation or its successor agency is not required.

Sec. 29. Section 36a-3 of the 2014 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

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

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

"Additional proceeds". Section 36a-746e.

"Administrative expense". Section 36a-237.

"Advance fee". Sections 36a-485, as amended by this act, and 36a-615.

"Advertise", "advertisement" or "advertising". Section 36a-485, as amended by this act.

"Agency bank". Section 36a-285.

"Agent". Section 36a-494.

"Alternative mortgage loan". Section 36a-265.

"Amount financed". Section 36a-690.

"Annual percentage rate". Section 36a-690.

"Annual percentage yield". Section 36a-316.

"Annuities". Section 36a-455a.

"Applicant". Section 36a-736.

"APR". Section 36a-746a.

"Assessment area". Section 36a-37.

"Assets". Section 36a-70, [as amended by this act](#).

"Associate". Section 36a-184.

"Associated member". Section 36a-458a.

"Authorized delegate". Section 36a-596.

"Bank". Section 36a-30.

"Bankers' bank". Section 36a-70, [as amended by this act](#).

"Banking business". Section 36a-425.

"Basic services". Section 36a-437a.

"Billing cycle". Section 36a-565.

"Bona fide nonprofit organization". Sections 36a-487, [as amended by this act](#), and 36a-655.

"Branch". Sections 36a-145, [as amended by this act](#), 36a-410 and 36a-435b.

"Branch office". **[Section]** [Sections 36a-485, as amended by this act, and 36a-715, as amended by this act.](#)

"Branch or agency net payment entitlement". Section 36a-428n.

"Branch or agency net payment obligation". Section 36a-428n.

"Broker". Section 36a-746a.

"Business and industrial development corporation". Section 36a-626.

"Business and property in this state". Section 36a-428n.

"Capital". Section 36a-435b.

"Cash advance". Section 36a-564.

"Cash price". Section 36a-770.

"Certificate of incorporation". Section 36a-435b.

"CHFA loan". Section 36a-760.

"Clerical or support duties". Section 36a-485, [as amended by this act](#).

"Closely related activities". Sections 36a-250 and 36a-455a.

"Collective managing agency account". Section 36a-365.

"Commercial vehicle". Section 36a-770.

"Community bank". Section 36a-70, [as amended by this act](#).

"Community credit union". Section 36a-37.

"Community development bank". Section 36a-70, [as amended by this act](#).

"Community reinvestment performance". Section 36a-37.

"Connecticut holding company". Sections 36a-53 and 36a-410.

"Consolidate". Section 36a-145, [as amended by this act](#).

"Construction loan". Section 36a-458a.

"Consumer". Sections 36a-155, 36a-676 and 36a-695.

"Consumer Credit Protection Act". Section 36a-676.

"Consumer debtor" and "debtor". Sections 36a-645 and 36a-800.

"Consumer collection agency". Section 36a-800.

"Consummation". Section 36a-746a.

"Control person". Section 36a-485, [as amended by this act](#).

"Controlling interest". Section 36a-276.

"Conventional mortgage rate". Section 36a-760.

"Corporate". Section 36a-435b.

"Credit". Sections 36a-645 and 36a-676.

"Credit manager". Section 36a-435b.

"Creditor". Sections 36a-676, 36a-695 and 36a-800.

"Credit card", "cardholder" and "card issuer". Section 36a-676.

"Credit clinic". Section 36a-700.

"Credit rating agency". Section 36a-695.

"Credit report". Section 36a-695.

"Credit sale". Section 36a-676.

"Credit union service organization". Section 36a-435b.



"Credit union service organization services". Section 36a-435b.

"De novo branch". Section 36a-410.

"Debt". Section 36a-645.

"Debt adjustment". Section 36a-655.

"Debt mutual fund". Sections 36a-275 and 36a-459a.

"Debt securities". Sections 36a-275 and 36a-459a.

"Debtor". Section 36a-655.

"Deliver". Section 36a-316.

"Deposit". Section 36a-316.

"Deposit account". Section 36a-316.

"Deposit account charge". Section 36a-316.

"Deposit account disclosures". Section 36a-316.

"Deposit contract". Section 36a-316.

"Deposit services". Section 36a-425.

"Depositor". Section 36a-316.

"Depository institution". Section 36a-485, [as amended by this act](#).

"Derivative transaction". Section 36a-262.

"Director". Section 36a-435b.

"Dwelling". Section 36a-485, [as amended by this act](#).

"Earning period". Section 36a-316.

"Electronic payment instrument". Section 36a-596.

"Eligible collateral". Section 36a-330.

"Eligible entity". Section 36a-34.

"Employee". Section 36a-485, [as amended by this act](#).

"Entity". Section 36a-380, [as amended by this act](#).

"Equity mutual fund". Sections 36a-276 and 36a-459a.

"Equity security". Sections 36a-276 and 36a-459a.

"Executive officer". Sections 36a-263 and 36a-469c.

"Expedited Connecticut bank". Section 36a-70, [as amended by this act](#).

"Experience in the mortgage business". Section 36a-488.

"Federal banking agency". Section 36a-485, [as amended by this act](#).

"Federal Credit Union Act". Section 36a-435b.

"Federal Home Mortgage Disclosure Act". Section 36a-736.

"FHA loan". Section 36a-760.

"Fiduciary". Section 36a-365.

"Filing fee". Section 36a-770.

"Finance charge". Sections 36a-690 and 36a-770.

"Financial institution". Sections 36a-41, 36a-44a, 36a-155, 36a-316,

36a-330, 36a-435b, 36a-736 and 36a-755.

"Financial records". Section 36a-41.

"First mortgage loan". Sections 36a-485, [as amended by this act](#), 36a-705

and 36a-725.

"Foreign banking corporation". Section 36a-425.

"Fully indexed rate". Section 36a-760b.

"General facility". Section 36a-580.

"Global net payment entitlement". Section 36a-428n.

"Global net payment obligation". Section 36a-428n.

"Goods". Sections 36a-535 and 36a-770.

"Graduated payment mortgage loan". Section 36a-265.

"Guardian". Section 36a-365.

"High cost home loan". Section 36a-746a.

"Holder". Section 36a-596.

"Home banking services". Section 36a-170.

"Home banking terminal". Section 36a-170.

"Home improvement loan". Section 36a-736.

"Home purchase loan". Section 36a-736.

"Home state". Section 36a-410.

"Housing finance agency". Section 36a-487, [as amended by this act](#).

"Immediate family member". Sections 36a-435b and 36a-485, [as amended by this act](#).

"Independent contractor". Section 36a-485, [as amended by this act](#).

"Individual". Section 36a-485, [as amended by this act](#).

"Insider". Section 36a-454b.

"Installment loan contract". Sections 36a-535 and 36a-770.

"Insurance". Section 36a-455a.

"Insurance bank". Section 36a-285.

"Insurance department". Section 36a-285.

"Interest". Section 36a-316.

"Interest rate". Section 36a-316.

"Interim interest". Section 36a-746a.

"Investments". Section 36a-602.

"Lender". Sections 36a-746a, 36a-760 and 36a-770.

"Lessor". Section 36a-676.

"License". Section 36a-626.

"Licensee". Sections 36a-596, 36a-607 and 36a-626.

"Limited branch". Section 36a-145, [as amended by this act](#).

"Limited facility". Section 36a-580.

"Loan broker". Section 36a-615.

"Loan processor or underwriter". Section 36a-485, [as amended by this](#)

[act](#).

"Loss". Section 36a-330.

"Made in this state". Section 36a-770.

"Main office". Section 36a-485, [as amended by this act](#).

"Managing agent". Section 36a-365.

"Manufactured home". Section 36a-457b.

"Material litigation". Section 36a-598.

"Member". Section 36a-435b.

"Member business loan". Section 36a-458a.

"Member in good standing". Section 36a-435b.

"Membership share". Section 36a-435b.

"Mobile branch". Sections 36a-145, [as amended by this act](#), and 36a-

435b.

"Monetary value". Section 36a-596.

"Money transmission". Section 36a-596.

"Mortgage". Section 36a-760g.



"Mortgage broker". Sections 36a-485, [as amended by this act](#), 36a-705

and 36a-760.

"Mortgage correspondent lender". Section 36a-485, [as amended by this act](#).

"Mortgage insurance". Section 36a-725.

"Mortgage lender". Sections 36a-485, [as amended by this act](#), 36a-705  
and 36a-725.

"Mortgage loan". Sections 36a-261, 36a-265, 36a-457b and 36a-736.

"Mortgage loan originator". Section 36a-485, [as amended by this act](#).

"Mortgage rate lock-in". Section 36a-705.

**[ "Mortgage servicing company". Section 36a-715. ]**

"Mortgage servicer". Section 36a-715, [as amended by this act](#).

"Mortgagee". Section 36a-715, [as amended by this act](#).

"Mortgagor". Section 36a-715, [as amended by this act](#).

"Motor vehicle". Section 36a-770.

"Multiple common bond membership". Section 36a-435b.

"Municipality". Section 36a-800.

"Net outstanding member business loan balance". Section 36a-458a.

"Net worth". Sections 36a-441a and 36a-458a.

"Network". Section 36a-155.

"Nonprime home loan". Section 36a-760.

"Nonrefundable". Section 36a-498.

"Nontraditional mortgage product". Section 36a-489a, [as amended by this act](#).

"Note account". Sections 36a-301 and 36a-456b.

"Office". Sections 36a-23, 36a-316 and 36a-485, [as amended by this act](#).

"Officer". Section 36a-435b.

"Open-end credit plan". Section 36a-676.

"Open-end line of credit". Section 36a-760.

"Open-end loan". Section 36a-565.

"Organization". Section 36a-800.

"Out-of-state holding company". Section 36a-410.

"Outstanding". Section 36a-596.

"Passbook savings account". Section 36a-316.

"Payment instrument". Section 36a-596.

"Periodic statement". Section 36a-316.

"Permissible investment". Section 36a-596.

"Person". Sections 36a-184 and 36a-485, [as amended by this act](#).

"Post". Section 36a-316.

"Prepaid finance charge". Section 36a-746a.

"Prime quality". Section 36a-596.

"Principal amount of the loan". Section 36a-485, [as amended by this act](#).

"Processor". Section 36a-155.

"Public deposit". Section 36a-330.

"Purchaser". Section 36a-596.

"Qualified financial contract". Section 36a-428n.

"Qualified public depository" and "depository". Section 36a-330.

"Real estate". Section 36a-457b.

"Real estate brokerage activity". Section 36a-485, [as amended by this act](#).

"Records". Section 36a-17, [as amended by this act](#).

"Registered mortgage loan originator". Section 36a-485, [as amended by this act](#).

"Related person". Section 36a-53.

"Relocate". Sections 36a-145, [as amended by this act](#), and 36a-462a.

"Residential mortgage loan". [Sections] [Section](#) 36a-485, [as amended by this act](#). [and 36a-715. ]

"Residential real estate". Section 36a-485, [as amended by this act](#).

"Resulting entity". Section 36a-34.

"Retail buyer". Sections 36a-535 and 36a-770.

"Retail credit transaction". Section 42-100b.

"Retail installment contract". Sections 36a-535 and 36a-770.

"Retail installment sale". Sections 36a-535 and 36a-770.

"Retail seller". Sections 36a-535 and 36a-770.

"Reverse annuity mortgage loan". Section 36a-265.

"Sales finance company". Sections 36a-535 and 36a-770.

"Savings department". Section 36a-285.

"Savings deposit". Section 36a-316.

"Secondary mortgage loan". Section 36a-485, [as amended by this act](#).

"Security convertible into a voting security". Section 36a-184.

"Senior management". Section 36a-435b.

"Settlement agent". Section 36a-494.

"Share". Section 36a-435b.

"Simulated check". Section 36a-485, [as amended by this act](#).

"Single common bond membership". Section 36a-435b.

"Special mortgage". Section 36a-760c.

"Social purpose investment". Section 36a-277.

"Sponsored". Section 36a-485, [as amended by this act](#).

"Standard mortgage loan". Section 36a-265.

"Stored value". Section 36a-596.

**["System". Section 36a-485. ]**

"Table funding agreement". Section 36a-485, [as amended by this act](#).

"Tax and loan account". Sections 36a-301 and 36a-456b.

"The Savings Bank Life Insurance Company". Section 36a-285.

