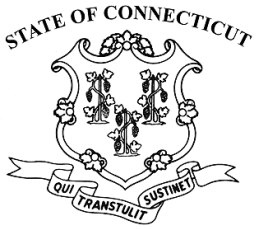

Substitute Senate Bill No. 268

Public Act No. 22-94

AN ACT CONCERNING VARIOUS REVISIONS TO THE BANKING STATUTES.

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

Section 1. Subdivision (2) of section 36a-535 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2022*):

(2) "Sales finance company" means any person engaging in this state in the business, in whole or in part, of (A) acquiring retail installment contracts or installment loan contracts from the holders thereof, by purchase, discount or pledge, or by loan or advance to the holder of either on the security thereof, or otherwise, or (B) receiving payments of principal and interest from a retail buyer under a retail installment contract or installment loan contract. **[**whether such person owns such contract or has conveyed, assigned or otherwise transferred any interest in such contract to another person.**]** "Sales finance company" does not include a bank, out-of-state bank, Connecticut credit union, federal credit union, or out-of-state credit union, if so engaged;

Sec. 2. Section 36a-596 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2022*):

As used in sections 36a-595 to 36a-612, inclusive:

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

(2) "Authorized delegate" means a person designated by a person licensed pursuant to sections 36a-595 to 36a-612, inclusive, to provide money transmission services on behalf of such licensed person.

(3) "Control" means (A) the power to vote, directly or indirectly, at least twenty-five per cent of the outstanding voting shares or voting interests of a licensee or person in control of a licensee; (B) the power to elect or appoint a majority of key individuals or executive officers, managers, directors, trustees or other persons exercising managerial authority of a person in control of a licensee; or (C) the power to exercise, directly or indirectly, a controlling influence over the management or policies of a licensee or person in control of a licensee. For purposes of this subdivision: (i) A person is presumed to exercise a controlling influence when the person holds the power to vote, directly or indirectly, at least ten per cent of the outstanding voting shares or voting interests of a licensee or person in control of a licensee, (ii) a person presumed to exercise a controlling influence can rebut such presumption if the person is a passive investor, and (iii) to determine the percentage of control, a person's interest shall be aggregated with the interest of any other immediate family member, including the person's spouse, parent, child, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law and any other person who shares the person's home.

[(3)**]** (4) "Control person" **[**has the same meaning as provided in section 36a-485**]** means any person in control of a licensee or applicant, any person who seeks to acquire control of a licensee or a key individual.

[(4)**]** (5) "Electronic payment instrument" means a card or other tangible object for the transmission of money or monetary value or payment of money which contains a microprocessor chip, magnetic

stripe, or other means for the storage of information, that is prefunded and for which the value is decremented upon each use, but does not include a card or other tangible object that is redeemable by the issuer in the issuer's goods or services.

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

(7) "Key individual" means any person ultimately responsible for establishing or directing policies and procedures of the licensee, including, but not limited to, an executive officer, manager, director or trustee.

[(6)**]** (8) "Licensee" means any person licensed or required to be licensed pursuant to sections 36a-595 to 36a-612, inclusive.

[(7)**]** (9) "Main office" has the same meaning as provided in section 36a-485.

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

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

[(10)**]** (12) "Outstanding" means (A) in the case of a payment instrument or stored value, that: (i) It is sold or issued in the United

States; (ii) a report of it has been received by a licensee from its authorized delegates; and (iii) it has not yet been paid by the issuer, and (B) for all other money transmissions, the value reported to the licensee for which the licensee or any authorized delegate has received money or its equivalent value from the customer for transmission, but has not yet completed the money transmission by delivering the money or monetary value to the person designated by the customer.

(13) "Passive investor" means a person that: (A) Does not have the power to elect a majority of key individuals or executive officers, managers, directors, trustees or other persons exercising managerial authority of a person in control of a licensee; (B) is not employed by and does not have any managerial duties of the licensee or person in control of a licensee; (C) does not have the power to exercise, directly or indirectly, a controlling influence over the management or policies of a licensee or person in control of a licensee; and (D) attests to subparagraphs (A), (B) and (C) of this subdivision in the form and manner prescribed by the commissioner.

[(11)**]** (14) "Payment instrument" means a check, draft, money order, travelers check or electronic payment instrument that evidences either an obligation for the transmission of money or monetary value or payment of money, or the purchase or the deposit of funds for the purchase of such check, draft, money order, travelers check or electronic payment instrument.

[(12)**]** (15) "Permissible investment" means: (A) Cash in United States currency; (B) time deposits, as defined in section 36a-2, or other debt instruments of a bank; (C) bills of exchange or bankers acceptances which are eligible for purchase by member banks of the Federal Reserve System; (D) commercial paper of prime quality; (E) interest-bearing bills, notes, bonds, debentures or other obligations issued or guaranteed by: (i) The United States or any of its agencies or instrumentalities, or (ii) any state, or any agency, instrumentality, political subdivision, school

district or legally constituted authority of any state if such investment is of prime quality; (F) interest-bearing bills or notes, or bonds, debentures or preferred stocks, traded on any national securities exchange or on a national over-the-counter market, if such debt or equity investments are of prime quality; (G) receivables due from authorized delegates consisting of the proceeds of the sale of payment instruments which are not past due or doubtful of collection; (H) gold; and (I) any other investments approved by the commissioner. Notwithstanding the provisions of this subdivision, if the commissioner at any time finds that an investment of a licensee is unsatisfactory for investment purposes, the investment shall not qualify as a permissible investment.

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

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

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

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

[(17)**]** (20) "Unique identifier" has the same meaning as provided in

section 36a-485.

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

Sec. 3. Subdivision (1) of subsection (d) of section 36a-598 of the 2022 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2022*):

(d) (1) A money transmission license shall not be transferable or assignable, but a licensee may be acquired in accordance with the requirements of this subsection. Any change in any control person of the licensee, except a change of a **[**director, general partner or executive officer**]** key individual that is not the result of an acquisition or a change of control of the licensee, shall be the subject of an advance change notice filed on the system at least thirty days prior to the effective date of such change and no such change shall occur without the commissioner's approval. For purposes of this section, "change of control" means any change causing the majority ownership, voting rights or control of a licensee to be held by a different control person or group of control persons.

