



Senate

General Assembly

File No. 181

January Session, 2025

Substitute Senate Bill No. 1257

Senate, March 24, 2025

The Committee on Banking reported through SEN. MILLER of the 27th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING CONSUMER CREDIT AND COMMERCIAL FINANCING.

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

1 Section 1. Subsection (c) of section 36a-492 of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective October*
3 *1, 2025*):

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

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

50 Sec. 2. Subsection (c) of section 36a-602 of the general statutes is
51 repealed and the following is substituted in lieu thereof (*Effective October*
52 *1, 2025*):

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

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

84 1, 2025):

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

109 Sec. 4. Subsection (c) of section 36a-671d of the general statutes is
110 repealed and the following is substituted in lieu thereof (*Effective October*
111 *1, 2025*):

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

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

141 Sec. 5. Subsection (b) of section 36a-802 of the general statutes is
142 repealed and the following is substituted in lieu thereof (*Effective October*
143 *1, 2025*):

144 (b) The surety company shall have the right to cancel the bond at any
145 time by a written notice to the licensee and the commissioner stating the
146 date cancellation shall take effect. [If the bond is issued electronically on
147 the system,] Such written notice of cancellation [may] shall be provided
148 by the surety company to the licensee and the commissioner through
149 the system at least thirty days prior to the date of cancellation. [Any
150 notice of cancellation not provided through the system shall be sent by

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

168 Sec. 6. Subdivision (2) of subsection (b) of section 36a-490 of the
169 general statutes is repealed and the following is substituted in lieu
170 thereof (*Effective October 1, 2025*):

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

185 the licensee, and (B) the commissioner does not disapprove such change,
186 in writing, or request further information within such thirty-day period.

187 Sec. 7. Subdivision (2) of subsection (d) of section 36a-598 of the
188 general statutes is repealed and the following is substituted in lieu
189 thereof (*Effective October 1, 2025*):

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

204 Sec. 8. Subsection (b) of section 36a-658 of the general statutes is
205 repealed and the following is substituted in lieu thereof (*Effective October*
206 *1, 2025*):

207 (b) No licensee shall use any name or address other than the name
208 and address stated on the license issued by the commissioner. No
209 licensee may use any name other than its legal name or a fictitious name
210 approved by the commissioner, provided such licensee may not use its
211 legal name if the commissioner disapproves use of such name. A
212 licensee may change the name of the licensee or address of the office
213 specified on the most recent filing with the system if (1) at least thirty
214 calendar days prior to such change, the licensee files such change with
215 the system and, in the case of a change to the legal name of the licensee,
216 provides to the commissioner a bond rider [, endorsement or
217 addendum, as applicable;] to the surety bond on file with the

218 commissioner that reflects the new legal name of the licensee, and (2)
219 the commissioner does not disapprove such change, in writing, or
220 request further information from the licensee within such thirty-day
221 period.

222 Sec. 9. Subsection (i) of section 36a-671 of the general statutes is
223 repealed and the following is substituted in lieu thereof (*Effective October*
224 *1, 2025*):

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

239 Sec. 10. Subsection (b) of section 36a-719a of the general statutes is
240 repealed and the following is substituted in lieu thereof (*Effective October*
241 *1, 2025*):

242 (b) No licensee may use any name other than its legal name or a
243 fictitious name approved by the commissioner, provided such licensee
244 may not use its legal name if the commissioner disapproves use of such
245 name. No licensee shall use any name or address other than the name
246 and address stated on the license issued by the commissioner. A
247 mortgage servicer licensee may change the name of the licensee or
248 address of any office specified on the most recent filing with the system
249 if (1) at least thirty calendar days prior to such change, the licensee files
250 such change with the system and, in the case of a [main office or branch

251 office] change to the legal name of the licensee, provides the
252 commissioner a bond rider [or endorsement, or addendum, as
253 applicable, to any] to the surety bond [or evidence of errors and
254 omissions coverage] on file with the commissioner that reflects the new
255 legal name [or address of the main office or branch office;] of the
256 licensee, and (2) the commissioner does not disapprove such change, in
257 writing, or request further information within such thirty-day period.

258 Sec. 11. Subsection (i) of section 36a-801 of the general statutes is
259 repealed and the following is substituted in lieu thereof (*Effective October*
260 *1, 2025*):