"Time account". Section 36a-316.

"Travelers check". Section 36a-596.

"Troubled Connecticut credit union". Section 36a-448a.

"Unique identifier". Section 36a-485, [as amended by this act](#).

"Unsecured loan". Section 36a-615.

"Value". Section 36a-603.

"Warehouse agreement". Section 36a-485, [as amended by this act](#).

Sec. 30. Section 36a-485 of the general statutes is repealed and the following is substituted in lieu thereof  
(*Effective from passage*):

As used in this section and sections 36a-486 to 36a-498f, inclusive, [as amended by this act](#), 36a-534a to 36a-534c, inclusive, unless the context otherwise requires:

(1) "Advance fee" means any consideration paid or given, directly or indirectly, to a mortgage lender, mortgage correspondent lender or mortgage broker required to be licensed pursuant to sections 36a-485 to 36a-498f, inclusive, [as amended by this act](#), and sections 36a-534a and 36a-534b, [as amended by this act](#), prior to the closing of a residential mortgage loan to any person, including, but not limited to, loan fees, points, broker's fees or commissions, transaction fees or similar prepaid finance charges;

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

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

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

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

(6) "Dwelling" has the same meaning as provided in Section 103 of the Consumer Credit Protection Act, 15 USC 1602;

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

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

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

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

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

(12) "Individual" means a natural person;

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

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



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

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

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

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

(19) "Office" means a branch office or a main office;

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

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

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

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

(24) "Residential mortgage loan" means any loan primarily for personal, family or household use that is secured by a mortgage, deed of trust or other equivalent consensual security interest on a dwelling or residential real estate upon which is constructed or intended to be constructed a dwelling;

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

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

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

(28) "Sponsored" means employed or retained as an independent contractor;

**[(29) "System" means the Nationwide Mortgage Licensing System and Registry developed and maintained by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators for the licensing and registration of mortgage lenders, mortgage correspondent lenders, mortgage brokers, mortgage loan originators and loan processors or underwriters; ]**

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

**[(31)]** (30) "Unique identifier" means a number or other identifier assigned by protocols established by the system; and

**[(32)]** (31) "Warehouse agreement" means an agreement to provide credit to a person to enable the person to have funds to make residential mortgage loans and hold such loans pending sale to other persons.

Sec. 31. Section 36a-21 of the 2014 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Notwithstanding any provision of state law and except as provided in subsections (b) and (d) of this section and subdivision (2) of subsection (a) of section 36a-534b, as amended by this act, the following records of the Department of Banking shall not be disclosed by the commissioner or any employee of the Department of Banking, or be subject to public inspection or discovery:

(1) Examination and investigation reports and information contained in or derived from such reports, including examination reports prepared by the commissioner or prepared on behalf of or for the use of the commissioner;

(2) Confidential supervisory or investigative information obtained from a state, federal or foreign regulatory or law enforcement agency;

(3) Information obtained, collected or prepared in connection with examinations, inspections or investigations, and complaints from the public received by the Department of Banking, if such records are protected from disclosure under federal or state law or, in the opinion of the commissioner, such records would disclose, or would reasonably lead to the disclosure of: (A) Investigative information the disclosure of which would be prejudicial to such investigation, until such time as the investigation and all related administrative and legal actions are concluded; (B) personal or financial information, including account or loan information, without the written consent of the person or persons to whom the information pertains; or (C) information that would harm the reputation of any person or affect the safety and soundness of any person whose activities in this state are subject to the supervision of the commissioner, and the disclosure of such information under this subparagraph would not be in the public interest; and

(4) Information obtained, collected or prepared in connection with the organization of an expedited Connecticut bank prior to the issuance of a final certificate of authority to commence the business of a Connecticut bank pursuant to section 36a-70, as amended by this act.

(b) The commissioner may, without waiving any privilege, disclose the records described in subsection (a) of this section for any appropriate supervisory, governmental, law enforcement or other public purpose. Any such disclosure shall be made under safeguards designed to prevent further dissemination of such records. In any proceeding before a court, the court may issue a protective order in appropriate circumstances to protect the confidentiality of any such record and order that any such record on file with the court or filed in connection with the court proceeding be sealed and that the public be excluded from any portion of the proceeding at which any such record is disclosed.

(c) No director, officer, employee or agent of any Connecticut bank, Connecticut credit union or licensee under section 36a-380, as amended by this act, or 36a-628, as amended by this act, shall disclose without the prior written consent of the commissioner any information contained in an examination report about such bank, credit union or licensee which information is not otherwise a matter of public record.

**[(d) (1) The provisions of subsections (a) and (b) of this section shall not apply to the disclosure of any record provided to or maintained by the commissioner with the system. Except as otherwise provided in Section 1512 of the federal S. A. F. E. Mortgage Licensing Act of 2008, any requirements under federal law or any law of this state, including this section and chapter 14 and any privilege arising under federal law or any law of this state, including the rules of any federal court or court of this state that protect the disclosure of any record provided to or maintained with the system, shall continue to apply to such record after it has been disclosed to the system. Such record may be shared with all state and federal regulatory officials that have oversight authority over the mortgage industry without the loss of privilege or the loss of confidentiality protections provided by federal law or the laws of this state. ]**

(d) (1) Except as otherwise provided in this section, the requirements under any federal or state law regarding the privacy or confidentiality of any information or material provided to the system, as defined in section 36a-2, as amended by this act, and any privilege arising under federal or state law, including the rules of any federal or state court, with respect to such information or material, shall continue to apply to such information or material after the information or material has been disclosed to the system. Such information and material may be shared with all federal and state regulatory officials with mortgage or other financial services industry oversight authority without the loss of privilege or the loss of confidentiality protection provided by federal or state law.

For purposes of this subsection, the commissioner may enter into agreements or sharing arrangements with other governmental agencies, the Conference of State Bank Supervisors, the American Association of Residential Mortgage Regulators or associations representing governmental agencies.

(2) Any information or material that is **[protected from disclosure]** under subdivision (1) of this subsection subject to privilege or confidentiality shall not be subject to (A) disclosure under any federal or state law governing disclosure to the public of information held by an officer or agency of the federal government or the respective state; or (B) subpoena, discovery or admission into evidence in any private civil action or administrative process, except a person may, at such person's discretion, waive in whole or in part a privilege held by the system concerning such information and material.

(3) Any law of this state relating to the disclosure of confidential supervisory information or of any information or material described in subdivision (1) of this subsection that is inconsistent with subdivision (1) shall be superseded by the requirements of this subsection.

(e) The confidentiality provisions of this section shall not apply to records relating to the employment history of, and publicly adjudicated disciplinary and enforcement actions against, **[mortgage loan originators or loan processors or underwriters]** persons that are included in the system for access by the public.

**[(f) For purposes of this section, "system" has the same meaning as provided in section 36a-485. ]**

Sec. 32. Subsection (c) of section 36a-51 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(c) Any licensee may surrender any license issued by the commissioner under any provision of the general statutes by surrendering the license to the commissioner in person or by registered or certified mail, provided, in the case of a license issued [\[pursuant to part I of chapter 668\] through the system, as defined in section 36a-2, as amended by this act](#), such surrender shall be initiated by filing a request to surrender on the system. [\[, as defined in section 36a-485, in accordance with section 36a-490. \] No surrender on the system shall be effective until the request to surrender is accepted by the commissioner.](#) Surrender of a license shall not affect the licensee's civil or criminal liability, or affect the commissioner's ability to impose an administrative penalty on the licensee pursuant to section 36a-50 for acts committed prior to the surrender. If, prior to receiving the license, or, in the case of a license issued [\[pursuant to part I of chapter 668,\] through the system](#) prior to the filing of a request to surrender a license, [\[under section 36a-490,\]](#) the commissioner has instituted a proceeding to suspend, revoke or refuse to renew such license, such surrender or request to surrender will not become effective except at such time and under such conditions as the commissioner by order determines. If no proceeding is pending or has been instituted by the commissioner at the time of surrender, or, in the case of a license issued [\[pursuant to part I of chapter 668\] through the system](#), at the time a request to surrender is filed, the commissioner may still institute a proceeding to suspend, revoke or refuse to renew a license under subsection (a) of this section up to the date one year after the date of receipt of the license by the commissioner, or, in the case of a license issued [\[pursuant to part I of chapter 668\] through the system](#), up to the date one year after the date of the acceptance by the commissioner of a request to surrender a license. [\[under section 36a-490. \]](#)

Sec. 33. (NEW) (*Effective October 1, 2014*) (a) In addition to any other duties imposed upon the Banking Commissioner by law, the commissioner is authorized to require persons engaged in a financial services industry subject to the commissioner's jurisdiction to be licensed or registered through the system, as defined in section 36a-2 of the general statutes, as amended by this act.

(b) In the event the commissioner elects to require system-based licensure for persons engaged in a financial services industry subject to the commissioner's jurisdiction, the commissioner shall require all initial or renewal applications for such licenses or registrations in this state to be made and processed through the system in such form as the commissioner may prescribe, and the system shall be authorized to receive and maintain records related to such licenses or registrations to the same extent allowed or required to be maintained by the commissioner. For this purpose, the commissioner may establish requirements by order as necessary for participation in the system, including, but not limited to: (1) Background checks, including in the case of any form of business organization, checks on the individuals comprising the ownership or management of such organization, for criminal history through (A) fingerprint submission to the Federal Bureau of Investigation or other state, national or international criminal databases, (B) civil, criminal or administrative records from any governmental jurisdiction, (C) credit history, including an independent credit report obtained from a consumer reporting agency described in Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a, or (D) any other information as deemed necessary by the system; (2) the payment of fees to apply for or renew licenses or registrations through the system; (3) the setting or resetting of license expiration, renewal or transition dates or reporting dates or forms; and (4) the requirements for amending or surrendering a license or any other such activities as the commissioner deems necessary for participation in the system. Such information may thereafter be used by the commissioner to determine an applicant's eligibility for licensing under applicable law and any order issued by the commissioner pursuant to this section. For the purpose of participating in the system, the commissioner may by order waive or modify, in whole or in part, any applicable requirement of title 36a of the general statutes and establish new requirements as reasonably necessary. For the purpose of implementing an orderly and efficient licensing process, the commissioner may adopt licensing regulations, in accordance with the provisions of chapter 54 of the general statutes, and interim procedures for licensing and acceptance of applications.

(c) In the event the commissioner elects to require system-based licensure for persons engaged in financial services industries subject to the commissioner's jurisdiction, the commissioner may report regularly to the system violations of and enforcement actions under applicable law and other relevant information. The commissioner may establish relationships or enter into contracts with the system or other entities designated by the system to collect and maintain records and process transaction fees or other fees related to licensees or other persons required or permitted to be licensed or registered on the system.



(d) To reduce the points of contact that the commissioner or the Federal Bureau of Investigation may have to maintain for purposes of title 36a of the general statutes, the commissioner may use the system as a channeling agent for requesting information from and distributing information to the United States Department of Justice, any governmental agency or any other source as directed by the commissioner.

(e) A person required or permitted to be licensed or registered on the system may challenge information entered into the system by the commissioner. Such challenge shall (1) be made in writing to the commissioner, (2) set forth the specific information being challenged, and (3) include any evidence which supports the challenge. A challenge shall be limited to the factual accuracy of information within the system. If the commissioner determines that the information entered into the system is factually inaccurate, the commissioner shall take prompt action to correct such information. Nothing in this subsection shall be construed to permit a challenge under this section to the merits or factual basis of any administrative action taken by the commissioner pursuant to title 36a of the general statutes.

(f) A person making any filing or submission of any information on the system shall do so in accordance with the procedures and requirements of the system and shall pay applicable fees or charges to the system. Each person required to obtain registration or licensure through the system shall timely submit to the system accurate reports that shall be in such form and contain such information as the system may require.

(g) All fees paid for any initial application for a license or registration or for a renewal application for a license or registration, including, but not limited to, fees paid in connection with an application that is denied or withdrawn prior to the issuance of the license or registration, shall be nonrefundable. No fee shall be prorated if the license or registration is surrendered, revoked or suspended prior to the expiration of the period for which it was approved.