Sec. 4. (NEW) (*Effective October 1, 2022*) (a) For purposes of this

section:

(1) "Covered institution" means a mortgage servicer that services, or subservices for others, at least two thousand mortgage loans primarily for personal, family or household use secured by residential property in the United States, excluding whole loans owned and loans being interim serviced prior to sale, as reported on the mortgage call report on the system or any other document required by the commissioner. "Covered institution" does not include: (A) Any person exempt from mortgage servicer licensing requirements pursuant to subdivision (1), (2) or (3) of subsection (b) of section 36a-718 of the general statutes, (B) any mortgage servicer that has the status of a tax-exempt organization under Section 501(c)(3) of Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, as amended from time to time, or (C) any agency exempt from mortgage servicer requirements pursuant to section 36a-719*l* of the general statutes;

(2) "Interim serviced prior to sale" means the activity of collecting a limited number of contractual mortgage payments immediately after origination on loans held for sale but no longer than a period of ninety days prior to the loans being sold into the secondary market; and

(3) "Whole loan" means a loan where a mortgage and the underlying credit risk is owned and held on the balance sheet of the entity with all ownership rights.

(b) A covered institution shall maintain capital and liquidity as described in this section, except for any mortgage servicer that solely: (1) Owns reverse mortgage loans, (2) performs subservicing for others with no responsibility to advance moneys not yet received in connection with such subservicing activities, or (3) conducts reverse mortgage servicing.

(c) A covered institution shall maintain the Federal Housing Finance

Agency's Eligibility Requirements for Enterprise Single-Family Seller/Servicers for minimum capital ratio, net worth and liquidity, as amended from time to time, whether or not the mortgage servicer is approved for government sponsored enterprise servicing.

(d) A covered institution shall maintain written policies and procedures implementing the capital and servicing liquidity requirements of this subsection, including a sustainable written methodology for satisfying the requirements of this subsection.

(e) A covered institution shall maintain sufficient allowable assets for liquidity in addition to the amounts required for servicing liquidity, to cover normal business operations. A covered institution shall have in place sound cash management and business operating plans that are commensurate with the complexity of the institution to ensure normal business operations. A covered institution shall develop, establish and implement plans, policies and procedures for maintaining operating liquidity sufficient for the ongoing needs of the institution, that shall include sustainable, written methodologies for maintaining sufficient operating liquidity. For purposes of this subsection, "allowable assets for liquidity" means assets that may be used to satisfy the liquidity requirements established under this subsection, including unrestricted cash and cash equivalents and unencumbered investment grade assets held for sale or trade, including, but not limited to, mortgage-backed securities of Fannie Mae, Freddie Mac or Ginnie Mae and obligations of the United States Department of Treasury.

(f) For the purposes of complying with the capital and liquidity requirements described in subsections (c) to (e), inclusive, of this section, the reverse mortgage portfolio administered by a covered institution shall be excluded from calculations and all financial data shall be determined in accordance with generally accepted accounting principles.

(g) A covered institution shall establish and maintain a board of directors responsible for oversight of the covered institution. For covered institutions that are not approved to service loans by a government sponsored enterprise or Ginnie Mae, or where a federal agency has granted approval for a board alternative, an institution may establish a similar body constituted to exercise oversight and fulfill the board of directors' responsibilities described under this subsection. The board of directors shall: (1) Establish a written corporate governance framework, including appropriate internal controls designed to monitor corporate governance and assess compliance with the corporate governance framework, (2) monitor and ensure institutional compliance with the rules established under sections 36a-715 to 36a-719*l*, inclusive, of the general statutes and accurately and timely complete and submit regulatory reports, including filing the mortgage call report, and (3) establish internal audit requirements that are appropriate for the size, complexity and risk profile of the servicer, with appropriate independence to provide a reliable evaluation of the servicer's internal control structure, risk management and governance.

(h) A covered institution shall annually procure an external audit, including audited financial statements and audit reports conducted by an independent public accountant. The audit shall include: (1) Annual financial statements, including a balance sheet, income statement, cash flows, notes and supplemental schedules prepared in accordance with generally accepted accounting principles, (2) assessment of the internal control structure, (3) computation of tangible net worth, (4) validation of mortgage servicing rights valuation and reserve methodology, if applicable, (5) verification of adequate fidelity and errors and omissions insurance, and (6) testing of controls related to risk management activities, including compliance and stress testing, as applicable.

(i) A covered institution shall establish a risk management program under the oversight of the board of directors that identifies, measures,

monitors and controls risk commensurate with the complexity of the servicer. The risk management program shall have appropriate processes and models in place to measure, monitor and mitigate financial risks and changes to the risk profile of the servicer and assets being serviced. The risk management program shall be scaled to the complexity of the organization and be sufficient to manage the risk of the institution. Such risks shall include, but are not limited to:

(1) Credit risk, which means the potential that a borrower or counterparty will fail to perform on an obligation;

(2) Liquidity risk, which means the potential that the servicer will be unable to meet its obligations as they come due because of an inability to liquidate assets or obtain adequate funding or that it cannot easily unwind or offset specific exposures;

(3) Operational risk, which means the risk resulting from inadequate or failed internal processes, people and systems or from external events;

(4) Market risk, which means the risk to the servicer's condition resulting from adverse movements in market rates or prices;

(5) Compliance risk, which means the risk of regulatory sanctions, fines, penalties or losses resulting from failure to comply with laws, rules, regulations or other supervisory requirements applicable to the servicer;

(6) Legal risk, which means the potential that actions against the servicer that result in unenforceable contracts, lawsuits, legal sanctions or adverse judgments can disrupt or otherwise negatively affect the operations or condition of the servicer; and

(7) Reputation risk, which means the risk to earnings and capital arising from negative publicity regarding the servicer's business practices.

(j) A covered institution shall annually conduct a risk management assessment. The risk management assessment shall include a written report to the board of directors. The report shall include evidence of risk management activities, any adverse findings relating to the institution's risk management program and proposed corrective actions needed to remedy any findings noted.

(k) Whenever the commissioner finds, as the result of an investigation, inquiry or examination, that any risk of a covered institution is of significant concern, the commissioner may order or direct the institution to satisfy additional conditions necessary to ensure that the institution continues to operate in a safe and sound manner and continues to service loans in compliance with state and federal law and regulations.

Sec. 5. Section 36a-488 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) (1) The commissioner shall not issue a mortgage lender license, a mortgage correspondent lender license or a mortgage broker license to any person unless such person meets the following tangible net worth and experience requirements, as applicable: (A) The minimum tangible net worth requirement for a mortgage lender shall be two hundred fifty thousand dollars and the minimum tangible net worth requirement for a mortgage correspondent lender and a mortgage broker shall be fifty thousand dollars, and (B) a mortgage lender, mortgage correspondent lender or mortgage broker shall have, (i) at the main office for which the license is sought, a qualified individual who has supervisory authority over the lending or brokerage activities of the licensee and who is responsible for the actions of the licensee, and (ii) at each branch office, a branch manager who has supervisory authority over the lending or brokerage activities of the branch office, who is responsible for the actions of the branch office, who has at least three years' experience in the mortgage business within the five years immediately preceding the