261 (i) No person licensed to act within this state as a consumer collection
262 agency shall do so under any other name or at any other place of
263 business than that named in the license. No licensee may use any name
264 other than its legal name or a fictitious name approved by the
265 commissioner, provided such licensee may not use its legal name if the
266 commissioner disapproves use of such name. A licensee may change the
267 name of the licensee or address of the office specified on the most recent
268 filing with the system if, at least thirty calendar days prior to such
269 change, (1) the licensee files such change with the system and, in the
270 case of a change to the legal name of the licensee, provides a bond rider
271 [, endorsement or addendum, as applicable,] to the surety bond on file
272 with the commissioner that reflects the new legal name [or address] of
273 the licensee, and (2) the commissioner does not disapprove such change,
274 in writing, or request further information from the licensee within such
275 thirty-day period. Not more than one place of business shall be
276 maintained under the same license but the commissioner may issue
277 more than one license to the same licensee upon compliance with the
278 provisions of sections 36a-800 to 36a-814, inclusive, as to each new
279 licensee. A license shall not be transferable or assignable. Any change in
280 any control person of the licensee, except a change of a director, general
281 partner or executive officer that is not the result of an acquisition or
282 change of control of the licensee, shall be the subject of an advance
283 change notice filed on the system at least thirty days prior to the effective
284 date of such change and no such change shall occur without the

285 commissioner's approval. For purposes of this section, "change of
286 control" means any change causing the majority ownership, voting
287 rights or control of a licensee to be held by a different control person or
288 group of control persons. The commissioner may automatically suspend
289 a license for any violation of this subsection. After a license has been
290 automatically suspended pursuant to this section, the commissioner
291 shall (A) give the licensee notice of the automatic suspension, pending
292 proceedings for revocation or refusal to renew pursuant to section 36a-
293 804 and an opportunity for a hearing on such action in accordance with
294 section 36a-51, as amended by this act, and (B) require such licensee to
295 take or refrain from taking such action as the commissioner deems
296 necessary to effectuate the purposes of this section.

297 Sec. 12. Subdivision (2) of section 36a-535 of the general statutes is
298 repealed and the following is substituted in lieu thereof (*Effective October*
299 *1, 2025*):

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

310 Sec. 13. Section 36a-718 of the general statutes is repealed and the
311 following is substituted in lieu thereof (*Effective October 1, 2025*):

312 (a) On and after January 1, 2015, no person shall act as a mortgage
313 servicer, directly or indirectly, without first obtaining a license under
314 section 36a-719, as amended by this act, from the commissioner for its
315 main office and for each branch office where such business is conducted,
316 unless such person is exempt from licensure pursuant to subsection (b)
317 of this section. Any activity subject to licensure pursuant to sections 36a-

318 715 to 36a-719l, inclusive, as amended by this act, shall be conducted
319 from an office located in a state, as defined in section 36a-2, as amended
320 by this act.

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

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

350 (d) (1) Any person licensed as a mortgage lender in this state shall

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

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

379 Sec. 14. Section 36a-719c of the general statutes is repealed and the
380 following is substituted in lieu thereof (*Effective October 1, 2025*):

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

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

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

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

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

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

453 least three hundred thousand dollars; or

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

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

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

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

513 (e) If the commissioner finds that the financial condition of a
514 mortgage servicer licensee or [mortgage lender licensee] exempt
515 mortgage servicer registrant so requires, as evidenced by the reduction
516 of tangible net worth, financial losses or potential losses as a result of a
517 violation of sections 36a-715 to 36a-719k, inclusive, as amended by this
518 act, the commissioner may require one or more additional bonds
519 meeting the standards set forth in this section. The mortgage servicer
520 licensee or exempt mortgage servicer registrant shall file any such

521 additional bonds not later than ten days after receipt of the
522 commissioner's written notice of such requirement. A mortgage servicer
523 licensee or exempt mortgage [lender licensee] servicer registrant shall
524 file, as the commissioner may require, any bond rider or endorsement
525 or addendum, as applicable, to any bond or evidence of errors and
526 omissions coverage on file with the commissioner to reflect any changes
527 necessary to maintain the surety bond, fidelity bond and errors and
528 omissions coverage required by this section.

529 Sec. 15. Section 36a-850a of the general statutes is repealed and the
530 following is substituted in lieu thereof (*Effective October 1, 2025*):

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

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

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

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

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

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

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

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

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

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

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

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

620 impact;

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

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

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

645 [(14)] (9) Provide the cosigner of a private student education loan
646 with access to the same documents and records associated with the
647 private student education loan that are available to the student loan
648 borrower of such private student education loan; and

649 [(15)] (10) If a student loan borrower has electronic access to
650 documents and records associated with a private student education
651 loan, provide equivalent electronic access to such documents and

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

653 **(b) Any person that makes or extends a private student education**
654 **loan on or after October 1, 2025, shall provide, consistent with the terms**
655 **of this subsection, options for cosigner release on such private student**
656 **education loan upon the satisfaction of certain criteria, including, but**
657 **not limited to, twelve consecutive on-time payments by the student loan**
658 **borrower or in the event of total and permanent disability of the**
659 **cosigner. On and after October 1, 2025, no person that makes, extends**
660 **or owns one or more private student education loans, including, but not**
661 **limited to, any private education lender or private education loan**
662 **creditor, directly or indirectly, shall:**

663 **(1) Impose any restriction on a student loan borrower or cosigner that**
664 **may permanently prevent such student loan borrower or cosigner from**
665 **qualifying for a cosigner release, including, but not limited to, any**
666 **restriction on the number of times a student loan borrower or cosigner**
667 **may apply for a cosigner release;**

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

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

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

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

701 Sec. 16. Section 36a-51 of the general statutes is repealed and the
702 following is substituted in lieu thereof (*Effective October 1, 2025*):

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

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

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

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

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

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

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

781 (d) The provisions of this section shall not apply to chapters 672a,
782 672b and 672c.