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

(i) The commissioner may deem an application for a license or registration on the system abandoned if the applicant fails to respond to any request for required information. The commissioner shall notify the applicant on the system that if such information is not submitted within sixty days of the date of such request the application shall be deemed abandoned. An application filing fee paid prior to the date an application is deemed abandoned pursuant to this subsection shall not be refunded. Abandonment of an application pursuant to this subsection shall not preclude the applicant from submitting a new application for a license or registration.

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

Sec. 34. Subdivision (2) of subsection (b) of section 36a-486 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(2) The following are exempt from this section: (A) A registered mortgage loan originator or an employee of an institution or subsidiary described in subdivision (23) of section 36a-485, [as amended by this act](#), who is not required to be registered under Section 1507 of the S. A. F. E. Mortgage Licensing Act of 2008, 12 USC Section 5101 et seq. , when acting for such institution or subsidiary; (B) an individual who offers or negotiates the terms

of a residential mortgage loan with or on behalf of an immediate family member of such individual; (C) an individual who offers or negotiates the terms of a residential mortgage loan secured by a dwelling that served as the individual's residence, unless the context demonstrates that such individual engaged in such activities with a degree of habitualness or repetition; (D) a [Connecticut](#) licensed attorney who negotiates the terms of a residential mortgage loan on behalf of a client as an ancillary matter to the attorney's representation of the client, unless the attorney is compensated by a mortgage lender, mortgage correspondent lender, mortgage broker or other mortgage loan originator or by any agent of such mortgage lender, mortgage correspondent lender, mortgage broker or other mortgage loan originator; (E) an individual who takes a residential mortgage loan application or offers or negotiates terms of a residential mortgage loan as an employee of a federal, state or local government agency or housing finance agency exempt from licensure pursuant to section 36a-487, [as amended by this act](#), and who does so only pursuant to such individual's official duties as an employee of such agency; (F) an individual who takes a residential mortgage loan application or offers or negotiates terms of a residential mortgage loan as an employee of an organization that has obtained bona fide nonprofit status from the commissioner and is exempt from licensure pursuant to section 36a-487, [as amended by this act](#), and who does so only pursuant to such individual's official duties as an employee of such organization; and (G) an individual who offers or negotiates the terms of a residential mortgage loan secured by a dwelling that is not the individual's residence but is owned by such individual, unless the context demonstrates that such individual engaged in such activities with a degree of habitualness or repetition.

Sec. 35. Subdivision (10) of section 36a-498e of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(10) Negligently make any false statement or knowingly and wilfully make any omission of material fact in connection with any information or reports filed with a governmental agency or the system, as defined in section [\[36a-485\] 36a-2, as amended by this act](#), or in connection with any investigation conducted by the [\[Banking Commissioner\] commissioner](#) or another governmental agency;

Sec. 36. Section 36a-489a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

(a) (1) In order to meet the prelicensing education and testing requirements referred to in sections 36a-488 and 36a-489, an individual shall complete at least [\[twenty\] twenty-one](#) hours of education approved in accordance with subdivision (2) of this subsection, which shall include at least (A) three hours of instruction on relevant federal law and regulations; (B) three hours of ethics, including instruction on fraud, consumer protection and fair lending issues; [\[and\]](#) (C) two hours of training related to lending standards for the nontraditional mortgage product marketplace; [and \(D\) one hour of relevant Connecticut law.](#)

(2) For purposes of subdivision (1) of this subsection, prelicensing education courses shall be reviewed and approved by the system based upon reasonable standards. Review and approval of a prelicensing education course shall include review and approval of the course provider.

(3) Nothing in this subsection shall preclude any prelicensing education course, as approved by the system, that is provided by the sponsor or employer of the individual or an entity which is affiliated with the individual by an agency contract, or any subsidiary or affiliate of such sponsor, employer or entity.

(4) Prelicensing education may be offered either in a classroom, online or by any other means approved by the system.

(5) When prelicensing education requirements described in subdivision (1) of this subsection are completed in another state, such out-of-state prelicensing education requirements shall be accepted as credit towards completion of the prelicensing education requirements of this state, provided such out-of-state prelicensing education requirements are approved by the system.

(6) (A) An individual previously licensed under section 36a-489, subsequent to the applicable effective date of the prelicensing and testing requirements referred to in section 36a-489, who is applying to be relicensed shall



prove that such individual has completed all of the continuing education requirements for the year in which the license was last held.

(B) An individual who previously held a position as a qualified individual or branch manager subsequent to the applicable effective date of the prelicensing and testing requirements referred to in section 36a-488, at a time when such individual was not required to be licensed as a mortgage loan originator, may not hold such position again until such individual has completed all of the continuing education requirements for the year in which such individual last held such position and, effective November 1, 2012, has obtained the required mortgage loan originator license.

(b) (1) In order to meet the written test requirements referred to in sections 36a-488 and 36a-489, an individual shall pass, in accordance with the standards established under this subsection, a qualified written test developed by the system and administered by a test provider approved by the system based upon reasonable standards.

(2) A written test shall not be treated as a qualified written test for purposes of subdivision (1) of this subsection unless the test adequately measures the individual's knowledge and comprehension in appropriate subject areas, including ethics, federal law and regulation pertaining to mortgage origination, state law and regulation pertaining to mortgage origination, and federal and state law and regulation, including instruction on fraud, consumer protection, the nontraditional mortgage marketplace and fair lending issues.

(3) Nothing in this subsection shall prohibit a test provider approved by the system from providing a test at the location of the sponsor or employer, any subsidiary or affiliate of the sponsor or employer or any entity with which the individual holds an exclusive arrangement to conduct the business of a mortgage loan originator.

(4) (A) An individual shall not be considered to have passed a qualified written test unless the individual achieves a test score of not less than seventy-five per cent correct answers to questions.

(B) An individual may retake a test three consecutive times with each consecutive taking occurring at least thirty days after the preceding test. After failing three consecutive tests, an individual shall wait at least six months before taking the test again.

(C) (i) An individual who was licensed subsequent to the applicable effective date of the prelicensing and testing requirements referred to in section 36a-489 who has not been licensed as a mortgage loan originator within the five-year period preceding the date of the filing of such individual's application for a mortgage loan originator license, not taking into account any time during which such individual is a registered mortgage loan originator, shall retake such test; and (ii) effective October 1, 2011, an individual licensed as a loan processor or underwriter who applies to be licensed again shall retake the test if such individual has not been licensed as a loan processor or underwriter within the five-year period preceding the date of the filing of such application, not taking into account any time during which such individual is engaged in loan processing or underwriting but not required to be licensed under subdivision (3) of subsection (b) of section 36a-486.

(c) (1) In order to meet the annual continuing education requirements referred to in subsections (a) and (b) of section 36a-489, a licensed mortgage loan originator, a qualified individual or branch manager and, effective October 1, 2011, a licensed loan processor or underwriter, shall complete at least eight hours of education approved in accordance with subdivision (2) of this subsection. Such courses shall include at least (A) three hours of instruction on relevant federal law and regulation; (B) two hours of ethics, including instruction on fraud, consumer protection and fair lending issues; **[and]** (C) two hours of training related to lending standards for the nontraditional mortgage product marketplace; and (D) effective January 1, 2015, one hour of relevant Connecticut law.

(2) For purposes of subdivision (1) of this subsection, continuing education courses shall be reviewed and approved by the system based upon reasonable standards. Review and approval of a continuing education course shall include review and approval of the course provider.

(3) Nothing in this subsection shall preclude any education course approved by the system that is provided by the sponsor or employer or an entity that is affiliated with the mortgage loan originator, qualified individual or branch manager or, effective October 1, 2011, loan processor or underwriter by an agency contract, or by any subsidiary or affiliate of such sponsor, employer or entity.

(4) Continuing education may be offered either in a classroom, online or by any other means approved by the system.

(5) Except as provided in procedures adopted under subsections (a) and (b) of section 36a-489 or in regulations adopted under subdivision (9) of this subsection, a licensed mortgage loan originator, qualified individual or branch manager or, effective October 1, 2011, a licensed loan processor or underwriter, may only receive credit for a continuing education course in the year for which the course is taken, and may not take the same approved course in the same or successive years to meet the annual requirements for continuing education.

(6) A licensed mortgage loan originator or a qualified individual or branch manager or, effective October 1, 2011, a licensed loan processor or underwriter who is an approved instructor of an approved continuing education course may receive credit for the licensee's own annual continuing education requirement at the rate of two hours credit for every one hour taught.

(7) When education requirements described in subdivision (1) of subsection (a) of this section are completed in another state, such out-of-state education requirements shall be accepted as credit towards completion of the education requirements of this state, provided such out-of-state education requirements are approved by the system.

(8) A licensed mortgage loan originator and, effective October 1, 2011, a licensed loan processor or underwriter who subsequently becomes unlicensed must complete the continuing education requirements for the last year in which the license was held prior to issuance of an initial or renewed license. A qualified individual or branch manager who ceases to hold such position shall complete the continuing education requirements for the last year in which such individual or branch manager held such position prior to licensure as a mortgage loan originator.

(9) A person who meets the requirements of subparagraphs (A)(i) and (A)(iii) of subdivision (2) of subsection (a) or (b) of section 36a-489 may compensate for any deficiency in an individual's continuing education requirements pursuant to regulations adopted by the commissioner.

(d) For purposes of this section "nontraditional mortgage product" means any mortgage product other than a thirty-year fixed rate mortgage.

Sec. 37. Section 49-31l of the 2014 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Prior to July 1, [2014] 2016: (1) Any action for the foreclosure of a mortgage on residential real property with a return date during the period from July 1, 2008, to June 30, 2009, inclusive, shall be subject to the provisions of subsection (b) of this section, and (2) any action for the foreclosure of a mortgage on (A) residential real property with a return date during the period from July 1, 2009, to June 30, [2014] 2016, inclusive, or (B) real property owned by a religious organization with a return date during the period from October 1, 2011, to June 30, [2014] 2016, inclusive, shall be subject to the provisions of subsection (c) of this section.

(b) (1) Prior to July 1, [2014] 2016, when a mortgagee commences an action for the foreclosure of a mortgage on residential real property with a return date during the period from July 1, 2008, to June 30, 2009, inclusive, the mortgagee shall give notice to the mortgagor of the foreclosure mediation program established in section 49-31m by attaching to the front of the foreclosure complaint that is served on the mortgagor: (A) A copy of the notice of the availability of foreclosure mediation, in such form as the Chief Court Administrator prescribes, and (B) a foreclosure mediation request form, in such form as the Chief Court Administrator prescribes.

(2) Except as provided in subdivision (3) of this subsection, a mortgagor may request foreclosure mediation by submitting the foreclosure mediation request form to the court and filing an appearance not more than fifteen days after the return date for the foreclosure action. Upon receipt of the foreclosure mediation request form, the court shall notify each appearing party that a foreclosure mediation request form has been submitted by the mortgagor.

(3) The court may grant a mortgagor permission to submit a foreclosure mediation request form and file an appearance after the fifteen-day period established in subdivision (2) of this subsection, for good cause shown.

(4) No foreclosure mediation request form may be submitted to the court under this subsection on or after July 1, [2014] 2016.

(5) If at any time on or after July 1, 2008, but prior to July 1, [2014] 2016, the court determines that the notice requirement of subdivision (1) of this subsection has not been met, the court may, upon its own motion or upon the written motion of the mortgagor, issue an order that no judgment may enter for fifteen days during which period the mortgagor may submit a foreclosure mediation request form to the court.

(6) Notwithstanding any provision of the general statutes or any rule of law to the contrary, prior to July 1, [2014] 2016, no judgment of strict foreclosure nor any judgment ordering a foreclosure sale shall be entered in any action subject to the provisions of this subsection and instituted by the mortgagee to foreclose a mortgage on residential real property unless: (A) Notice to the mortgagor has been given by the mortgagee in accordance with subdivision (1) of this subsection and the time for submitting a foreclosure mediation request form has expired and no foreclosure mediation request form has been submitted, or if such notice has not been given, the time for submitting a foreclosure mediation request form pursuant to subdivision (2) or (3) of this subsection has expired and no foreclosure mediation request form has been submitted, or (B) the mediation period set forth in [subdivision] subsection (b) of section 49-31n, as amended by this act, has expired or has otherwise terminated, whichever is earlier.

(7) None of the mortgagor's or mortgagee's rights in the foreclosure action shall be waived by the mortgagor's submission of a foreclosure mediation request form to the court.