date of the application for the license, and who is licensed as a mortgage loan originator under section 36a-489. As used in this subdivision, "experience in the mortgage business" means paid experience in the origination, processing or underwriting of residential mortgage loans, the marketing of such loans in the secondary market or in the supervision of such activities, or any other relevant experience as determined by the commissioner. As used in subparagraph (B) of this subdivision, "at the main office" may be established by demonstrating to the satisfaction of the commissioner that the qualified individual **[**resides within one hundred miles of the main office or is otherwise**]** is capable of providing full-time **[**, in-person**]** supervision of the main office, and "at each branch office" may be established by demonstrating to the satisfaction of the commissioner that the branch manager **[**resides within one hundred miles of the branch office or is otherwise**]** is capable of providing full-time **[**, in-person**]** supervision of the branch office. The commissioner may waive the requirements of subparagraph (B) of this subdivision pertaining to a qualified individual where it is demonstrated to the satisfaction of the commissioner that no activity subject to licensure under sections 36a-485 to 36a-498e, inclusive, as amended by this act, 36a-534a and 36a-534b will be conducted at the main office and the licensee designates a qualified individual responsible for the actions of the licensee. The commissioner may waive the requirements of subparagraph (B) of this subdivision pertaining to a branch manager where a person licensed as a mortgage lender under section 36a-489 will act only as a mortgage servicer at such branch office, and the individual designated as branch manager meets the requirements for branch manager as set forth in section 36a-719. No person granted a waiver of the requirements of subparagraph (B) of this subdivision shall conduct any activity at the main office or at any branch office that would have precluded issuance of such waiver without first designating a qualified individual or branch manager, as applicable, who meets all applicable requirements and is approved by the commissioner.

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

(b) The commissioner may issue a mortgage lender license, a mortgage correspondent lender license, or a mortgage broker license. Each mortgage lender licensee may also act as a mortgage correspondent lender and a mortgage broker, and each mortgage correspondent lender licensee may also act as a mortgage broker. An application for a license as a mortgage lender, mortgage correspondent lender or mortgage broker office or renewal of such license shall be filed, in a form prescribed by the commissioner, with the system. 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-21, 36a-485 to 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b. 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. In the case of an initial application for a license, the following supplementary information shall be filed, as applicable: (1) For a main office license, a financial statement as of a date not more than twelve months prior to the filing of the application which reflects tangible net worth; (2) a bond as required by section 36a-492, as amended by this act; (3) evidence that the qualified individual or branch manager meets the experience required by subsection (a) of this section; and (4) such other information pertaining to the applicant, the applicant's background, the background of its principals, employees, mortgage loan originators, and loan processors or underwriters, and the applicant's activities as the commissioner may require. For the purpose of this subsection, evidence of experience of the qualified individual or branch manager shall include: (A) 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 (B) 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 and the qualified individual or branch manager and require the applicant to submit the fingerprints of such persons and authorization of such persons for the system and the commissioner to obtain an independent credit report from a consumer reporting agency, as described in Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a, as part of the application.

(c) The commissioner may issue a mortgage loan originator license or a loan processor or underwriter license. Each mortgage loan originator licensee may also act as a loan processor or underwriter. Each mortgage loan originator licensee shall be associated with a specified licensed office **[**from which such licensee will operate**]** and be subject to supervision by a qualified individual or branch manager. **[**The specified office shall be within a one-hundred-mile distance from where such licensee resides, unless such licensee can otherwise demonstrate to the commissioner's satisfaction that the licensee will be subject to supervision by a qualified individual or branch manager.**]** An application to license an individual as a mortgage loan originator or a loan processor or underwriter or for renewal of such license shall be filed, in a form prescribed by the commissioner, with the system. 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-485 to 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b. The applicant shall, at a minimum, furnish to the system, in a form prescribed by the system, information concerning the applicant's identity, including personal history and experience and information related to any administrative, civil or criminal findings by any governmental jurisdiction. Each applicant for a mortgage loan originator license or a loan processor or underwriter license shall furnish to the system fingerprints for submission to the Federal Bureau of Investigation and any governmental agency or entity authorized to receive such information for a state, national and international criminal history background check. Each applicant shall furnish authorization for the system and the commissioner to obtain an independent credit report from a consumer reporting agency, as described in Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a.

(d) The commissioner may issue a lead generator license. An application for a license as a lead generator or an application for a license renewal shall be filed, in a form prescribed by the commissioner, with the system, accompanied by the fees required under section 36a-491. 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 purposes of sections 36a-485 to 36a-498e, inclusive, as amended by this act, 36a-498h, 36a-534a and 36a-534b. The applicant shall, at a minimum, furnish to the system information concerning the identity of the applicant, any control person of the applicant and the qualified individual responsible for the actions of the licensee, including, but not limited to, a 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 commissioner, in accordance with section 29-17a, may conduct a state or national criminal history records check of the applicant, any control person of the applicant and the

qualified individual, and, in accordance with section 36a-24b, may require the submission of fingerprints of such persons to the Federal Bureau of Investigation or other state, national or international criminal databases as part of the application.

Sec. 6. Section 36a-492 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(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) (A) In the case of an exempt registrant under subdivision (1), (2) or (3) of subsection (a) 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 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 a person exempt from licensure as a mortgage lender, mortgage correspondent lender or mortgage broker under subdivision (4) of subsection (a) of section 36a-487, the surety bond shall cover all mortgage loan originators sponsored by such person and comply with the requirements set forth in section 36a-671d, as amended by this act.

(4) The principal on a bond required by this section shall file quarterly reports on the system reflecting residential mortgage loan volume in accordance with subsection (c) of section 36a-534b to confirm that it maintains the required penal sum in an amount required by subsection (d) of this section. The principal shall file such information as the commissioner may require under subsection (d) of this section and shall file, as the commissioner may require, pursuant to subsection (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) Except for the bond required by subparagraph (C) of subdivision (3) of subsection (a) of this section, 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 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-498e, inclusive, as amended by this act, 36a-534a and 36a-534b. 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. 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 and, on and after April 1, 2019, any restitution imposed pursuant to subsection (c) of section 36a-50. 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, provided the surety company notifies the commissioner in writing not less than thirty days prior to the effective date of cancellation. If the bond is issued electronically on the system, written notice of cancellation may be provided by the surety company to the principal and the commissioner through the system at least thirty days prior to the date of cancellation. Any notice of cancellation not provided through the system shall be sent by certified mail to the principal and the commissioner 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. 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, 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 (A) give the 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, and (B) require such licensee to take or refrain from taking such action as the commissioner deems necessary to effectuate the purposes of this section. 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) An exempt registrant under subsection (d) of section 36a-487 who is exempt from licensure under subdivision (1), (2) or (3) of subsection (a) of section 36a-487 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) An exempt registrant under subsection (d) 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) Persons exempt from licensure under subdivision (4) of subsection (a) of section 36a-487, shall file a bond in a penal sum as set forth in section 36a-671d, as amended by this act.