783 Sec. 17. Subsection (a) of section 36a-556 of the general statutes is
784 repealed and the following is substituted in lieu thereof (*Effective October*

785 1, 2025):

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

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

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

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

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

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

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

804 Sec. 18. Section 36a-715 of the general statutes is repealed and the
805 following is substituted in lieu thereof (*Effective October 1, 2025*):

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

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

812 [(1)] (2) "Branch office" means a location other than the main office at

813 which a licensee or any person on behalf of a licensee acts as a mortgage
814 servicer.

815 [(2) The terms "advertise or advertising", "control person",
816 "individual", "main office", "mortgage broker", "mortgage
817 correspondent lender", "mortgage lender", "office", "person" and
818 "unique identifier" have the same meanings as provided in section 36a-
819 485.]

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

833 (4) "Mortgagee" means the grantee of a residential mortgage,
834 provided if the residential mortgage has been assigned of record,
835 "mortgagee" means the last person to whom the residential mortgage
836 has been assigned of record.

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

839 (6) "Residential mortgage loan" means any loan primarily for
840 personal, family or household use that is secured by a mortgage, deed
841 of trust or other equivalent consensual security interest on a dwelling,
842 as defined in Section 103 of the Consumer Credit Protection Act, 15 USC
843 1602, located in this state, or real property located in this state upon
844 which is constructed or intended to be constructed a dwelling.

845 Sec. 19. Section 36a-846 of the general statutes is repealed and the
846 following is substituted in lieu thereof (*Effective October 1, 2025*):

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

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

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

853 (3) "Consumer report" has the same meaning as provided in Section
854 603(d) of the Fair Credit Reporting Act, 15 USC [.] 1681a, as amended
855 from time to time;

856 (4) "Control person" has the same meaning as provided in section 36a-
857 485;

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

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

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

871 (8) "Main office" has the same meaning as provided in section 36a-
872 485;

873 (9) "Private education lender" has the same meaning as provided in

874 section 36a-856, as amended by this act;

875 (10) "Private education loan creditor" has the same meaning as
876 provided in section 36a-856, as amended by this act;

877 ~~[(9)]~~ (11) "Private student education loan" means any student
878 education loan that is not a federal student education loan;

879 ~~[(10)]~~ (12) "Private student education loan servicer" means any
880 student loan servicer responsible for the servicing of a private student
881 education loan to a student loan borrower;

882 ~~[(11)]~~ (13) "Student loan borrower" means any individual who resides
883 within this state who has agreed to repay a student education loan;

884 ~~[(12)]~~ (14) "Student loan servicer" means any person, wherever
885 located, responsible for the servicing of any student education loan to
886 any student loan borrower;

887 ~~[(13)]~~ (15) "Servicing" means (A) receiving any [scheduled periodic]
888 payments from a student loan borrower pursuant to the terms of a
889 student education loan, [;] (B) applying the payments of principal and
890 interest and such other payments with respect to the amounts received
891 from a student loan borrower, as may be required pursuant to the terms
892 of a student education loan, [;] (C) maintaining account records for and
893 communicating with the student loan borrower concerning the student
894 education loan during the period when no [scheduled periodic]
895 payments are required, [;] (D) interacting with a student loan borrower
896 for purposes of facilitating the servicing of a student education loan,
897 including, but not limited to, assisting a student loan borrower to
898 prevent such borrower from defaulting on obligations arising from the
899 student education loan, [;] or (E) performing other administrative
900 services with respect to a student education loan;

901 ~~[(14)]~~ (16) "Student education loan" means any loan primarily for
902 personal use to finance education or other school-related expenses; and

903 ~~[(15)]~~ (17) "Unique identifier" has the same meaning as provided in

904 section 36a-485.

905 Sec. 20. Subsection (d) of section 36a-487 of the general statutes is
906 repealed and the following is substituted in lieu thereof (*Effective October*
907 *1, 2025*):

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

928 Sec. 21. Section 36a-868 of the general statutes is repealed and the
929 following is substituted in lieu thereof (*Effective from passage*):

930 No commercial financing contract entered into on or after July 1,
931 2024, shall contain any provision waiving a recipient's right to notice,
932 judicial hearing or prior court order under chapter 903a in connection
933 with the provider obtaining any prejudgment remedy, including, but
934 not limited to, attachment, execution, garnishment or replevin [,] upon
935 commencing any litigation against the recipient. Any such provision in
936 a commercial financing contract entered into on or after July 1, 2024,

937 shall be unenforceable.