(c) (1) Prior to July 1, [2014] 2016, when a mortgagee commences an action for the foreclosure of a mortgage on residential real property with a return date on or after July 1, 2009, or, with respect to real property owned by a religious organization, a return date on or after October 1, 2011, the mortgagee shall give notice to the mortgagor of the foreclosure mediation program established in section 49-31m by attaching to the front of the writ, summons and complaint that is served on the mortgagor: (A) A copy of the notice of foreclosure mediation, in such form as the Chief Court Administrator prescribes, (B) a copy of the foreclosure mediation certificate form described in subdivision (3) of this subsection, in such form as the Chief Court Administrator prescribes, (C) a blank appearance form, in such form as the Chief Court Administrator prescribes, (D) with respect to an action for the foreclosure of a mortgage on residential real property with a return date on or after October 1, 2011, to September 30, 2013, inclusive, a mediation information form and a notice containing contact information for authority-approved consumer credit counseling agencies, which form and notice shall be in such form as the Chief Court Administrator prescribes, and which form shall be designed to elicit current financial information and such other nonfinancial information from the mortgagor as the Chief Court Administrator, in consultation with representatives from the banking industry and consumer advocates, determines will further the objectives of the mediation program. The Chief Court Administrator shall develop a premediation review protocol pursuant to which the mediator shall request that any documents submitted to the mediator for initial review that are incomplete, contain errors or are likely to be found unacceptable by the mortgagee be completed or corrected and that the completed or corrected documents be resubmitted to the mediator for review. Such premediation review, including any recommendations to complete or correct documents, shall not be construed to be the practice of law on behalf of any party to the mediation or the provision of legal advice by the mediator. The instructions to the mediation information form shall explain that the completed mediation information form, along with accompanying documentation reasonably requested from the mortgagor by way of such instructions, shall be delivered to the mortgagee's counsel not later than fifteen business days prior to the date of the initial mediation session, as identified in the notice provided pursuant to subdivision (2) of subsection (c) of

section 49-31n, [as amended by this act](#), and (E) for an action to foreclose a mortgage on residential real property with a return date on or after October 1, 2013, the mediation information form shall instruct the mortgagor as to the objectives of the mediation program, explain the preliminary process of meeting with the mediator as described in subdivision (4) of this subsection, instruct the mortgagor to begin gathering financial documentation commonly used in foreclosure mediation for use in meeting with the mediator and in mediation, and include a notice containing contact information for authority-approved consumer counseling agencies, which shall be in such form as the Chief Court Administrator prescribes. The content of the mediation information form shall be designed by the Chief Court Administrator in consultation with representatives from the banking industry and consumer advocates.

(2) The court shall issue a notice of foreclosure mediation described in subdivision (3) of this subsection to the mortgagor not later than the date three business days after the date the mortgagee returns the writ to the court.

(3) The notice of foreclosure mediation shall instruct the mortgagor to file the appearance and foreclosure mediation certificate forms with the court not later than the date fifteen days from the return date for the foreclosure action. With respect to actions with a return date on or after October 1, 2011, to September 30, 2013, inclusive, such notice shall remind the mortgagor to deliver the completed mediation information form and the accompanying documentation described in subdivision (1) of this subsection and encourage such delivery in advance of the required date. With respect to actions with a return date on or after October 1, 2013, to June 30, [\[2014\] 2016](#), inclusive, such notice shall instruct the mortgagor to begin gathering financial information commonly used in foreclosure mediation for use in meeting with the mediator and in mediation. The mediation information form and accompanying documentation shall not, without the explicit written instruction of the mortgagor, be publicly available. Such notice of foreclosure mediation shall be accompanied by materials from the Department of Banking, as prescribed by the Chief Court Administrator, which shall describe the community-based resources available to the mortgagor, including authority-approved housing counseling agencies that may assist with preparation for mediation and application for mortgage assistance programs. The foreclosure mediation certificate form shall require the mortgagor to provide sufficient information to permit the court to confirm that the defendant in the foreclosure action is a mortgagor, and to certify that said mortgagor has sent a copy of the mediation certificate form to the plaintiff in the action.

(4) Upon receipt of the mortgagor's appearance and foreclosure mediation certificate forms, and provided the court confirms the defendant in the foreclosure action is a mortgagor and that said mortgagor has sent a copy of the mediation certificate form to the plaintiff, the court shall assign the case to mediation and issue notice of such assignment to all appearing parties, which notice shall include an electronic mail address for all communications related to the mediation. The court shall issue such notice not earlier than the date five business days after the return date or by the date three business days after the date on which the court receives the mortgagor's appearance and foreclosure mediation certificate forms, whichever is later, except that if the court does not receive the appearance and foreclosure mediation certificate forms from the mortgagor by the date fifteen days after the return date for the foreclosure action, the court shall not assign the case to mediation. Promptly upon receipt of the notice of assignment, but not later than the thirty-fifth day following the return date, the mortgagee or its counsel shall deliver to the mediator, via the electronic mail address provided for communications related to the mediation, and to the mortgagor, via first class, priority or overnight mail, (A) an account history identifying all credits and debits assessed to the loan account and any related escrow account in the immediately preceding twelve-month period and an itemized statement of the amount required to reinstate the mortgage loan with accompanying information, written in plain language, to explain any codes used in the history and statement which are not otherwise self-explanatory, (B) the name, business mailing address, electronic mail address, facsimile number and direct telephone number of an individual able to respond with reasonable adequacy and promptness to questions relative to the information submitted to the mediator pursuant to this subdivision, and any subsequent updates to such contact information, which shall be provided reasonably promptly to the mediator via the electronic mail address provided for communication related to the mediation, (C) all reasonably necessary forms and a list of all documentation reasonably necessary for the mortgagee to evaluate the mortgagor for common alternatives to foreclosure that are available through the mortgagee, if any, (D) a copy of the note and mortgage, (E) summary information regarding the status of any pending foreclosure avoidance efforts being undertaken by the mortgagee, (F) a copy of any loss mitigation



affidavit filed with the court, and (G) at the mortgagee's option, (i) the history of foreclosure avoidance efforts with respect to the mortgagor, (ii) information regarding the condition of mortgaged property, and (iii) such other information as the mortgagee may determine is relevant to meeting the objectives of the mediation program. Following the mediator's receipt of such information, the court shall assign a mediator to the mediation and schedule a meeting with the mediator and the mortgagor and shall endeavor to schedule such meeting on or prior to the forty-ninth day following the return date. The notice of such meeting shall instruct the mortgagor to complete the forms prior to the meeting and to furnish such forms together with the documentation contained in the list, as provided by the mortgagee following the filing of the foreclosure mediation certificate, at the meeting. At such meeting, the mediator shall review such forms and documentation with the mortgagor, along with the information supplied by the mortgagee, in order to discuss the options that may be available to the mortgagor, including any community-based resources, and assist the mortgagor in completing the forms and furnishing the documentation necessary for the mortgagee to evaluate the mortgagor for alternatives to foreclosure. The mediator may elect to schedule subsequent meetings with the mortgagor and determine whether any mortgagor may be excused from an in-person appearance at such subsequent meeting. As soon as practicable, but in no case later than the eighty-fourth day following the return date, the mediator shall facilitate and confirm the submission by the mortgagor of the forms and documentation to the mortgagee's counsel via electronic means and, at the mortgagee's election, directly to the mortgagee per the mortgagee's instruction, and determine, based on the mortgagor's attendance at the meetings and the extent the mortgagor completed the forms and furnished the documentation contemplated in this subdivision, or failed to perform such tasks through no material fault of the mortgagee, and file a report with the court indicating, (I) whether mediation shall be scheduled with the mortgagee, (II) whether the mortgagor attended scheduled meetings with the mediator, (III) whether the mortgagor fully or substantially completed the forms and furnished the documentation requested by the mortgagee, (IV) the date on which the mortgagee supplied the forms and documentation, and (V) any other information the mediator determines to be relevant to the objectives of the mediation program. No meeting or communication between the mediator and mortgagor under this subdivision shall be treated as an impermissible ex parte communication. If the mediator determines that the mortgagee shall participate in mediation, the court shall promptly issue notice to all parties of such determination and schedule a mediation session between the mortgagee and mortgagor in accordance with subsection (c) of section 49-31n, [as amended by this act](#), to be held not later than five weeks following the submission to the mortgagee of the forms and documentation contemplated in this subdivision. If the mediator determines that no sessions between the mortgagee and mortgagor shall be scheduled, the court shall promptly issue notice to all parties regarding such determination and mediation shall be terminated. Any mortgagor wishing to contest such determination shall petition the court and show good cause for reinclusion in the mediation program, including, but not limited to, a material change in financial circumstances or a mistake or misunderstanding of the facts by the mediator.

(5) Notwithstanding the provisions of this subsection, the court may refer a foreclosure action brought by a mortgagee to the foreclosure mediation program at any time, for good cause shown, provided the mortgagor has filed an appearance in said action and further provided the court shall, not later than the date three business days after the date on which it makes such referral, send a notice to each appearing party assigning the case to mediation and requiring the parties to participate in the premediation process described in subdivision (4) of this subsection, with the court establishing deadlines to ensure that the premediation process is to be completed by the parties as expeditiously as the circumstances warrant and permit. When determining whether good cause exists, the court shall consider whether the parties are likely to benefit from mediation and, in the case of a referral after prior attempts at mediation have been terminated, whether there has been a material change in circumstances.

(6) Notwithstanding any provision of the general statutes or any rule of law, prior to July 1, ~~2014~~ 2016, (A) for the period of time which shall not exceed eight months from the return date, the mortgagor shall be permitted to file an answer, special defenses or counterclaims, but no mortgagee or mortgagor shall make any motion, request or demand with respect to the other, except those motions, requests or demands that relate to the mediation program described in section 49-31m and the mediation sessions held pursuant to such program, provided (i) a mortgagor seeking to contest the court's jurisdiction may file a motion to dismiss and the mortgagee may object to such motion to dismiss in accordance with applicable law and the rules of the courts,

and (ii) if the mortgagor elects to make any other motion, request or demand with respect to the mortgagee, the eight-month limit shall no longer apply to either party; and (B) no judgment of strict foreclosure nor any judgment ordering a foreclosure sale shall be entered in any action subject to the provisions of this subsection and instituted by the mortgagee to foreclose a mortgage on residential real property or real property owned by a religious organization unless: (i) The mediation period set forth in subsection (c) of section 49-31n, [as amended by this act](#), has expired or has otherwise terminated, whichever is earlier, and, if fewer than eight months has elapsed from the return date at the time of termination, fifteen days have elapsed since such termination and any pending motion or request to extend the mediation period has been heard and denied by the court, or (ii) the mediation program is not otherwise required or available. Nothing in this subdivision shall affect any motion made or any default or judgment entered on or before June 30, 2011.

(7) With respect to foreclosure actions with a return date on or after July 1, 2011, to June 30, ~~2014~~ [2016](#), inclusive, notwithstanding any provision of the general statutes or any rule of law to the contrary, the mortgagee shall be permitted following the eight-month or fifteen-day period described in subdivision (6) of this subsection, to simultaneously file, as applicable, (A) a motion for default, and (B) a motion for judgment of strict foreclosure or a motion for judgment of foreclosure by sale with respect to the mortgagor in the foreclosure action.

(8) None of the mortgagor's or mortgagee's rights in the foreclosure action shall be waived by participation in the foreclosure mediation program.

Sec. 38. Section 49-31n of the 2014 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Prior to July 1, ~~2014~~ [2016](#): (1) Any action for the foreclosure of a mortgage on residential real property with a return date during the period from July 1, 2008, to June 30, 2009, inclusive, shall be subject to the provisions of subsection (b) of this section, and (2) any action for the foreclosure of a mortgage on (A) residential real property with a return date during the period from July 1, 2009, to June 30, ~~2014~~ [2016](#), inclusive, or (B) real property owned by a religious organization with a return date during the period from October 1, 2011, to June 30, ~~2014~~ [2016](#), inclusive, shall be subject to the provisions of subsection (c) of this section.