(6) (A) For mortgage lender and mortgage correspondent lender licensees and persons sponsoring and bonding at least one mortgage loan originator as an exempt registrant under subsection (d) of section 36a-487 and who are exempt from licensing under subdivision (1), (2) or (3) of subsection (a) 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 four quarters ending June thirtieth 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 four quarters ending June thirtieth 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 four quarters ending June thirtieth 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 four quarters ending June thirtieth 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 persons who are sponsoring and bonding at least one mortgage loan originator as an exempt registrant under subsection (d) of section 36a-487 and who are exempt from licensing under subsection (b) or (c) 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 four quarters ending June thirtieth 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 four quarters ending June thirtieth 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 four quarters ending June thirtieth 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 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. 7. Section 36a-671d of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

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

(2) No application for a debt negotiation license for a main office or branch office, and no renewal of such a license, shall be granted unless the applicant has filed a single surety bond with the commissioner in an aggregate amount of fifty thousand dollars for each licensed location, or such other amount required by subdivision (4) of this subsection. **[**No application for a debt negotiation license branch office, and no renewal of such a license, shall be granted unless the applicant has identified such branch office as a bonded location by addendum to the main office surety bond required by this section.**]**

(3) Each debt negotiation licensee shall file a single surety bond that complies with the requirements of this section **[**in connection with the main office license**]** with the commissioner in an aggregate amount of fifty thousand dollars for each licensed location, or such other amount required in subdivision (4) of this subsection. **[**, which bond shall identify any licensed branch office as a bonded location on such bond by addendum.**]**

(4) In the case of a debt negotiation licensee engaging or offering to engage in the business of negotiating residential mortgage loans on behalf of mortgagors, such debt negotiation licensee shall file a bond in the penal sum amount set forth in subsection (e) of this section based on

the aggregate dollar amount of the residential mortgage loans negotiated or offered to be negotiated by its sponsored mortgage loan originator licensees. The principal on a bond required by this subdivision shall file quarterly reports on the system reflecting residential mortgage loan volume in accordance with subsection (g) of this section and subsection (m) of section 36a-671 to confirm that it maintains the required penal sum in the amount required by this subdivision.

(5) Each debt negotiation licensee shall file with the commissioner such information as the commissioner may require to confirm that the penal sum of the bond remains consistent with the amount required by this section. The principal shall file, as the commissioner may require, 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) The form of any surety bond submitted pursuant to subsection (a) of this section shall be approved by the Attorney General. Any surety bond filed under subsection (a) of this section shall be conditioned upon the debt negotiation licensee and any sponsored mortgage loan originator licensee faithfully performing any and all written agreements or commitments with or for the benefit of debtors and mortgagors, as applicable, truly and faithfully accounting for all funds received from a debtor or mortgagor by the principal or a mortgage loan originator sponsored by the principal in the principal's capacity as debt negotiation licensee, and conducting such business consistent with the provisions of sections 36a-485 to 36a-498e, inclusive, as amended by this act, 36a-534a, 36a-534b and 36a-671 to 36a-671f, inclusive, as amended by this act. Any debtor or mortgagor who may be damaged by a failure to perform any written agreements, by the wrongful conversion of funds paid by a debtor or mortgagor to a debt negotiation licensee or mortgage loan originator licensee, or by conduct inconsistent with the provisions of

sections 36a-485 to 36a-498e, inclusive, as amended by this act, 36a-534a, 36a-534b and 36a-671 to 36a-671f, inclusive, as amended by this act, may proceed on any such surety bond against the principal or surety thereon, or both, to recover damages. The commissioner may proceed on any such surety bond against the principal or surety thereon, or both, to collect any civil penalty imposed upon the 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 and effective April 1, 2019, any restitution imposed pursuant to subsection (c) of section 36a-50. The proceeds of any 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. Any bond required by this section shall be maintained during the entire period of the license granted to the applicant, and the aggregate liability under any such bond shall not exceed the penal amount 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. Any mortgagor or prospective mortgagor who may be damaged by a failure of the debt negotiation licensee or mortgage loan originator licensee to satisfy a judgment against the licensee arising from the negotiation of or offer to negotiate a nonprime home loan, as defined in section 36a-760, may proceed on such bond against the principal or surety on such bond, or both, to recover the amount of the judgment.

(c) The surety shall have the right to cancel any bond written or issued under subsection (a) of this section at any time by a written notice to the debt negotiation licensee and the commissioner stating the date cancellation shall take effect. If such bond is issued electronically on the system, written notice of cancellation may be provided by the surety to

the licensee and the commissioner through the system at least thirty days prior to the date of cancellation. Any notice of cancellation not provided through the system shall be sent by certified mail to the licensee and the commissioner at least thirty days prior to the date of cancellation. No such bond shall 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 debt negotiation licensee of the date such bond cancellation shall take effect. The commissioner shall automatically suspend the licenses of the debt negotiation licensee on such date and inactivate the license of any sponsored mortgage loan originator, unless prior to such date the debt negotiation licensee submits a letter of reinstatement of the bond from the surety or a new bond, surrenders all licenses or, in the case of a mortgage loan originator sponsored by a debt negotiation licensee, the sponsorship has been terminated and a new sponsor has been requested and approved. After a license has been automatically suspended, the commissioner shall (1) give the debt negotiation 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, and (2) require the debt negotiation licensee to take or refrain from taking such action as the commissioner deems necessary to effectuate the purposes of this section.

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

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

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

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

(A) If the aggregate dollar amount of all residential mortgage loans negotiated or offered to be negotiated by all sponsored mortgage loan originators 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;

(B) If the aggregate dollar amount of all residential mortgage loans negotiated or offered to be negotiated by all sponsored mortgage loan originators 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

(C) If the aggregate dollar amount of all residential mortgage loans negotiated or offered to be negotiated by all sponsored mortgage loan originators 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.

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

(g) Financial information necessary to verify the aggregate amount of residential mortgage loans negotiated or offered to be negotiated 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. 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 negotiated or offered to be negotiated warrants a change in the penal sum of the bond.