938 Sec. 22. Subsection (c) of section 36a-870 of the general statutes is
939 repealed and the following is substituted in lieu thereof (*Effective July 1,*
940 *2025*):

941 (c) Each provider and commercial financing broker [shall pay an
942 initial registration fee of one thousand dollars and an annual
943 registration fee of five hundred dollars by the fifteenth of September
944 each year thereafter. If a provider or commercial financing broker fails
945 to timely pay any such annual registration fee, its registration shall
946 automatically expire by operation of law] registration shall expire at the
947 close of business on December thirty-first of the year in which such
948 registration was approved, unless such registration is renewed or, if
949 such registration is approved on or after November first, such
950 registration shall expire at the close of business on December thirty-first
951 of the year following the year in which such registration was approved.
952 An application for renewal of a registration shall be filed with the
953 commissioner between November first and December thirty-first of the
954 year in which the registration expires. Each applicant for an initial
955 registration or renewal of a registration shall pay to the system a
956 registration fee of one thousand dollars and any other required fees or
957 charges. All fees paid pursuant to this subsection shall be
958 nonrefundable.

959 Sec. 23. Section 36a-872 of the general statutes is repealed and the
960 following is substituted in lieu thereof (*Effective July 1, 2025*):

961 (a) [Any provider who violates any provision of sections 36a-861 to
962 36a-870, inclusive, or any regulation adopted pursuant to section 36a-
963 871 shall be liable for a civil penalty pursuant to section 36a-50] The
964 commissioner may suspend, revoke or refuse to renew any registration
965 issued pursuant to section 36a-870, as amended by this act, or take any
966 other action in accordance with the provisions of section 36a-51, as
967 amended by this act, if the commissioner finds that the registrant or any
968 control person, trustee, employee or agent of such registrant has done
969 any of the following: (1) Made any material misstatement in the

970 application; (2) committed any fraud or misappropriated funds; or (3)
971 violated (A) any provision of this title or any regulation or order
972 adopted or issued pursuant thereto pertaining to such registrant or any
973 control person, trustee, employee or agent of such registrant, or (B) any
974 other law or regulation applicable to the conduct of such registrant's
975 business.

976 (b) [In addition to any civil penalty imposed under subsection (a) of
977 this section, if the Banking Commissioner finds that a provider has
978 knowingly violated any provision of sections 36a-861 to 36a-870,
979 inclusive, or any regulation adopted pursuant to section 36a-871, the
980 commissioner may seek an injunction in a court of competent
981 jurisdiction, and may exercise the powers granted to the commissioner
982 under section 36a-50, on behalf of any recipient affected by the violation]
983 Whenever it appears to the commissioner that any person has violated,
984 is violating or is about to violate the provisions of sections 36a-861 to
985 36a-870, inclusive, as amended by this act, the commissioner may take
986 action against such person in accordance with sections 36a-50 and 36a-
987 52.

988 Sec. 24. Subsections (b) to (g), inclusive, of section 36a-856 of the
989 general statutes are repealed and the following is substituted in lieu
990 thereof (*Effective October 1, 2025*):

991 (b) (1) Except for a public or private nonprofit postsecondary
992 educational institution, for which the commissioner may prescribe an
993 alternative registration process and fee structure, a private education
994 lender or a private education loan creditor shall, prior to making a
995 private education loan to, or purchasing or assuming a private
996 education loan owed by, a resident of the state, [:] (A) register with the
997 commissioner, and (B) renew such registration for each year that such
998 private education lender or private education loan creditor continues to
999 act as a private education lender or private education loan creditor.

1000 [(1) Register with the commissioner and pay a fee in the form and
1001 manner prescribed by the commissioner, which may include
1002 registration using the National Multistate Licensing System and

1003 Registry and the payment of any fees thereto; and

1004 (2) Renew such registration for each year that such private education
1005 lender or private education loan creditor continues to act as a private
1006 education lender or private education loan creditor.]

1007 (2) Each private education lender and private education loan creditor
1008 registration shall expire at the close of business on December thirty-first
1009 of the year in which such registration was approved, unless such
1010 registration is renewed or, if such registration is approved on or after
1011 November first, such registration shall expire at the close of business on
1012 December thirty-first of the year following the year in which such
1013 registration was approved. An application for renewal of a registration
1014 shall be filed with the commissioner between November first and
1015 December thirty-first of the year in which the registration expires. Each
1016 applicant for an initial registration or renewal of a registration shall pay
1017 to the system a registration fee of nine hundred dollars and any other
1018 required fees or charges. All fees paid pursuant to this subdivision shall
1019 be nonrefundable.