(b) (1) For any action for the foreclosure of a mortgage on residential real property with a return date during the period from July 1, 2008, to June 30, 2009, inclusive, the mediation period under the foreclosure mediation program established in section 49-31m shall commence when the court sends notice to each appearing party that a foreclosure mediation request form has been submitted by a mortgagor to the court, which notice shall be sent not later than three business days after the court receives a completed foreclosure mediation request form. The mediation period shall conclude not later than the conclusion of the third mediation session between the mortgagor and mortgagee or seven months after the return date, whichever is earlier, except that the court may, in its discretion, for good cause shown, upon the motion of any party or the mediator, (A) extend the mediation period subject to the provisions of subdivision (9) of this subsection or shorten the mediation period.

(2) The first mediation session shall be held not later than fifteen business days after the court sends notice to all parties that a foreclosure mediation request form has been submitted to the court. The mortgagor and mortgagee shall appear in person at each mediation session and shall have the ability to mediate, except that (A) if a party is represented by counsel, the party's counsel may appear in lieu of the party to represent the party's interests at the mediation, provided the party has the ability to mediate, the mortgagor attends the first mediation session in person, and the party is available (i) during the mediation session by telephone, and (ii) to participate in the mediation session by speakerphone, provided an opportunity is afforded for confidential discussions between the party and party's counsel, (B) following the initial mediation session, if there are two or more mortgagors who are self-represented, only one mortgagor shall be required to appear in person at each subsequent mediation session unless good cause is shown, provided the other mortgagors are available (i) during the mediation session, and (ii) to participate in the mediation session by speakerphone, and (C) if a party suffers from a disability or other significant hardship that imposes an undue burden on such party to appear in person, the mediator may grant permission to such party to participate in the mediation session by telephone. A mortgagor's spouse, who is not a mortgagor but who lives in the subject property, may appear at each



mediation session, provided all appearing mortgagors consent, in writing, to such spouse's appearance or such spouse shows good cause for his or her appearance and the mortgagors consent in writing to the disclosure of nonpublic personal information to such spouse. If the mortgagor has submitted a complete package of financial documentation in connection with a request for a particular foreclosure alternative, the mortgagee shall have thirty-five days from the receipt of the completed package to respond with a decision and, if the decision is a denial of the request, provide the reasons for such denial. If the mortgagor has, in connection with a request for a foreclosure alternative, submitted a financial package that is not complete, or if the mortgagee's evaluation of a complete package reveals that additional information is necessary to underwrite the request, the mortgagee shall request the missing or additional information within a reasonable period of time of such evaluation. If the mortgagee's evaluation of a complete package reveals that additional information is necessary to underwrite the request, the thirty-five-day deadline for a response shall be extended but only for so long as is reasonable given the timing of the mortgagor's submission of such additional information and the nature and context of the required underwriting. Not later than the third business day after each mediation session held on or after June 18, 2013, the mediator shall file with the court a report indicating, to the extent applicable, (i) the extent to which each of the parties complied with the requirements set forth in this subdivision, including the requirement to engage in conduct that is consistent with the objectives of the mediation program and to possess the ability to mediate, (ii) whether the mortgagor submitted a complete package of financial documentation to the mortgagee, (iii) a general description of the foreclosure alternative being requested by the mortgagor, (iv) whether the mortgagor has previously been evaluated for similar requests, whether prior to mediation or in mediation, and, if so, whether there has been any apparent change in circumstances since a decision was made with respect to that prior evaluation, (v) whether the mortgagee has responded to the mortgagor's request for a foreclosure alternative and, if so, a description of the response and whether the mediator is aware of any material reason not to agree with the response, (vi) whether the mortgagor has responded to an offer made by the mortgagee on a reasonably timely basis, and if so, an explanation of the response, (vii) whether the mortgagee has requested additional information from the mortgagor and, if so, the stated reasons for the request and the date by which such additional information shall be submitted so that information previously submitted by the mortgagor, to the extent possible, may still be used by the mortgagee in conducting its review, (viii) whether the mortgagor has supplied, on a reasonably timely basis, any additional information that was reasonably requested by the mortgagee, and, if not, the stated reason for not doing so, (ix) if information provided by the mortgagor is no longer current for purposes of evaluating a foreclosure alternative, a description of the out-of-date information and an explanation as to how and why such information is no longer current, (x) whether the mortgagee has provided a reasonable explanation of the basis for a decision to deny a request for a loss mitigation option or foreclosure alternative and whether the mediator is aware of any material reason not to agree with that decision, (xi) whether the mortgagee has complied with the time frames set forth in this subdivision for responding to requests for decisions, (xii) if a subsequent mediation session is expected to occur, a general description of the expectations for such subsequent session and for the parties prior to such subsequent session and, if not otherwise addressed in the report, whether the parties satisfied the expectations set forth in previous reports, and (xiii) a determination of whether the parties will benefit from further mediation. The mediator shall deliver a copy of such report to each party to the mediation when the mediator files the report. The parties shall have the opportunity to submit their own supplemental information following the filing of the report, provided such supplemental information shall be submitted not later than five business days following the receipt of the mediator's report. Any request by the mortgagee to the mortgagor for additional or updated financial documentation shall be made in writing. The court may impose sanctions on any party or on counsel to a party if such party or such counsel engages in intentional or a pattern or practice of conduct during the mediation process that is contrary to the objectives of the mediation program. Any sanction that is imposed shall be proportional to the conduct and consistent with the objectives of the mediation program. Available sanctions shall include, but not be limited to, terminating mediation, ordering the mortgagor or mortgagee to mediate in person, forbidding the mortgagee from charging the mortgagor for the mortgagee's attorney's fees, awarding attorney's fees, and imposing fines. In the case of egregious misconduct, the sanctions shall be heightened. The court shall not award attorney's fees to any mortgagee for time spent in any mediation session if the court finds that such mortgagee has failed to comply with this subdivision, unless the court finds reasonable cause for such failure.

(3) If the mediator reports to the court that the parties will not benefit from further mediation, the mediation period shall terminate automatically. If the mediator reports to the court after the first or second mediation session that the parties may benefit from further mediation, the mediation period shall continue.

(4) If the mediation period concludes and certain issues have not been resolved pursuant to the mediation, the mediator may refer the mortgagor to any appropriate community-based services that are available.

(5) The Chief Court Administrator shall establish policies and procedures to implement this subsection. Such policies and procedures shall, at a minimum, provide that the mediator shall advise the mortgagor at the first meeting required by subdivision (4) of subsection (c) of section 49-31l, [as amended by this act](#), that a judgment of strict foreclosure or foreclosure by sale may cause the mortgagor to lose the residential real property to foreclosure.

(6) In no event shall any determination issued by a mediator under this program form the basis of an appeal of any foreclosure judgment.

(7) Foreclosure mediation request forms shall not be accepted by the court under this subsection on or after July 1, [\[2014\] 2016](#), and the foreclosure mediation program shall terminate when all mediation has concluded with respect to any applications submitted to the court prior to July 1, [\[2014\] 2016](#).

(8) At any time during the mediation period, the mediator may refer a mortgagor who is the owner-occupant of one-to-four family residential real property to the mortgage assistance programs, except that any such referral shall not prevent a mortgagee from proceeding to judgment when the conditions specified in subdivision (6) of subsection (b) of section 49-31l, [as amended by this act](#), have been satisfied.

(9) (A) The mediation period shall conclude following the third mediation session or if more than seven months have elapsed since the return date. Not later than fifteen days following the conclusion of the mediation period, and any extended mediation sessions held in accordance with this subdivision, any party may move for, or the mediator may request, an extension of the mediation period. The court shall grant only one additional mediation session per motion or request upon a finding that it is highly probable the parties will reach an agreement through mediation. The court may also grant one additional mediation session per motion or request upon a finding that any party has engaged, either intentionally or by a pattern or practice, in conduct that is contrary to the objectives of the mediation program. The court shall make its ruling not later than twenty days after the filing of such motion or request, and no judgment of strict foreclosure or any judgment ordering a foreclosure sale shall be entered until (i) the court denies the motion or request, or (ii) the conclusion of the extended mediation session, except as provided in subparagraph (B) of this subdivision. Upon the grant of an additional mediation session following the proper finding, the court shall establish an expeditious deadline for such extended mediation session to occur. Such extended mediation period shall conclude following such extended mediation session.

(B) The mediation period may be extended for one additional mediation session without a hearing held pursuant to this subdivision provided all parties to the mediation agree that such parties would benefit from such a session and, in consultation with the mediator, establish an expeditious deadline for such session to take place.

(C) To determine whether to extend mediation, the court may consider all matters that have arisen in the mediation, including, but not limited to, the number of motions to extend mediation, the reasons for which an agreement has not been reached, the objectives of the mediation program, the extent to which the parties will benefit from further mediation, the reports submitted by the mediator, papers submitted in connection with any motion, and any supplemental reports submitted by a party. The court shall articulate its reasons in the order granting or denying any such motion or request to extend mediation.

(10) For any case pending as of October 1, 2013, in which mediation is ongoing, (A) if three or fewer sessions have been held, such case shall be treated as if no sessions have been held as of said date for purposes of subdivision (9) of this subsection, and (B) if four or more sessions have been held, then any party or the

mediator may move to terminate the mediation period or extend such period in accordance with subdivision (9) of this subsection and, if no such motion to extend is made, the mediation period shall conclude after the third mediation session occurring after October 1, 2013.

(c) (1) For any action for the foreclosure of a mortgage on residential real property with a return date during the period from July 1, 2009, to June 30, [2014] 2016, inclusive, or for any action for the foreclosure of a mortgage on real property owned by a religious organization with a return date during the period from October 1, 2011, to June 30, [2014] 2016, inclusive, the mediation period under the foreclosure mediation program established in section 49-31m shall commence when the court sends notice to each appearing party scheduling the first foreclosure mediation session. The mediation period shall conclude not later than the conclusion of the third mediation session between the mortgagor and mortgagee or seven months after the return date, whichever is earlier, except that the court may, in its discretion, for good cause shown, upon the motion of any party or request by the mediator, extend the mediation period subject to the provisions of subdivision (9) of this subsection or shorten the mediation period.

(2) The mortgagor and mortgagee shall appear in person at each mediation session and shall have the ability to mediate, except that (A) if a party is represented by counsel, the party's counsel may appear in lieu of the party to represent the party's interests at the mediation, provided the party has the ability to mediate, the mortgagor attends the first mediation session in person and the party is available (i) during the mediation session by telephone, and (ii) to participate in the mediation session by speakerphone, provided an opportunity is afforded for confidential discussions between the party and party's counsel, (B) following the initial mediation session, if there are two or more mortgagors who are self-represented, only one mortgagor shall be required to appear in person at each subsequent mediation session unless good cause is shown, provided the other mortgagors are available (i) during the mediation session, and (ii) to participate in the mediation session by speakerphone, and (C) if a party suffers from a disability or other significant hardship that imposes an undue burden on such party to appear in person, the mediator may grant permission to such party to participate in the mediation session by telephone. A mortgagor's spouse, who is not a mortgagor but who lives in the subject property, may appear at each mediation session, provided all appearing mortgagors consent, in writing, to such spouse's appearance or such spouse shows good cause for his or her appearance and the mortgagors consent, in writing, to the disclosure of nonpublic personal information to such spouse. If the mortgagor has submitted a complete package of financial documentation in connection with a request for a particular foreclosure alternative, the mortgagee shall have thirty-five days from the receipt of the completed package to respond with a decision and, if the decision is a denial of the request, provide the reasons for such denial. If the mortgagor has, in connection with a request for a foreclosure alternative, submitted a financial package that is not complete, or if the mortgagee's evaluation of a complete package reveals that additional information is necessary to underwrite the request, the mortgagee shall request the missing or additional information within a reasonable period of time of such evaluation. If the mortgagee's evaluation of a complete package reveals that additional information is necessary to underwrite the request, the thirty-five-day deadline for a response shall be extended but only for so long as is reasonable given the timing of the mortgagor's submission of such additional information and the nature and context of the required underwriting. Not later than the third business day after each mediation session, the mediator shall file with the court a report indicating, to the extent applicable, (i) the extent to which each of the parties complied with the requirements set forth in this subdivision, including the requirement to engage in conduct that is consistent with the objectives of the mediation program and to possess the ability to mediate, (ii) whether the mortgagor submitted a complete package of financial documentation to the mortgagee, (iii) a general description of the foreclosure alternative being requested by the mortgagor, (iv) whether the mortgagor has previously been evaluated for similar requests, whether prior to mediation or in mediation, and, if so, whether there has been any apparent change in circumstances since a decision was made with respect to that prior evaluation, (v) whether the mortgagee has responded to the mortgagor's request for a foreclosure alternative and, if so, a description of the response and whether the mediator is aware of any material reason not to agree with the response, (vi) whether the mortgagor has responded to an offer made by the mortgagee on a reasonably timely basis, and if so, an explanation of the response, (vii) whether the mortgagee has requested additional information from the mortgagor and, if so, the stated reasons for the request and the date by which such additional information shall be submitted so that information previously submitted by the mortgagor, to the extent possible, may still be used by the mortgagee in conducting its review, (viii) whether the mortgagor