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

Sec. 8. Subsection (i) of section 36a-801 of the 2022 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2022*):

(i) No person licensed to act within this state as a consumer collection agency shall do so under any other name or at any other place of business than that named in the license. No licensee may use any name other than its legal name or a fictitious name approved by the commissioner, provided such licensee may not use its legal name if the commissioner disapproves use of such name. A licensee may change the name of the licensee or address of the office specified on the most recent filing with the system if, at least thirty calendar days prior to such change, (1) the licensee files such change with the system and provides a bond rider, endorsement or addendum, as applicable, to the surety bond on file with the commissioner that reflects the new name or address, and (2) the commissioner does not disapprove such change, in writing, or request further information from the licensee within such thirty-day period. Not more than one place of business shall be maintained under the same license but the commissioner may issue more than one license to the same licensee upon compliance with the provisions of sections 36a-800 to 36a-814, inclusive, <u>as amended by this act,</u> as to each new licensee. A license shall not be transferable or assignable. Any change in any control person of the licensee, except a

change of a director, general partner or executive officer that is not the result of an acquisition or change of control of the licensee, shall be the subject of an advance change notice filed on the system at least thirty days prior to the effective date of such change and no such change shall occur without the commissioner's approval. For purposes of this section, "change of control" means any change causing the majority ownership, voting rights or control of a licensee to be held by a different control person or group of control persons. **[**Any licensee holding, applying for, or seeking renewal of more than one license may, at its option, file the bond required under section 36a-802 separately for each place of business licensed, or to be licensed, or a single bond, naming each place of business, in an amount equal to twenty-five thousand dollars for each place of business.**]** The commissioner may automatically suspend a license for any violation of this subsection. After a license has been automatically suspended pursuant to this section, the commissioner shall (A) give the licensee notice of the automatic suspension, pending proceedings for revocation or refusal to renew pursuant to section 36a-804 and an opportunity for a hearing on such action in accordance with section 36a-51, and (B) require such licensee to take or refrain from taking such action as the commissioner deems necessary to effectuate the purposes of this section.

Sec. 9. Subsection (a) of section 36a-802 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2022*):

(a) No such license and no renewal thereof shall be granted to a consumer collection agency, except a consumer collection agency engaged solely in the business of debt buying, unless the applicant has filed with the commissioner a bond to the people of the state in the penal sum of **[**twenty-five thousand dollars**]** <u>fifty thousand dollars for the main office and fifty thousand dollars for each branch office</u>, approved by the Attorney General as to form and by the commissioner as to

sufficiency of the security thereof. Such bond shall be conditioned that such licensee shall well, truly and faithfully account for all funds entrusted to the licensee and collected and received by the licensee in the licensee's capacity as a consumer collection agency. Any person who may be damaged by the wrongful conversion of any creditor, consumer debtor, property tax debtor or federal income tax debtor funds received by such consumer collection agency 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 thereon, or both, to collect any civil penalty imposed upon the licensee pursuant to subsection (a) of section 36a-50 and, effective April 1, 2019, any restitution imposed pursuant to subsection (c) of section 36a-50, and any unpaid costs of examination as determined pursuant to section 36a-65. The proceeds of the bond, even if commingled with other assets of the licensee, shall be deemed by operation of law to be held in trust for the benefit of such claimants against the licensee in the event of bankruptcy of the licensee and shall be immune from attachment by creditors and judgment creditors. The bond shall run concurrently with the period of the license granted to the applicant, and the aggregate liability under the bond shall not exceed the penal sum of the bond.

Sec. 10. Subsection (b) of section 36a-811 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(b) Each consumer collection agency, except a consumer collection agency engaged solely in the business of debt buying, shall deposit funds collected or received from consumer debtors for payment for others on an account, bill or other indebtedness in one or more trust accounts maintained at a federally insured bank, Connecticut credit union, federal credit union or an out-of-state bank, **[**that maintains in this state a branch as defined in section 36a-410,**]** which accounts shall be reconciled monthly. Such funds shall not be commingled with funds

of the consumer collection agency or used in the conduct of the consumer collection agency's business. Such account shall not be used for any purpose other than (1) the deposit of funds received from consumer debtors, (2) the payment of such funds to creditors, (3) the refund of any overpayments to be made to consumer debtors, and (4) the payment of earned fees to the consumer collection agency, which shall be withdrawn on a monthly basis. Except for payments authorized by subdivisions (2) to (4), inclusive, of this subsection, any withdrawal from such account, including, but not limited to, any service charge or other fee imposed against such account by a depository institution, shall be reimbursed by the consumer collection agency to such account not more than thirty days after the withdrawal. Funds received from consumer debtors shall be posted to their respective accounts in accordance with generally accepted accounting principles.

Sec. 11. Section 31-76i of the 2022 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2022*):

The provisions of sections 31-76b to 31-76j, inclusive, shall not apply with respect to (1) any driver or helper, excluding drivers or helpers employed by exempt employers, with respect to whom the Interstate Commerce Commission or its successor agency or the Secretary of Transportation has power to establish qualifications and maximum hours of service pursuant to the provisions of applicable federal law or regulation of any employee of a carrier by air subject to the Railway Labor Act or any employee of any employer subject to said Railway Labor Act; (2) any employee employed as a seaman; (3) any employee employed as an announcer, a news editor or chief engineer by a radio station or television station; (4) repealed by 1972, P.A. 116, S. 3, 6; (5) any person employed in a bona fide executive, administrative or professional capacity as defined in the regulations of the Labor Commissioner issued pursuant to section 31-60; (6) any person

employed in the capacity of outside salesman as defined in the regulations of the Federal Fair Labor Standards Act; (7) any inside salesperson whose sole duty is to sell a product or service (A) whose regular rate of pay is in excess of two times the minimum hourly rate applicable to him under section 31-58, (B) more than half of whose compensation for a representative period, being not less than one month, represents commissions on goods or services, and (C) who does not work more than fifty-four hours during a work week of seven consecutive calendar days. In determining the proportion of compensation representing commissions, all earnings resulting from the application of a bona fide commission rate shall be deemed commissions on goods or services without regard to whether the computed commissions exceed the draw or guarantee; (8) any person employed as a taxicab driver by any employer engaged in the business of operating a taxicab, if such driver is paid forty per cent or more of the fares recorded on the meter of the taxicab operated by him; (9) any person employed in the capacity of a household delivery route salesman engaged in delivering milk or bakery products to consumers and who is paid on a commission basis as defined in the regulations of the Labor Commissioner issued pursuant to section 31-60; (10) any salesman primarily engaged in selling automobiles. For the purposes of this subdivision, "salesman" includes any person employed by a licensed new car dealer (A) whose primary duty is to sell maintenance and repair services, (B) whose regular rate of pay is in excess of two times the minimum hourly rate applicable to him under the provisions of section 31-58, (C) more than half of whose compensation for a representative period, being not less than one month, represents commissions on goods or services, and (D) who does not work more than fifty-four hours during a work week of seven consecutive days. In determining the proportion of compensation representing commissions, all earnings resulting from the application of a bona fide commission rate shall be deemed commissions on goods or services without regard to whether the computed commissions exceed the draw or guarantee; (11) any