1020 (c) For each year in which a private education lender registers with,
1021 or renews such registration with, the commissioner pursuant to
1022 subsection (b) of this section, such private education lender shall, at the
1023 time of such registration or renewal, and at other times upon the
1024 commissioner's request, provide to the commissioner, in the form and
1025 manner prescribed by the commissioner, the following documents and
1026 information:

1027 (1) A list of all schools attended by the private education loan
1028 borrowers with outstanding private education loans made by such
1029 private education lender;

1030 (2) The number and dollar amount of all outstanding private
1031 education loans such private education lender made to private
1032 education loan borrowers;

1033 (3) For each school listed pursuant to subdivision (1) of this

1034 subsection, the number and dollar amount of all outstanding private
1035 education loans such private education lender made to private
1036 education loan borrowers who attended such school;

1037 (4) The number and dollar amount of all private education loans such
1038 private education lender made during the prior year to private
1039 education loan borrowers;

1040 (5) For each school listed pursuant to subdivision (1) of this
1041 subsection, the number and dollar amount of all private education loans
1042 such private education lender made during the prior year to private
1043 education loan borrowers who attended such school;

1044 (6) The spread of interest rates for the private education loans such
1045 private education lender made during the prior year;

1046 (7) The percentage of private education loan borrowers who received
1047 each rate within the spread of interest rates provided pursuant to
1048 subdivision (6) of this subsection;

1049 (8) The number of private education loans with a cosigner that such
1050 private education lender made during the prior year;

1051 (9) The default rate for private education loan borrowers obtaining
1052 private education loans from the private education lender, and, for each
1053 school listed pursuant to subdivision (1) of this subsection, the default
1054 rate for private education loans made to private education loan
1055 borrowers who attended such school;

1056 (10) The number of private education loan borrowers against whom
1057 such private education lender brought legal action in the prior year to
1058 collect a debt owed pursuant to a private education loan, and the
1059 amount sought in each such action;

1060 (11) A copy of each model promissory note, agreement, contract or
1061 other instrument used by the private education lender during the prior
1062 year to substantiate that a new private education loan has been extended
1063 to a private education loan borrower or that a private education loan

1064 borrower owes a debt to such lender; and

1065 (12) The name and address of: (A) Such private education lender; (B)
1066 each officer, director or partner of such private education lender; and
1067 (C) each owner of a controlling interest in such private education lender.

1068 (d) For each year in which a private education loan creditor registers
1069 with, or renews such registration with, the commissioner pursuant to
1070 subsection (b) of this section, such private education loan creditor shall,
1071 at the time of such registration or renewal, and at other times upon the
1072 commissioner's request, provide to the commissioner, in the form and
1073 manner prescribed by the commissioner, the following documents and
1074 information:

1075 (1) A list of all schools attended by the private education loan
1076 borrowers with outstanding private education loans assumed or
1077 acquired by such private education loan creditor;

1078 (2) The number and dollar amount of all outstanding private
1079 education loans owed by private education loan borrowers to such
1080 private education loan creditor;

1081 (3) For each school listed pursuant to subdivision (1) of this
1082 subsection, the number and dollar amount of all outstanding private
1083 education loans owed to such private education loan creditor by private
1084 education loan borrowers who attended such school;

1085 (4) The number and dollar amount of all private education loans: (A)
1086 Such private education loan creditor assumed or acquired during the
1087 prior year; and (B) owed to such private education loan creditor by
1088 private education loan borrowers;

1089 (5) For each school listed pursuant to subdivision (1) of this
1090 subsection, the number and dollar amount of all private education
1091 loans: (A) Such private education loan creditor assumed or acquired
1092 during the prior year; and (B) owed to such private education loan
1093 creditor by private education loan borrowers who attended such school;

1094 (6) The number of private education loans with a cosigner that such
1095 private education loan creditor assumed or acquired during the prior
1096 year;

1097 (7) The default rate for private education loan borrowers whose
1098 private education loans were assumed or acquired by such private
1099 education loan creditor, and, for each school listed pursuant to
1100 subdivision (1) of this subsection, the default rate for private education
1101 loans owed by private education loan borrowers who attended such
1102 school;

1103 (8) The number of private education loan borrowers against whom
1104 such private education loan creditor brought legal action in the prior
1105 year to collect a debt owed pursuant to a private education loan, and the
1106 amount sought in each such action; and

1107 (9) The name and address of: (A) Such private education loan
1108 creditor; (B) each officer, director or partner of such private education
1109 loan creditor; and (C) each owner of a controlling interest in such private
1110 education loan creditor.

1111 (e) The commissioner shall create, and periodically update, a publicly
1112 accessible Internet web site that includes the following information
1113 about private education lenders and private education loan creditors
1114 registered in the state:

1115 (1) The name, address, telephone number and Internet web site
1116 address for all registered private education lenders and private
1117 education loan creditors;

1118 (2) A summary of the information and documents provided pursuant
1119 to subsections (c) and (d) of this section; and

1120 (3) Copies of all model promissory notes, agreements, contracts and
1121 other instruments provided to the commissioner in accordance with
1122 subdivision (11) of subsection (c) of this section.