has supplied, on a reasonably timely basis, any additional information that was reasonably requested by the mortgagee, and, if not, the stated reason for not doing so, (ix) if information provided by the mortgagor is no longer current for purposes of evaluating a foreclosure alternative, a description of the out-of-date information and an explanation as to how and why such information is no longer current, (x) whether the mortgagee has provided a reasonable explanation of the basis for a decision to deny a request for a loss mitigation option or foreclosure alternative and whether the mediator is aware of any material reason not to agree with that decision, (xi) whether the mortgagee has complied with the time frames set forth in this subdivision for responding to requests for decisions, (xii) if a subsequent mediation session is expected to occur, a general description of the expectations for such subsequent session and for the parties prior to such subsequent session and, if not otherwise addressed in the report, whether the parties satisfied the expectations set forth in previous reports, and (xiii) a determination of whether the parties will benefit from further mediation. The mediator shall deliver a copy of such report to each party to the mediation when the mediator files the report. The parties shall have the opportunity to submit their own supplemental information following the filing of the report, provided such supplemental information shall be submitted not later than five business days following the receipt of the mediator's report. Any request by the mortgagee to the mortgagor for additional or updated financial documentation shall be made in writing. The court may impose sanctions on any party or on counsel to a party if such party or such counsel engages in intentional or a pattern or practice of conduct during the mediation process that is contrary to the objectives of the mediation program. Any sanction that is imposed shall be proportional to the conduct and consistent with the objectives of the mediation program. Available sanctions shall include, but not be limited to, terminating mediation, ordering the mortgagor or mortgagee to mediate in person, forbidding the mortgagee from charging the mortgagor for the mortgagee's attorney's fees, awarding attorney's fees, and imposing fines. In the case of egregious misconduct, the sanctions shall be heightened. The court shall not award attorney's fees to any mortgagee for time spent in any mediation session if the court finds that such mortgagee has failed to comply with this subdivision, unless the court finds reasonable cause for such failure.

(3) If the mediator reports to the court that the parties will not benefit from further mediation, the mediation period shall terminate automatically. If the mediator reports to the court after the first or second mediation session that the parties may benefit from further mediation, the mediation period shall continue.

(4) If the mediation period concludes and certain issues have not been resolved pursuant to the mediation, the mediator may refer the mortgagor to any appropriate community-based services that are available in the judicial district, but any such referral shall not cause a delay in the mediation process.

(5) The Chief Court Administrator shall establish policies and procedures to implement this subsection. Such policies and procedures shall, at a minimum, provide that the mediator shall advise the mortgagor at the first meeting required by subdivision (4) of subsection (c) of section 49-311, [as amended by this act](#), that: (A) Such mediation does not suspend the mortgagor's obligation to respond to the foreclosure action beyond the limited time frame described in subdivision (6) of subsection (c) of section 49-311, [as amended by this act](#); and (B) a judgment of strict foreclosure or foreclosure by sale may cause the mortgagor to lose the residential real property or real property owned by a religious organization to foreclosure.

(6) In no event shall any determination issued by a mediator under this program form the basis of an appeal of any foreclosure judgment.

(7) The foreclosure mediation program shall terminate when all mediation has concluded with respect to any foreclosure action with a return date during the period from July 1, 2009, to June 30, [\[2014\]](#) [2016](#), inclusive.

(8) At any time during the mediation period, the mediator may refer a mortgagor who is the owner-occupant of one-to-four family residential real property to the mortgage assistance programs, except that any such referral shall not prevent a mortgagee from proceeding to judgment when the conditions specified in subdivision (6) of subsection (c) of section 49-311, [as amended by this act](#), have been satisfied.

(9) (A) The mediation period shall conclude following the third mediation session or if more than seven months have elapsed since the return date. Not later than fifteen days following the conclusion of the mediation period,



and any subsequent extended mediation sessions held in accordance with this subdivision, any party may move for, or the mediator may request, an extension of the mediation period. The court shall grant only one additional mediation session per motion or request upon a finding that it is highly probable the parties will reach an agreement through mediation. The court may also grant one additional mediation session per motion or request upon a finding that any party has engaged, either intentionally or by a pattern or practice, in conduct that is contrary to the objectives of the mediation program. The court shall make its ruling not later than twenty days after the filing of such motion or request, and no judgment of strict foreclosure or any judgment ordering a foreclosure sale shall be entered until (i) the court denies the motion or request, or (ii) the conclusion of the subsequent extended mediation session, except as provided in subparagraph (B) of this subdivision. Upon the grant of an additional mediation session following the proper finding, the court shall establish a reasonably expeditious deadline for such subsequent extended mediation session to occur. Such extended mediation period shall conclude following such subsequent extended mediation session.

(B) The mediation period may be extended for one additional mediation session without a hearing held pursuant to this subdivision provided all parties to the mediation agree that such parties would benefit from such a session and, in consultation with the mediator, establish a reasonably expeditious deadline for such session to take place.

(C) To determine whether to extend mediation, the court may consider all matters that have arisen in the mediation, including, but not limited to, the number of motions to extend mediation, the reasons for which an agreement has not been reached, the objectives of the mediation program, the extent to which the parties will benefit from further mediation, the reports submitted by the mediator, papers submitted in connection with any motion, and any supplemental reports submitted by a party. The court shall articulate its reasons in the order granting or denying any such motion or request to extend mediation.

(10) For any case pending as of October 1, 2013, in which mediation is ongoing, (A) if three or fewer sessions have been held, such case shall be treated as if no sessions have been held as of said date for purposes of subdivision (9) of this subsection, and (B) if four or more sessions have been held, then any party or the mediator may move to terminate the mediation period or extend such period in accordance with subdivision (9) of this subsection and, if no such motion to extend is made, the mediation period shall conclude after the third mediation session occurring after October 1, 2013.

(d) (1) Not later than February 14, 2014, the Chief Court Administrator shall submit, in accordance with the provisions of section 11-4a, to the joint standing committee of the General Assembly having cognizance of matters relating to banks, a summary regarding the mediation program and a general summary of the data collected in the reports submitted pursuant to subdivision (2) of subsections (b) and (c) of this section from July 1, 2013, to December 31, 2013, inclusive. Such summaries shall include, but not be limited to, the aggregate data regarding the number of cases in mediation, the number of mediation sessions held, the number of agreements reached before the conclusion of the mediation period, the number of motions or requests for an extension or continuance and the identity of the party that made such a motion or request, whether the loan at issue was serviced by a third party, the judicial district in which the mediation took place and whether the mortgagor was self-represented.

(2) Not later than February 14, 2015, the Chief Court Administrator shall submit, in accordance with the provisions of section 11-4a, to the joint standing committee of the General Assembly having cognizance of matters relating to banks, a summary of the reports submitted from July 1, 2013, to December 31, 2014, inclusive, pursuant to subdivision (2) of subsections (b) and (c) of this section. The detailed data points for such summary, including data to be collected but not reported, shall be developed by the Chief Court Administrator in consultation with representatives from the Governor's office, the banking industry and consumer advocates.

Sec. 39. Subsection (g) of section 36a-801 of the 2014 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(g) If the commissioner determines that a check filed with the commissioner to pay a fee under [subdivision (1) of this subsection] [subsection \(b\) of this section](#) has been dishonored, the commissioner shall automatically

suspend the license or a renewal license that has been issued but is not yet effective. The commissioner shall give the licensee notice of the automatic suspension pending proceedings for revocation or refusal to renew and an opportunity for a hearing on such actions in accordance with section 36a-51, [as amended by this act](#).

Sec. 40. Subdivisions (30) and (31) of section 34-600 of the general statutes are repealed and the following is substituted in lieu thereof (*Effective from passage*):

(30) "Private organic rules" means the rules, whether or not in a record, that govern the internal affairs of an entity, are binding on all of its interest holders and are not part of its public organic document, if any.

(31) "Protected agreement" means (A) a record evidencing indebtedness and any related agreement in effect on or after [\[October 1, 2011\] January 1, 2014](#); (B) an agreement that is binding on an entity on or after [\[October 1, 2011\] January 1, 2014](#); (C) the organic rules of an entity in effect on or after [\[October 1, 2011\] January 1, 2014](#); or (D) an agreement that is binding on any of the governors or interest holders of an entity on or after [\[October 1, 2011\] January 1, 2014](#).

Sec. 41. Subdivision (38) of section 34-600 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(38) "Type", with regard to an entity, means a generic form of entity (A) recognized at common law, or (B) organized under an organic law, whether or not an entity organized under such organic law [is](#) subject to the provisions of such organic law creating different categories of the form of entity.

Sec. 42. Subsection (a) of section 36a-17 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

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

Sec. 43. Subsection (a) of section 36a-196 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) Following the reorganization of any mutual savings bank or mutual savings and loan association pursuant to sections 36a-192 to 36a-199, inclusive, the reorganized savings institution of such mutual holding company shall not sell or offer to sell its common stock or securities convertible into common stock unless each eligible account holder of the reorganized savings institution receives, without payment, nontransferable subscription rights to purchase common stock or securities convertible into common stock, as the case may be, of the reorganized savings institution pursuant to a subscription offering: (1) In which every eligible account holder may receive the right, subject to modification in the event of an over-subscription to the subscription offering by all eligible account holders, to purchase up to a maximum of one-half of one per cent of the total number of the shares of common stock or securities convertible into common stock, as the case may be, being offered by the reorganized savings institution; (2) in which every eligible account holder, regardless of such account holder's relationship to the reorganized savings institution, may participate at the same time as every other eligible account holder; and (3) which offering shall precede any offering of the reorganized savings institution's common stock or securities convertible into common stock, as the case may be, to the members of the general public. The terms of the subscription offering may provide that any savings account with total balances of less than five hundred dollars, or any lesser amount as determined by the governing board of the reorganized savings institution, shall not constitute a qualifying deposit for participation in the subscription offering. Not later than fifteen days from the

date of submission to the commissioner of a plan outlining the terms of the subscription offering, the reorganized savings institution shall mail by first class mail a notice to each eligible account holder as of the eligibility record date indicating that: [(1)] (A) The governing board of the reorganized savings institution has approved the sale of a certain number of shares of common stock or securities convertible into common stock, as the case may be; [(2)] (B) such eligible account holder shall have nontransferable rights to subscribe for shares of the common stock or securities convertible into common stock, as the case may be, of the reorganized savings institution; [(3)] (C) the holders of capital stock of the reorganized savings bank shall have exclusive voting rights; [(4)] (D) the right to subscribe to shares of common stock or securities convertible into common stock, as the case may be, will expire unless such rights are exercised by the eligible account holder within the time period specified in such notice, which date shall not be less than sixty days from the date of the submission to the commissioner of the plan outlining the terms of the subscription offering; and [(5)] (E) in order to obtain further information with respect to the subscription offering, the eligible account holder shall indicate such eligible account holder's interest to the reorganized savings institution by returning a postage prepaid expression of interest sent by the reorganized savings institution not later than the date set forth in the notice, which date shall be not less than thirty days from the date of the submission to the commissioner of the plan outlining the terms of the subscription offering. In mailing such notice to eligible account holders, the reorganized savings institution may rely upon the last-known valid address of such account holder in its possession. The reorganized savings institution shall have no further obligation to forward information regarding the conversion offering to eligible account holders who have not returned postage prepaid expressions of interest or responded otherwise in writing to such notice.

Sec. 44. Subsection (c) of section 36a-380 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(c) As used in sections 36a-380 to 36a-386, inclusive, "entity" means [a](#) corporation, joint stock company, association, partnership, limited partnership, unincorporated organization, limited liability company or similar organization, but does not include any corporation of which the majority of the shares are owned by the United States or by any state.