person employed in agriculture; (12) any permanent paid members of the uniformed police force of municipalities and permanent paid members of the uniformed firefighters of municipalities; (13) any person employed as a firefighter by a private nonprofit corporation which on May 24, 1984, has a valid contract with any municipality to extinguish fires and protect its inhabitants from loss by fire; (14) any person, except a person paid on an hourly basis, employed as a beer delivery truck driver by a licensed distributor, as defined in section 12-433; (15) any person employed as a mechanic primarily engaged in the servicing of motor vehicles, as defined in section 14-1, or farm implements, as defined in section 14-1, by a nonmanufacturing employer primarily engaged in the business of selling such vehicles or implements to consumers, to the extent that such employees are exempt under the federal Wage-Hour and Equal Pay Act, 29 USC 201 et seq. and 29 USC 213(b)(10), provided such person's actual weekly earnings exceed an amount equal to the total of (A) such person's basic contractual hourly rate of pay times the number of hours such person has actually worked plus (B) such person's basic contractual hourly rate of pay times one-half the number of hours such person has actually worked in excess of forty hours in such week. For the purposes of this section, "basic contractual hourly rate" means the compensation payable to a person at an hourly rate separate from and exclusive of any flat rate, incentive rate or any other basis of calculation; (16) any mortgage loan originator, as defined in section 36a-485, who is a highly compensated employee, as described in 29 CFR 541.601, provided this subdivision shall not apply to an individual who performs the functions of a mortgage loan originator solely from the office of such mortgage loan originator's employer. For purposes of this subdivision, an office in the mortgage loan originator's home shall not be considered the office of such mortgage loan originator's employer. Beginning on October 1, 2012, the total annual compensation for purposes of Subsection (a) of 29 CFR 541.601 shall be increased annually, effective October first of each year, based on the percentage increase, from year to year, in the average of all

workers' weekly earnings as determined by the Labor Commissioner pursuant to subdivision (1) of subsection (b) of section 31-309; or (17) any commercial mortgage loan originator who is a highly compensated employee, as described in 29 CFR 541.601. For purposes of this subdivision, (A) "commercial 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, (i) **[**accepts**]** takes a commercial mortgage loan application, or (ii) offers or negotiates the terms of a commercial mortgage loan, and (B) "commercial mortgage loan" means a mortgage loan not primarily for personal, family or household use.

Sec. 12. Subsection (o) of section 36a-145 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2022*):

(o) (1) With the approval of the commissioner, a Connecticut bank may establish a loan production office in or outside this state. The commissioner shall not approve the establishment of a loan production office under this subdivision unless the commissioner has considered the Connecticut bank's record of compliance with, and overall rating under, the Community Reinvestment Act of 1977, 12 USC 2901 et seq., as amended from time to time.

(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. 13. Subsection (d) of section 36a-412 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2022*):

(d) With the approval of the commissioner, any out-of-state bank, other than a foreign bank, may establish a loan production office in this state. The commissioner shall not approve the establishment of a loan production office under this subsection unless the commissioner has considered the out-of-state bank's record of compliance with the requirements of the Community Reinvestment Act of 1977, 12 USC 2901 et seq., as amended from time to time, and overall Community Reinvestment Act rating.

Sec. 14. (*Effective October 1, 2022*) (a) The chairpersons of the joint standing committee of the General Assembly having cognizance of matters relating to banking shall convene a working group to (1) examine the Community Reinvestment Act of 1977, 12 USC 2901 et seq., as amended from time to time, (2) monitor proposed changes to said act and make recommendations and submit comments to federal regulators and the Connecticut federal legislative delegation, and (3) recommend methods to incentivize banks and credit unions to (A) open branch offices in communities without adequate banking services, and (B) offer loan products to individuals in low and moderate-income neighborhoods.

(b) The working group shall consist of the following members:

(1) The chairpersons, vice-chairpersons and ranking members of the joint standing committee of the General Assembly having cognizance of matters relating to banking;

(2) The Banking Commissioner, or the Banking Commissioner's designee;

(3) A representative of the Connecticut Bankers' Association;

(4) A representative of the Credit Union League of Connecticut;

(5) A representative of Connecticut banks, who shall be appointed by the minority leader of the House of Representatives;

(6) A representative of Connecticut credit unions, who shall be appointed by the minority leader of the Senate; and

(7) Two representatives of organizations representing the interests of low and moderate-income communities without adequate banking services, one of whom shall be appointed by the speaker of the House of Representatives, and one of whom shall be appointed by the president pro tempore of the Senate.

(c) All initial appointments to the working group 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 chairpersons of the joint standing committee of the General Assembly having cognizance of matters relating to banking shall be the chairpersons of the working group. Such chairpersons shall schedule the first meeting of the working group, 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 banking shall serve as administrative staff of the working group.

(f) Not later than February 1, 2024, the working group shall submit a report on its findings and recommendations to the joint standing committee of the General Assembly having cognizance of matters relating to banking, in accordance with the provisions of section 11-4a of the general statutes. The working group shall terminate on the date

that it submits such report or February 1, 2024, whichever is later.

Sec. 15. Subsection (a) of section 36a-262 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2022*):

(a) Except as otherwise provided in this section, the total direct or indirect liabilities of any one obligor that are not fully secured, however incurred, to any Connecticut bank, exclusive of such bank's investment in the investment securities of such obligor, shall not exceed at the time incurred fifteen per cent of the equity capital and reserves for loan and lease losses of such bank. The total direct or indirect liabilities of any one obligor that are fully secured, however incurred, to any Connecticut bank, exclusive of such bank's investment in the investment securities of such obligor, shall not exceed at the time incurred ten per cent of the equity capital and reserves for loan and lease losses of such bank, provided this limitation shall be separate from and in addition to the limitation on liabilities that are not fully secured. Notwithstanding any provision of this subsection, the limitation on the liabilities of any one obligor shall take into account the credit exposure to such obligor arising from a derivative transaction. The commissioner shall have the authority to establish the method for determining the credit exposure and the extent to which the credit exposure shall be taken into account. As used in this **[**subsection,**]** section, an obligor shall not include any person who is a guarantor or indemnitor of a direct or indirect liability when (1) in the case of a liability where the primary obligor is not a natural person, the bank seeks repayment of any such liability out of the operations of the business of the primary obligor, (2) the bank relies primarily on the primary obligor's general credit standing and, in the case of a liability where the primary obligor is not a natural person, the forecast of operation of the primary obligor's business, (3) there is no aspect of the loan that is being made as an exception to the bank's lending policies, and (4) such guarantor or indemnitor is not an obligor