1123 (f) The commissioner may [take action pursuant to section 36a-50 to

1124 enforce the provisions of this section.] suspend, revoke or refuse to
1125 renew any registration issued under subsection (b) of this section or take
1126 any other action in accordance with the provisions of section 36a-51, as
1127 amended by this act, if the commissioner finds that the registrant or any
1128 control person, trustee, employee or agent of such registrant has done
1129 any of the following: (1) Made any material misstatement in the
1130 application; (2) committed any fraud or misappropriated funds; or (3)
1131 violated (A) any provision of this title or any regulation or order
1132 adopted or issued pursuant thereto pertaining to such registrant or any
1133 control person, trustee, employee or agent of such registrant, or (B) any
1134 other law or regulation applicable to the conduct of such registrant's
1135 business.

1136 (g) Whenever it appears to the commissioner that any person has
1137 violated, is violating or is about to violate the provisions of this section,
1138 the commissioner may take action against such person in accordance
1139 with sections 36a-50 and 36a-52.

1140 [(g)] (h) (1) The commissioner may order that any person who has
1141 been found to have violated any provision of this section and has
1142 thereby caused financial harm to a consumer be barred for a term not
1143 exceeding ten years from [acting as a private education lender, private
1144 education loan creditor or] engaging in any activity requiring a license
1145 or registration under this title, or acting as a stockholder, officer,
1146 director, partner or other owner or employee of [a private education
1147 lender or private education loan creditor] an entity requiring such a
1148 license or registration, by sending a notice to such person by registered
1149 or certified mail, return receipt requested, or by any express delivery
1150 carrier that provides a dated delivery receipt, or by personal delivery,
1151 as defined in section 4-166, in accordance with section 36a-52a. The
1152 notice shall be deemed received by such person on the earlier of the date
1153 of actual receipt or seven days after mailing or sending, and in the case
1154 of a notice sent by electronic mail, the notice shall be deemed received
1155 by such person in accordance with section 36a-52a. Such notice shall
1156 include: (A) A statement of the time, place and nature of a hearing to be
1157 held upon the matters asserted in the notice; (B) a statement of the legal

1158 authority and jurisdiction under which the hearing is to be held; (C) a
1159 reference to the particular sections of the general statutes, regulations of
1160 Connecticut state agencies, rules or orders that such person is alleged to
1161 have violated; (D) a short and plain statement of the matters asserted;
1162 and (E) a statement indicating that such person may file a written
1163 request for a hearing on the matters asserted within fourteen days of
1164 receipt of the notice.

1165 (2) If a hearing is requested within the time specified in the notice, the
1166 commissioner shall hold a hearing upon the matters asserted in the
1167 notice unless such person fails to appear at the hearing. After the
1168 hearing, the commissioner shall determine whether to issue an order
1169 barring such person, for a term not to exceed ten years, from engaging
1170 in any activity requiring a license or registration under this title, or from
1171 acting as a stockholder, officer, director, partner or other owner or
1172 employee of an entity requiring such a license or registration. The
1173 commissioner may also issue such an order if such person does not
1174 request a hearing within the time specified in the notice or fails to appear
1175 at the hearing. No order shall be issued under this subsection except in
1176 accordance with the provisions of chapter 54.

1177 Sec. 25. (NEW) (*Effective October 1, 2025*) Any mortgage lender, as
1178 defined in section 36a-485 of the general statutes, that offers to make a
1179 shared appreciation agreement, as defined in section 36a-485 of the
1180 general statutes, shall, not later than three business days after the
1181 prospective borrower under such proposed agreement submits an
1182 application to such mortgage lender for such proposed agreement,
1183 disclose to such prospective borrower, in writing:

1184 (1) The following statement, which shall be clear, conspicuous and in
1185 at least twelve-point font: "You are not required to complete this
1186 agreement merely because you have received these disclosures or have
1187 signed a loan application. If you obtain this loan, the lender will have a
1188 mortgage and shared interest in your home. You could lose your home,
1189 and any money you have put into it, if you do not meet your obligations
1190 under the loan. You may wish to consult an attorney.";

1191 (2) Financial information relevant to the proposed shared
1192 appreciation agreement, including, but not limited to, whether such
1193 proposed agreement is terminated through repayment, which
1194 repayment may include the mortgage lender's receipt of some or all of
1195 the proceeds from a sale of the dwelling or residential real estate that is
1196 the subject of such proposed agreement if such proposed agreement is
1197 terminated by such sale;

1198 (3) Agreement and transaction details for the proposed shared
1199 appreciation agreement, including, but not limited to, the mortgage
1200 lender's contact information, the transaction amount, the sum of cash to
1201 be paid to the prospective borrower, the starting value for appreciation
1202 sharing, the term of the proposed agreement and the estimated current
1203 fair market value of the dwelling or residential real estate that is the
1204 subject of such proposed agreement;

1205 (4) The method of determining the current fair market value of the
1206 dwelling or residential real estate that is the subject of the proposed
1207 shared appreciation agreement;

1208 (5) The method of determining the final value of the dwelling or
1209 residential real estate that is the subject of the proposed shared
1210 appreciation agreement upon termination of such proposed agreement;

1211 (6) The interest charged, if applicable;