Sec. 45. Subdivision (3) of subsection (c) of section 36a-534b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

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

Sec. 46. (NEW) (*Effective July 1, 2014*) The foreclosure mediation program established pursuant to section 49-31m of the general statutes shall be funded within available appropriations and available until June 30, 2016. The size of such program shall be determined by available funding and the number and need of participants in such program.

Sec. 47. Section 36a-492 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):



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

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

(3) Effective October 1, 2011, (A) in the case of an exempt registrant under subdivision (1), (2) or (3) of subsection (a) of section 36a-487, as amended by this act, (i) the surety bond shall cover all mortgage loan originators sponsored by such exempt registrant and comply with the requirements set forth in this section, and (ii) the penal sum of such bond shall be in an amount determined in accordance with subsection (d) of this section, provided the penal sum of the bond shall be not less than one hundred thousand dollars; (B) in the case of an exempt registrant under subsection (b) of section 36a-487, (i) the surety bond shall cover all mortgage loan originators sponsored by such exempt registrant and comply with the requirements set forth in this section, and (ii) the penal sum of the bond shall be in an amount determined in accordance with subsection (d) of this section, provided the penal sum shall be not less than fifty thousand dollars; and (C) in the case of an exempt registrant under subdivision [(2)] (4) of subsection (a) of section 36a-487, as amended by this act, the surety bond shall cover all mortgage loan originators sponsored by such exempt registrant and comply with the requirements set forth in section 36a-671d.

(4) (A) The principal on a bond required by subdivisions (1) and (2) of this subsection shall annually confirm that it maintains the required penal sum in an amount required by subsection (d) of this section. Not later than September 1, 2011, and every September first thereafter, such principal shall file such information as the commissioner may require under subsection (d) of this section and shall file, not later than September first of the applicable year, or on such other date as the commissioner may require, pursuant to subdivision (d) of this section, any bond rider or endorsement to the surety bond on file with the commissioner to reflect any changes necessary to maintain the surety bond coverage required by this section.

(B) Effective October 1, 2011, the principal on a bond required by subdivision (3) of this section shall annually confirm that it maintains the required penal sum in an amount required by subsection (d) of this section. Not later than September 1, 2012, and every September first thereafter, such principal shall file such information as the commissioner may require under subsection (d) of this section and shall file, not later than September first of the applicable year, or on such other date as the commissioner may require pursuant to subdivision (d) of this section, any bond rider or endorsement to the surety bond on file with the commissioner to reflect any changes necessary to maintain the surety bond coverage required by this section.

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

(b) The bond required by subsection (a) of this section shall be (1) in a form approved by the Attorney General, and (2) conditioned upon the mortgage lender, mortgage correspondent lender or mortgage broker licensee and any mortgage loan originator licensee sponsored by such mortgage lender, mortgage correspondent lender or mortgage broker or, in the case of a mortgage loan originator licensee sponsored after October 1, 2011, by an exempt registrant, upon such mortgage loan originator licensee faithfully performing any and all written agreements or commitments with or for the benefit of borrowers and prospective borrowers, truly and faithfully accounting for all funds received from a borrower or prospective borrower by the licensee in the licensee's capacity as a mortgage lender, mortgage correspondent lender, mortgage broker or mortgage loan originator, and conducting such mortgage business consistent with the provisions of sections 36a-485 to 36a-498f, inclusive, as amended by this act, 36a-534a and 36a-534b, as amended by this act. Any borrower or prospective borrower

who may be damaged by failure to perform any written agreements or commitments, or by the wrongful conversion of funds paid by a borrower or prospective borrower to a licensee, may proceed on such bond against the principal or surety thereon, or both, to recover damages. Commencing August 1, 2009, any borrower or prospective borrower who may be damaged by a mortgage lender, mortgage correspondent lender, mortgage broker or mortgage loan originator licensee's failure to satisfy a judgment against the licensee arising from the making or brokering of a nonprime home loan, as defined in section 36a-760, may proceed on such bond against the principal or surety thereon, or both, to recover the amount of the judgment. The commissioner may proceed on such bond against the principal or surety thereon, or both, to collect any civil penalty imposed upon a licensee pursuant to subsection (a) of section 36a-50 and any unpaid costs of examination of a licensee as determined pursuant to section 36a-65, [as amended by this act](#). The proceeds of the bond, even if commingled with other assets of the principal, shall be deemed by operation of law to be held in trust for the benefit of such claimants against the principal in the event of bankruptcy of the principal and shall be immune from attachment by creditors and judgment creditors. The bond shall run concurrently with the period of the license for the main office and the aggregate liability under the bond shall not exceed the penal sum of the bond. The principal shall notify the commissioner of the commencement of an action on the bond. When an action is commenced on a principal's bond, the commissioner may require the filing of a new bond and immediately on recovery on any action on the bond, the principal shall file a new bond.

(c) The surety company shall have the right to cancel the bond at any time by a written notice to the principal stating the date cancellation shall take effect. Such notice shall be sent by certified mail to the principal at least thirty days prior to the date of cancellation. A surety bond shall not be cancelled unless the surety company notifies the commissioner in writing not less than thirty days prior to the effective date of cancellation. After receipt of such notification from the surety company, the commissioner shall give written notice to the principal of the date such bond cancellation shall take effect and such notice shall be deemed notice to each mortgage loan originator licensee sponsored by such principal. The commissioner shall automatically suspend the licenses of a mortgage lender, mortgage correspondent lender or mortgage broker on such date and inactivate the licenses of the mortgage loan originators sponsored by such lender, correspondent lender or broker. On and after October 1, 2011, in the case of a cancellation of an exempt registrant's bond, the commissioner shall inactivate the licenses of the mortgage loan originators sponsored by such exempt registrant. No automatic suspension or inactivation shall occur if, prior to the date that the bond cancellation shall take effect, (1) the principal submits a letter of reinstatement of the bond from the surety company or a new bond, (2) the mortgage lender, mortgage correspondent lender or mortgage broker licensee has ceased business and has surrendered all licenses in accordance with subsection (a) of section 36a-490, or (3) in the case of a mortgage loan originator licensee, the sponsorship with the mortgage lender, mortgage correspondent lender or mortgage broker who was automatically suspended pursuant to this section or, after October 1, 2011, with the exempt registrant who failed to provide the bond required by this section, has been terminated and a new sponsor has been requested and approved. After a mortgage lender, mortgage correspondent lender or mortgage broker license has been automatically suspended pursuant to this section, the commissioner shall give such licensee notice of the automatic suspension, pending proceedings for revocation or refusal to renew pursuant to section 36a-494 and an opportunity for a hearing on such action in accordance with section 36a-51, [as amended by this act](#), and require such licensee to take or refrain from taking such action as in the opinion of the commissioner will effectuate the purposes of this section. Effective October 1, 2011, the commissioner may provide information to an exempt registrant concerning actions taken by the commissioner pursuant to this subsection against any mortgage loan originator licensee that was sponsored and bonded by such exempt registrant.

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

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

(3) Effective October 1, 2011, an exempt registrant under subsection (c) of section 36a-487 who is exempt from licensing under subdivision (1), ~~(2) or (3)~~ of subsection (a) of section 36a-487, as amended by this act, shall file a bond in a penal sum of one hundred thousand dollars the first time such exempt registrant sponsors a mortgage loan originator.

(4) Effective October 1, 2011, an exempt registrant under subsection (c) of section 36a-487 who is exempt from licensure under subsection (b) of section 36a-487 shall file a bond in a penal sum of fifty thousand dollars the first time such exempt registrant sponsors a mortgage loan originator.

(5) Effective October 1, 2011, an exempt registrant under subsection (c) of section 36a-487, as who is exempt from licensure under subdivision ~~[(2)] (4)~~ of subsection (a) of section 36a-487, as amended by this act, shall file a bond in a penal sum as set forth in section 36a-671d.

(6) (A) For mortgage lender and mortgage correspondent lender licensees, and, after October 1, 2011, persons sponsoring and bonding at least one mortgage loan originator as an exempt registrant under subsection (c) of section 36a-487 and who are exempt from licensing under subdivision (1), ~~(2) or (3)~~ of subsection (a) of section 36a-487, as amended by this act, if (i) the aggregate dollar amount of all residential mortgage loans originated by such licensee at all licensed locations or by the exempt registrant during the preceding twelve-month period ending July thirty-first of the current year is less than thirty million dollars, the penal sum of the bond shall be one hundred thousand dollars; (ii) the aggregate dollar amount of all residential mortgage loans originated by such licensee at all licensed locations or by the exempt registrant during the preceding twelve-month period ending July thirty-first of the current year is thirty million dollars or more but less than one hundred million dollars, the penal sum of the bond shall be two hundred thousand dollars; (iii) the aggregate dollar amount of all residential mortgage loans originated by such licensee at all licensed locations or by the exempt registrant during the preceding twelve-month period ending July thirty-first of the current year is one hundred million dollars or more but less than two hundred fifty million dollars, the penal sum of the bond shall be three hundred thousand dollars; and (iv) the aggregate dollar amount of all residential mortgage loans originated by such licensee at all licensed locations or by the exempt registrant during the preceding twelve-month period ending July thirty-first of the current year is two hundred fifty million dollars or more, the penal sum of the bond shall be five hundred thousand dollars.

(B) For mortgage broker licensees and, after October 1, 2011, persons who are sponsoring and bonding at least one mortgage loan originator as an exempt registrant under subsection (c) of section 36a-487 and who are exempt from licensing under subsection (b) of section 36a-487 if (i) the aggregate dollar amount of all residential mortgage loans originated by such licensee at all licensed locations or by the exempt registrant during the preceding twelve-month period ending July thirty-first of the current year is less than thirty million dollars, the penal sum of the bond shall be fifty thousand dollars; (ii) the aggregate dollar amount of all residential mortgage loans originated by such licensee at all licensed locations or by the exempt registrant during the preceding twelve-month period ending July thirty-first of the current year is thirty million dollars or more but less than fifty million dollars, the penal sum of the bond shall be one hundred thousand dollars; and (iii) the aggregate dollar amount of all residential mortgage loans originated by such licensee at all licensed locations or by the exempt registrant during the preceding twelve-month period ending July thirty-first of the current year is fifty million dollars or more, the penal sum of the bond shall be one hundred fifty thousand dollars.

(7) For purposes of this subsection, the aggregate dollar amount of all residential mortgage loans originated by such licensee or, after October 1, 2011, such exempt registrant, includes the aggregate dollar amount of all closed residential mortgage loans that the licensee or exempt registrant originated, brokered or made, as applicable.

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

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



Sec. 48. Subdivision (3) of subsection (b) of section 36a-486 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2014*):

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

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

(B) An employee of a person exempt from licensure under subdivision (1), ~~(2)~~ or (3) of subsection (a) of section 36a-487, as amended by this act, who engages in loan processor or underwriter activities at the direction of and subject to the supervision of either a licensed mortgage loan originator or a registered mortgage loan originator of such exempt person; or