with respect to such liability pursuant to the direct benefit or common enterprise tests set forth in subsection (b) of this section. As used in this subsection, (A) "primary obligor" means a person who is named as a borrower or debtor, but not a guarantor or indemnitor, in a direct or indirect liability, (B) "guarantor" means a person who is obligated to pay a direct or indirect liability when the primary obligor has defaulted on such liability pursuant to the terms of the liability, (C) "indemnitor" means a person who becomes obligated to pay a direct or indirect liability pursuant to an indemnity agreement, and (D) "derivative transaction" includes any transaction that is a contract, agreement, swap, warrant, note or option that is based, in whole or in part, on the value of any interest in, or any quantitative measure or the occurrence of any event relating to, one or more commodities, securities, currencies, interest or other rates, indices or other assets. The commissioner may adopt regulations in accordance with the provisions of chapter 54 establishing the method for determining credit exposure to derivative transactions and the extent to which the credit exposure shall be taken into account. For purposes of this section, a liability shall be considered to be fully secured if it is secured by readily marketable collateral having a market value, as determined by reliable and continuously available price quotations, at least equal to the amount of the liability. For purposes of determining the limitations of this section, in computing the liabilities of an obligor, a liability is incurred at the time of the closing of the transaction, unless such closing is preceded by a legally binding written commitment to enter into the transaction, in which case such liability is incurred at the time of commitment and is net of any liabilities of the obligor to such bank that will be paid with the proceeds of the commitment at the time of closing. The limitations provided for in this subsection may be exceeded for a period of time not to exceed six hours if at the closing of any transaction at which such obligor incurs such liabilities to a Connecticut bank in excess of such limitations, such bank immediately assigns or participates out to one or more other persons an amount that constitutes not less than the excess over the applicable

limitation. Obligations as endorser or guarantor of negotiable or nonnegotiable installment consumer paper which carry an agreement to repurchase on default, unless the bank's sole recourse is to an agreed reserve held by it, in which case the liability shall be excluded, a full recourse endorsement or an unconditional guarantee by the person, partnership, association or corporation transferring the same, shall be subject under this section to a limitation of fifteen per cent of the bank's equity capital and reserves for loan and lease losses in addition to the applicable limitations of this section with respect to the makers of such obligations; provided, upon certification by an officer of the bank designated for that purpose by the governing board that the responsibility of each maker of such obligations has been evaluated and the bank is relying primarily upon each such maker for the payment of such obligations, the limitations of this section as to the obligations of each maker shall be the sole applicable loan limitation; and provided such certification shall be in writing and shall be retained as part of the records of such bank.

Sec. 16. Section 36a-785 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2022*):

(a) When the retail buyer is in default in the payment of any sum due under the retail installment contract or installment loan contract, or in the performance of any other condition that such contract requires the retail buyer to perform, or in the performance of any promise, the breach of which is by such contract expressly made a ground for the retaking of the goods, the holder of the contract may retake possession of such goods, provided the filing of a petition in bankruptcy under 11 USC Chapter 7 by a retail buyer of a motor vehicle, or such retail buyer's status as a debtor in bankruptcy, shall not be considered a default of a retail installment contract or ground for repossession of such motor vehicle. Unless the goods can be retaken without breach of the peace, the goods shall be retaken by legal process, provided nothing contained

in this section shall be construed to authorize a violation of the criminal law. In the case of repossession of any motor vehicle without the knowledge of the retail buyer, the local police department shall be notified of such repossession not later than two hours after repossession. In the absence of a local police department or if the local police department cannot be reached for notification, the state police shall be promptly notified of such repossession.

(b) Not less than ten days prior to the retaking, the holder of such contract may serve upon the retail buyer, personally or by registered or certified mail, a notice of intention to retake the goods on account of the retail buyer's default. The notice shall state that the retail buyer is in default and the period at the end of which such goods will be retaken, and designate (1) the obligations required to be performed in order to cure the default, including the dollar amount of any required payment, and (2) the date by which such obligations must be performed. The notice shall briefly and clearly state the retail buyer's rights under this subsection in the event such goods are retaken. In the case of repossession of any motor vehicle, the notice shall inform the retail buyer that he or she is responsible for removing all of his or her personal property from the motor vehicle prior to the date such repossession can take place. If the notice is so served and the retail buyer does not perform the conditions and provisions required under the contract to cure the default before the day set for retaking, the holder of the contract may retake such goods and hold such goods subject to the provisions of subsections (d), (e), (f), (g) and (h) of this section regarding resale, but without any right of redemption.

(c) If the holder of such contract does not give the notice of intention to retake, described in subsection (b) of this section, the holder shall retain such goods for fifteen days after the retaking within the state in which such goods were located when retaken. During such period the retail buyer, upon payment or tender of the unaccelerated amount due

under such contract at the time of retaking and interest, or upon performance or tender of performance of such other condition as may be named in such contract as precedent to the retail buyer's continued possession of such goods, or upon performance or tender of performance of any other promise for the breach of which such goods were retaken, and upon payment of the actual and reasonable expenses of any retaking and storing, may redeem such goods and become entitled to take possession of such goods and to continue in the performance of such contract as if no default had occurred. The holder of such contract shall, not later than three days after the date of the retaking, furnish or mail, by registered or certified mail, to the last-known address of the retail buyer, a written statement indicating (1) the unaccelerated sum due under such contract and the actual and reasonable expense of any retaking and storing, and (2) in the case of repossession of any motor vehicle, the holder of such contract shall also, not later than three days after the date of the retaking, and without regard to whether notice of intention to retake was given to the buyer, send a written notice (A) that the buyer is responsible for retrieving items of personal property that may have been left in the motor vehicle, other than items that may have been turned over to law enforcement, (B) that such property, if any, will be available for retrieval for at least sixty days after the date on which the motor vehicle was repossessed, unless the holder of the contract specifies, or the terms of the contract specify a date at least sixty days after the repossession after which the buyer may no longer retrieve the property, and (C) the contact and business hours information that the buyer can use to make arrangements for retrieval of the property. If the buyer retrieves some or all of the personal property more than fifteen days after the date on which the motor vehicle was repossessed, the holder of the contract, or an agent thereof maintaining custody of the personal property, may charge the buyer a reasonable storage fee not to exceed twenty-five dollars. Failure to furnish or mail such statement as required by this section shall result in forfeiture of the holder's right to claim payment

for the actual and reasonable expenses of retaking and storage, and the holder shall be liable for the actual damages suffered because of such failure. If such goods are perishable so that retention for fifteen days under this subsection would result in their destruction or substantial injury, the provisions of this subsection shall not apply and the holder of the contract may resell the goods immediately upon such retaking.

(d) If the retail buyer does not redeem such goods within fifteen days after the holder of the contract has retaken possession, the holder of the contract shall sell such goods at public or private sale not less than fifteen days and not more than one hundred eighty days after the retaking. When the holder of the contract retakes possession by legal process, and an answer is interposed, the holder of the contract may, at the holder's election, hold such retaken goods for a period not to exceed thirty days after the entry of final judgment by a court of competent jurisdiction entitling the holder of the contract to possession of such goods before holding such resale. The holder of the contract shall give the retail buyer not less than ten days' written notice of the time and place of any public sale, or the time after which any private sale or other intended disposition is to be made, either personally or by registered mail or by certified mail, return receipt requested, directed to the retail buyer at such retail buyer's last-known place of business or residence. The holder of the contract may bid for such goods at any public sale. The proceeds of the resale shall be considered to be either the amount paid for such goods at such sale or the fair cash retail market value of such goods at the time of repossession, whichever is the greater, except as otherwise provided in subsection (g) of this section.