1212 (7) The limit of the mortgage lender's share of appreciation or equity
1213 in the dwelling or residential real estate that is the subject of the
1214 proposed shared appreciation agreement;

1215 (8) An advisory that the prospective borrower consult such
1216 borrower's tax advisor on the potential tax implications of the proposed
1217 shared appreciation agreement;

1218 (9) Repayment examples for the proposed shared appreciation
1219 agreement based upon, at minimum:

1220 (A) Settlement of such proposed agreement after five years, ten years,

1221 fifteen years and thirty years, in each case up to the maximum term of
1222 such proposed agreement; and

1223 (B) (i) No change in the market value of the dwelling or residential
1224 real estate that is the subject of such proposed agreement, and (ii)
1225 changes in the market value of the dwelling or residential real estate that
1226 is the subject of such proposed agreement (I) at the rate of ten per cent
1227 total depreciation over the term of such proposed agreement, (II) at the
1228 rate of three and one-half per cent total appreciation over such term, (III)
1229 at the rate of five and one-half per cent total appreciation over such term,
1230 and (IV) reflecting the actual average rate of appreciation or
1231 depreciation for all dwellings or residential real estate in this state
1232 during the period that is equal to the term of such proposed agreement
1233 and that occurred immediately prior to such term; and

1234 (10) The following information and corresponding calculations for
1235 the proposed shared appreciation agreement, if applicable:

1236 (A) The calculated appreciation amount;

1237 (B) The appreciation-based charge;

1238 (C) The accrued or charged interest;

1239 (D) The principal amount to be repaid;

1240 (E) The mortgage lender's total calculated share of appreciation or
1241 equity;

1242 (F) Any limit to the mortgage lender's share of appreciation or equity;
1243 and

1244 (G) For each of the repayment scenarios specified in subdivision (9)
1245 of this section:

1246 (i) The actual amount of money to be paid by the prospective
1247 borrower to the mortgage lender, inclusive of any unconditional
1248 administrative fees or reimbursement of protective advances that are
1249 required to be paid at the time of the settlement of such proposed

1250 agreement; and

1251 (ii) The total cost to the prospective borrower expressed as an annual
1252 percentage rate, to allow the prospective borrower to compare, under
1253 each such repayment scenario, the cost at the time of the settlement of
1254 such proposed agreement with the cost of a traditional mortgage loan.

1255 Sec. 26. Subdivision (1) of subsection (b) of section 36a-498e of the
1256 general statutes is repealed and the following is substituted in lieu
1257 thereof (*Effective October 1, 2025*):

1258 (b) (1) No person, other than an individual, who is required to be
1259 licensed and is subject to sections 36a-485 to 36a-498h, inclusive, 36a-
1260 534a and 36a-534b, and no [qualifying] qualified individual or branch
1261 manager shall fail to establish, enforce and maintain policies and
1262 procedures reasonably designed to achieve compliance with subsection
1263 (a) of this section.

1264 Sec. 27. Subsection (b) of section 36a-719h of the general statutes is
1265 repealed and the following is substituted in lieu thereof (*Effective October*
1266 *1, 2025*):

1267 (b) No mortgage servicer shall fail to establish, enforce and maintain
1268 policies and procedures reasonably designed to achieve compliance
1269 with subsection (a) of this section, and no [qualifying] qualified
1270 individual or branch manager for such mortgage servicer shall fail to
1271 enforce such policies and procedures. No violation of this subsection
1272 shall be found unless the mortgage servicer, qualifying individual or
1273 branch manager's failure to establish, enforce or maintain policies and
1274 procedures resulted in conduct in violation of sections 36a-715 to 36a-
1275 724, inclusive, as amended by this act, or rules or regulations adopted
1276 under said sections or any other state or federal law, including the rules
1277 and regulations thereunder, applicable to any business authorized or
1278 conducted under said sections.

1279 Sec. 28. Subdivision (72) of section 36a-2 of the general statutes is
1280 repealed and the following is substituted in lieu thereof (*Effective October*

1281 1, 2025):

1282 (72) "System" means the Nationwide [Mortgage] Multistate Licensing
1283 System and Registry, NMLS, NMLSR or such other name or acronym as
1284 may be assigned to the multistate system developed by the Conference
1285 of State Bank Supervisors and the American Association of Residential
1286 Mortgage Regulators and owned and operated by the State Regulatory
1287 Registry, LLC, or any successor or affiliated entity, for the licensing and
1288 registration of persons in the mortgage and other financial services
1289 industries;

1290 Sec. 29. Subsection (a) of section 36a-719 of the general statutes is
1291 repealed and the following is substituted in lieu thereof (*Effective October*
1292 *1, 2025*):