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

Sec. 49. Subsection (b) of section 36b-21 of the 2014 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(b) The following transactions are exempted from sections 36b-16 and 36b-22: (1) Any isolated nonissuer transaction, whether effected through a broker-dealer or not; (2) any nonissuer transaction by a registered agent of a registered broker-dealer in a security of a class that has been outstanding in the hands of the public for at least ninety days provided, at the time of the transaction: (A) The security is sold at a price reasonably related to the current market price of the security; (B) the security does not constitute the whole or part of an unsold allotment to, or a subscription or participation by, the broker-dealer as an underwriter of the security; (C) a nationally recognized securities manual contains (i) a description of the business and operations of the issuer; (ii) the names of the issuer's officers and directors or, in the case of a non-United States issuer, the corporate equivalents of such persons in the issuer's country of domicile; (iii) an audited balance sheet of the issuer as of a date within eighteen months, or in the case of a reorganization or merger where the parties to the reorganization or merger had such audited balance sheet, a pro forma balance sheet; and (iv) an audited income statement for each of the issuer's immediately preceding two fiscal years, or for the period of existence of the issuer, if in existence for less than two years, or in the case of a reorganization or merger where the parties to the reorganization or merger had such audited income statement, a pro forma income statement; and (D) the issuer of the security has a class of equity securities listed on a national securities exchange registered under the Securities Exchange Act of 1934, or designated for trading on the National Association of Securities Dealers Automated Quotation System, unless the issuer, including any predecessors of the issuer (i) has been engaged in continuous business for at least three years or (ii) has total assets of at least two million dollars based on an audited balance sheet of the issuer as of a date within eighteen months, or in the case of a reorganization or merger where the parties to the reorganization or merger had such audited balance sheet, a pro forma balance sheet. The exemption in this subdivision shall not be available for any distribution of securities issued by a blank check company, shell company, dormant company or any issuer that has been merged or consolidated with or has bought out a blank check company, shell company or dormant company unless the issuer or any predecessor has continuously operated its business for at least the preceding five years and has had gross operating revenue in each of the preceding five years, including gross operating revenue of at least five hundred thousand dollars per year in three of the preceding five years; (3) any nonissuer distribution of an outstanding security if the security has a fixed maturity or a fixed interest or dividend provision and there has been no default during the current fiscal year or within the three preceding fiscal years, or during the existence of the issuer and any predecessors if less than three years, in the payment of principal, interest or dividends on the security; (4) any nonissuer transaction effected by or through a registered broker-dealer pursuant to an unsolicited order or offer to buy; but the commissioner may by regulation require that the customer

acknowledge upon a specified form that the sale was unsolicited, and that a signed copy of each such form be preserved by the broker-dealer for a specified period or that the confirmation delivered to the purchaser or a memorandum delivered in connection therewith shall confirm that such purchase was unsolicited by the broker-dealer or any agent of the broker-dealer; (5) any transaction between the issuer or other person on whose behalf the offering is made and an underwriter, or among underwriters; (6) any transaction in a bond or other evidence of indebtedness secured by a real or chattel mortgage or deed of trust or by an agreement for the sale of real estate or chattels, if the entire mortgage, deed of trust or agreement, together with all the bonds or other evidences of indebtedness secured thereby, is offered and sold as a unit; (7) any transaction by an executor, administrator, state marshal, marshal, receiver, trustee in bankruptcy, creditors' committee in a proceeding under the Bankruptcy Act, guardian or conservator; (8) any transaction executed by a bona fide pledgee without any purpose of evading sections 36b-2 to 36b-34, inclusive; (9) any offer or sale to a bank and trust company, a national banking association, a savings bank, a savings and loan association, a federal savings and loan association, a federal savings bank, a credit union, a federal credit union, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, pension or profit-sharing trust, or other financial institution or institutional buyer, or to a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity; (10) (A) subject to the provisions of this subdivision, any transaction not involving a public offering within the meaning of [Section 4(2)] Section 4(a)(2) of the Securities Act of 1933, but not including any transaction specified in the rules and regulations thereunder. (B) Subject to the provisions of this subdivision, any transaction made in accordance with the uniform exemption from registration for small issuers authorized in Section 19(d)(3)(C) of the Securities Act of 1933. (C) The exemptions set forth in subparagraphs (A) and (B) of this subdivision shall not be available for transactions in securities issued by any blank check company, shell company or dormant company. (D) The exemptions set forth in subparagraphs (A) and (B) of this subdivision may, with respect to any security or transaction or any type of security or transaction, be modified, withdrawn, further conditioned or waived as to conditions, in whole or in part, conditionally or unconditionally, by the commissioner, acting by regulation, rule or order, on a finding that such regulation, rule or order is necessary or appropriate in the public interest or for the protection of investors. (E) A nonrefundable fee of one hundred fifty dollars shall accompany any filing made with the commissioner pursuant to this subdivision; (11) any offer or sale of a preorganization certificate or subscription if (A) no commission or other remuneration is paid or given directly or indirectly for soliciting any prospective subscriber, (B) the number of subscribers does not exceed ten, and (C) no payment is made by any subscriber; (12) any transaction pursuant to an offer to existing security holders of the issuer, including persons who at the time of the transaction are holders of convertible securities, nontransferable warrants or transferable warrants exercisable within not more than ninety days of their issuance, if (A) no commission or other remuneration other than a standby commission is paid or given directly or indirectly for soliciting any security holder in this state, or (B) the issuer first files a notice, in such form and containing such information as the commissioner may by regulation prescribe, specifying the terms of the offer and the commissioner does not by order disallow the exemption within the next ten full business days; (13) any offer, but not a sale, of a security for which registration statements have been filed under both sections 36b-2 to 36b-34, inclusive, and the Securities Act of 1933, if no stop order or refusal order is in effect and no public proceeding or examination looking toward such an order is pending under either said sections or the Securities Act of 1933; (14) any transaction exempt under Section 4(a)(5) of the Securities Act of 1933, and the rules and regulations thereunder. The issuer shall, prior to the first sale, file with the commissioner a notice, in such form and containing such information as the commissioner may by regulation, rule or order prescribe. A nonrefundable fee of one hundred fifty dollars shall accompany any such filing made pursuant to this subdivision; (15) any transaction if all the following conditions are satisfied: (A) The offer and sale is effectuated by the issuer of the security; (B) the total number of purchasers of all securities of the issuer does not exceed ten. A subsequent sale of securities that (i) is registered under sections 36b-2 to 36b-34, inclusive, (ii) is sold pursuant to an exemption under said sections other than this subdivision, or (iii) involves covered securities, shall not be integrated with a sale pursuant to this exemption in computing the number of purchasers hereunder. For the purpose of this subdivision, each of the following is deemed to be a single purchaser of a security: A husband and wife, a child and the parent or guardian of such child when the parent or guardian holds the security for the benefit of the child, a corporation, a partnership, an association or other unincorporated entity, a joint stock company or a trust, but only if the corporation, partnership, association, unincorporated entity, joint stock company or trust was not formed for the purpose of purchasing the security;

(C) no advertisement, article, notice or other communication published in any newspaper, magazine or similar medium, broadcast over television or radio or communicated by other electronic means or any other general solicitation is used in connection with the sale; and (D) no commission, discount or other remuneration is paid or given directly or indirectly in connection with the offer and sale, and the total expenses, excluding legal and accounting fees, in connection with the offer and sale do not exceed one per cent of the total sales price of the securities. For purposes of this subdivision, a difference in the purchase price among the purchasers shall not, in and of itself, be deemed to constitute indirect remuneration; (16) any transaction exempt under Rule 701, 17 CFR Section 230.701 promulgated under Section 3(b) of the Securities Act of 1933; and (17) any other transaction that the commissioner may exempt, conditionally or unconditionally, on a finding that registration is not necessary or appropriate in the public interest or for the protection of investors.

Sec. 50. (NEW) (*Effective October 1, 2014*) (a) There is established a Commission on Connecticut's Leadership in Corporation and Business Law, which shall be part of the Legislative Department.

(b) The commission shall consist of:

- (1) The chairperson of the business law section of the Connecticut Bar Association;
- (2) The Commissioner of Economic and Community Development, or a designee;
- (3) The Chief Court Administrator, or a designee;
- (4) The chairpersons of the joint standing committee of the General Assembly having cognizance of matters relating to banks, or their designees chosen from among the members of such committee;
- (5) The chairpersons of the joint standing committee of the General Assembly having cognizance of matters relating to the judiciary, or their designees chosen from among the members of such committee;
- (6) The chairpersons of the joint standing committee of the General Assembly having cognizance of matters relating to commerce, or their designees chosen from among the members of such committee;
- (7) Six members appointed one each by the president pro tempore of the Senate, the speaker of the House of Representatives, the majority leader of the Senate, the majority leader of the House of Representatives, the minority leader of the Senate and the minority leader of the House of Representatives; and
- (8) Two members appointed by the Governor.

(c) The members of the commission shall elect a chairperson of the commission from among its members. The commission shall meet at such times as it deems necessary.

(d) The commission shall:

- (1) Develop and recommend policies to establish the state as a leading and highly desirable jurisdiction in which to (A) organize a business entity, and (B) adjudicate matters related to corporation and business law;
- (2) Develop and recommend policies to attract and encourage business entities to organize under Connecticut law and establish and maintain their headquarters and significant business operations in Connecticut;
- (3) Examine the impact of statutory and common law in this state, the state of Delaware, the state of New York and other states on the organization of business entities and the retention of such business entities in this state and recommend legislation or other administrative or policy changes to the Governor and the General Assembly to achieve the purposes set forth in subdivisions (1) and (2) of this subsection. In conducting such examination, the commission shall consider, but not limit consideration to, the following:
  - (A) The impact of the Connecticut Business Corporation Act, section 33-600, et seq. , of the general statutes;

(B) The impact of state business taxes, including, but not limited to, the franchise tax and the corporation business tax;

(C) The impact of Judicial Branch operations on business entity organization, including, but not limited to, the rules of the Superior Court, the complex litigation docket and the composition of the Judicial Branch in general;

(D) The impact of the office of the Secretary of the State and the state's procedures for business entity organization and filing, including, but not limited to, the state's electronic and accelerated formation and filing capabilities;

(E) The impact of the Delaware General Corporation Law, Title 8 of the Delaware Code, the Delaware Court of Chancery and other statutory and administrative provisions in Delaware law on the economy and economic development in the state of Delaware, and the influence of Delaware law on the adjudication of corporate and business disputes in Connecticut courts; and

(F) The impact of the New York Business Corporation Law, the commercial division of the Supreme Court of the state of New York, and other statutory and administrative provisions in New York law on the economy and economic development of the state of New York and the influence of New York law on the adjudication of corporate and business disputes in Connecticut courts.

(4) Develop and recommend policies to enhance and improve the Connecticut Business Corporation Act to achieve the purposes set forth in subdivisions (1) and (2) of this subsection;

(5) Develop and recommend policies to establish a docket in the Judicial Branch with exclusive jurisdiction over all matters concerning business entity organization, shareholders, securities, and business combinations or transactions involving the sale or transfer of ownership interests or assets, to achieve the purposes set forth in subdivisions (1) and (2) of this subsection; and

(6) Develop and recommend policies to assist the Secretary of the State to develop best-in-the-nation business services and support, including, but not limited to, a state-of-the-art business entity organization and filing system that enables accelerated access to business services twenty-four hours a day, to achieve the purposes set forth in subdivisions (1) and (2) of this subsection.

For purposes of this subsection, "business entity" means a corporation, association, partnership, limited liability company or any other similar form of business organization.

(e) Not later than October 1, 2015, the commission shall develop and submit to the General Assembly a ten-year plan of action to establish Connecticut's leadership in corporation and business organizations law and to achieve the purposes set forth in subdivisions (1) and (2) of this subsection.

Sec. 51. (*Effective from passage*) (a) There is established a task force to study the reverse mortgage industry. Such study shall include, but not be limited to, an examination of (1) state-wide best practices of the reverse mortgage industry, including, but not limited to, such practices concerning consumer protection, (2) existing federal regulations and any proposed new or revised federal regulations governing consumer protection requirements in the context of reverse mortgage transactions, and (3) any decisions rendered by a federal court, Connecticut court or other state court that impact the reverse mortgage industry and reverse mortgage transactions in this state.

(b) The task force shall consist of the following members:

(1) One appointed by the speaker of the House of Representatives, who shall be a member of the House of Representatives;

(2) One appointed by the president pro tempore of the Senate, who shall be a representative from a nonprofit, nonpartisan organization that provides information, support, security, protection and empowerment to older persons;

- (3) One appointed by the majority leader of the House of Representatives, who shall have expertise in the reverse mortgage industry;
  - (4) One appointed by the majority leader of the Senate, who shall be a representative of the Department of Consumer Protection;
  - (5) One appointed by the minority leader of the House of Representatives, who shall be a representative of the Commission on Aging; and
  - (6) One appointed by the minority leader of the Senate, who shall be a member of the Senate.
- (c) All appointments to the task force shall be made not later than thirty days after the effective date of this section. Any vacancy shall be filled by the appointing authority.
- (d) The speaker of the House of Representatives and the president pro tempore of the Senate shall select the chairpersons of the task force from among the members of the task force. Such chairpersons shall schedule the first meeting of the task force, which shall be held not later than sixty days after the effective date of this section.
- (e) The administrative staff of the joint standing committee of the General Assembly having cognizance of matters relating to banks shall serve as administrative staff of the task force.
- (f) Not later than January 1, 2015, the task force shall submit a report on its findings and recommendations to the joint standing committees of the General Assembly having cognizance of matters relating to banks and aging, in accordance with the provisions of section 11-4a of the general statutes. The task force shall terminate on the date that it submits such report or January 1, 2015, whichever is later.

Approved June 3, 2014