(e) Proceeds of the resale shall be applied in the following order of priority: (1) First, to the payment of the actual and reasonable expenses of such resale, (2) if, after application pursuant to subdivision (1) of this subsection, there are proceeds remaining, then to the payment of the actual and reasonable expenses of any retaking and storing of said

goods, and (3) if, after application pursuant to subdivisions (1) and (2) of this subsection, there are proceeds remaining, then to the satisfaction of the balance due under the contract. Not later than thirty days after the resale, the holder of the contract shall give the retail buyer a written statement itemizing the disposition of the proceeds. Any sum remaining after the satisfaction of such claims shall be paid to the retail buyer.

(f) Even if the proceeds of the resale are insufficient to defray the actual and reasonable expenses of such resale, and such actual and reasonable expenses of any retaking and storing of such goods and the balance due under the contract, the holder of the contract may not recover the deficiency from the retail buyer or any surety or guarantor for the retail buyer, or from anyone who has succeeded to the obligations of such retail buyer, except as provided in subsection (g) of this section.

(g) If the goods retaken consist of a motor vehicle the aggregate cash price of which was more than four thousand dollars, the prima facie fair market value of such motor vehicle shall be calculated by adding together the average trade-in value for such motor vehicle and the highest-stated retail value for such motor vehicle and dividing the sum of such values by two. Such average trade-in value and highest-stated retail value shall be determined by the values as stated in the National Automobile Dealers Association Used Car Guide, Eastern Edition, as of the date of repossession. If an average trade-in value is not stated in said guide, the highest-stated trade-in value stated in said guide for the motor vehicle shall be used. If the goods retaken consist of a boat the aggregate cash price of which was more than four thousand dollars, the prima facie fair market value of such boat shall be calculated by adding together the average trade-in value for such boat and the highest-stated retail value for such boat and dividing the sum of such values by two. Such average trade-in value and highest-stated retail value shall be determined by the values as stated in the National Automobile Dealers

Association Appraisal Guide for Boats, Eastern Edition, as of the date of repossession. If an average trade-in value is not stated in said guide, the highest-stated trade-in value stated in said guide for the boat shall be used. In the event that the value of such motor vehicle or boat is not stated in such publication, the fair market value at retail minus the reasonable costs of resale shall be determined by the court. The prima facie evidence of fair market value of such motor vehicle or boat so determined may be rebutted only by direct in-court testimony. If such value of the motor vehicle or boat is less than the balance due under the contract, plus the actual and reasonable expenses of the retaking of possession, the holder of the contract may recover from the retail buyer, or from anyone who has succeeded to such retail buyer's obligations, as a deficiency, the amount by which such liability exceeds such fair market value, as defined in this subsection. If the actual resale price received by the holder exceeds such fair market value, as defined in this subsection, the actual resale price shall govern.

(h) After the holder retakes possession as provided in subsection (a) of this section, or if the holder obtains a prejudgment remedy against the goods under chapter 903a, the retail buyer or anyone who has succeeded to such retail buyer's obligations shall not be liable for any balance due, except to the extent permitted by subsection (g) of this section. The holder may seek a monetary judgment on the contract against the retail buyer unless the goods have been repossessed, with or without judicial process. Goods purchased under the contract shall not be executed upon to satisfy such judgment. When such judgment becomes final, the holder's security interest in the goods shall be extinguished. If the contract covers a retail sale of a motor vehicle required to be registered, the holder shall comply with section 14-188.

(i) If the holder of the contract fails to comply with the provisions of subsections (c), (d), (e), (f), (g) and (h) of this section, after retaking the goods, the retail buyer may recover from the holder of the contract such

retail buyer's actual damages, if any, and in no event less than one-fourth of the sum of all payments which have been made under the contract.

(j) No act or agreement of the retail buyer before or at the time of the making of a retail installment contract or installment loan contract nor any agreement or statement by the retail buyer in such contract shall constitute a valid waiver of the provisions of subsections (c), (d), (e), (f), (g), (h) and (i) of this section.

(k) After the delivery of the goods to the retail buyer and prior to any retaking of such goods by the holder of the contract, the risk of injury and loss shall rest upon the retail buyer.

(l) The commissioner may adopt regulations in accordance with the provisions of chapter 54 to implement the provisions of this section.

Sec. 17. Subsection (a) of section 8-265hh of the 2022 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2022*):

(a) Upon approval of emergency mortgage or lien assistance payments, the authority shall enter into an agreement with the homeowner for repayment of all such assistance with interest as provided in this section. The agreement shall provide for monthly payments by the homeowner after emergency mortgage or lien assistance payments have ended and shall be subject to the following provisions:

(1) If the homeowner's total housing expense, including projected repayments for assistance under this section, is greater than thirty-five per cent of the homeowner's aggregate family income, repayment of the emergency mortgage or lien assistance payments shall be deferred until such total housing expense, including projected repayments for assistance under this section, is less than or equal to thirty-five per cent

of such aggregate family income;

(2) If repayment of emergency mortgage or lien assistance payments is not made by the date the mortgage is paid in full, the homeowner shall make monthly payments to the authority in an amount not less than the monthly mortgage or lien payment until such assistance is repaid;

(3) Interest shall accrue on all emergency mortgage and lien assistance payments made by the authority at a rate based upon the cost of funds to the state periodically determined by the State Treasurer in consultation with the authority. Interest shall start to accrue whenever the homeowner is required to commence repayment under this section.

Sec. 18. Subsection (b) of section 8-286 of the 2022 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2022*):

(b) Not later than October 1, 2021, the authority shall establish guidelines for issuing loans under the program. Such guidelines shall permit the authority to (1) provide loans to borrowers with a debt-to-income ratio equal to the highest debt-to-income ratio permitted by the Federal Housing Administration, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation for residential mortgage loans, as applicable, subject to any other limitations of this chapter, and (2) consider (A) the application of a prospective borrower, regardless of the prospective borrower's credit score, and (B) nontraditional credit references submitted by the prospective borrower including, but not limited to, proof of employment or proof of rental and utility payments.

Sec. 19. Subsection (f) of section 12-195h of the 2022 supplement to the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2022*):

(f) When providing the written notice required under subsection (e) of this section, the assignee may rely on the last recorded security interest of record in identifying the name and mailing address of the holder of such interest, unless the holder of such interest is the plaintiff in an action pending in Superior Court to enforce such interest, in which **[**the**]** case the assignee shall provide the written notice to the attorney appearing on behalf of the plaintiff.