1293 (a) The commissioner shall issue a mortgage servicer license to an
1294 applicant for such license if the commissioner finds that: (1) The
1295 applicant has identified a qualified individual for its main office and a
1296 branch manager for each branch office where such business is
1297 conducted, provided such qualified individual and branch manager
1298 have supervisory authority over the mortgage servicer activities at the
1299 respective office location and at least three years' experience in the
1300 mortgage servicing business within the five years immediately
1301 preceding the date of the application for licensure; (2) notwithstanding
1302 the provisions of section 46a-80, the applicant, the control persons of the
1303 applicant, the qualified individual and any branch manager have not
1304 been convicted of or pled guilty or nolo contendere to, in a domestic,
1305 foreign or military court, a felony during the seven-year period
1306 preceding the date of the application for licensing or a felony involving
1307 an act of fraud or dishonesty, a breach of trust or money laundering at
1308 any time preceding the date of application, provided any pardon or
1309 expungement of a conviction shall not be a conviction for purposes of
1310 this subdivision; (3) the applicant demonstrates that the financial
1311 responsibility, character and general fitness of the applicant, the control
1312 persons of the applicant, the qualified individual and any branch
1313 manager command the confidence of the community and warrant a

1314 determination that the applicant will operate honestly, fairly and
1315 efficiently within the purposes of sections 36a-715 to 36a-719l, inclusive,
1316 as amended by this act; (4) the applicant has met the surety bond,
1317 fidelity bond and errors and omissions coverage requirement under
1318 section 36a-719c, as amended by this act; (5) the applicant, the control
1319 persons of the applicant, the qualified individual and any branch
1320 manager have not made a material misstatement in the application; and
1321 (6) the applicant has met any other similar requirements as determined
1322 by the commissioner. If the commissioner fails to make such findings,
1323 the commissioner shall not issue a license, and shall notify the applicant
1324 of the denial and the reasons for such denial. The commissioner may
1325 waive the requirements of subdivision (1) of this subsection relating to
1326 the supervision and experience of (A) a qualified individual where the
1327 applicant establishes to the satisfaction of the commissioner that the
1328 applicant (i) will not conduct any activity subject to licensure under
1329 sections 36a-715 to 36a-719l, inclusive, as amended by this act, at the
1330 main office, and (ii) has designated a qualified individual who is
1331 responsible for the actions of the applicant; and (B) a qualified
1332 individual or a branch manager where the applicant establishes to the
1333 satisfaction of the commissioner that the applicant (i) holds only
1334 mortgage servicing rights at the main office or branch office and
1335 conducts no other activity at such office, and (ii) has designated a
1336 qualified individual or branch manager at such main office or branch
1337 office who is responsible for the actions of the [application] applicant.
1338 No person licensed as a mortgage servicer and granted a waiver by the
1339 commissioner shall engage in any activity that would have precluded
1340 the issuance of such waiver without first designating a qualified
1341 individual or branch manager, as the case may be, who meets all
1342 applicable requirements of subdivision (1) of this subsection and is
1343 approved by the commissioner. For purposes of this subsection, the
1344 level of offense of the crime and the status of any conviction, pardon or
1345 expungement shall be determined by reference to the law of the
1346 jurisdiction where the case was prosecuted. In the event such
1347 jurisdiction does not use the term "felony", "pardon" or "expungement",
1348 such terms shall include legally equivalent events. For purposes of

1349 subdivision (1) of this subsection, "experience in the mortgage servicing
 1350 business" means paid experience in the (I) servicing of mortgage loans,
 1351 (II) accounting, receipt and processing of payments on behalf of
 1352 mortgagees or creditors, or (III) supervision of such activities, or any
 1353 other relevant experience as determined by the commissioner.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2025</i>	36a-492(c)
Sec. 2	<i>October 1, 2025</i>	36a-602(c)
Sec. 3	<i>October 1, 2025</i>	36a-664(b)
Sec. 4	<i>October 1, 2025</i>	36a-671d(c)
Sec. 5	<i>October 1, 2025</i>	36a-802(b)
Sec. 6	<i>October 1, 2025</i>	36a-490(b)(2)
Sec. 7	<i>October 1, 2025</i>	36a-598(d)(2)
Sec. 8	<i>October 1, 2025</i>	36a-658(b)
Sec. 9	<i>October 1, 2025</i>	36a-671(i)
Sec. 10	<i>October 1, 2025</i>	36a-719a(b)
Sec. 11	<i>October 1, 2025</i>	36a-801(i)
Sec. 12	<i>October 1, 2025</i>	36a-535(2)
Sec. 13	<i>October 1, 2025</i>	36a-718
Sec. 14	<i>October 1, 2025</i>	36a-719c
Sec. 15	<i>October 1, 2025</i>	36a-850a
Sec. 16	<i>October 1, 2025</i>	36a-51
Sec. 17	<i>October 1, 2025</i>	36a-556(a)
Sec. 18	<i>October 1, 2025</i>	36a-715
Sec. 19	<i>October 1, 2025</i>	36a-846
Sec. 20	<i>October 1, 2025</i>	36a-487(d)
Sec. 21	<i>from passage</i>	36a-868
Sec. 22	<i>July 1, 2025</i>	36a-870(c)
Sec. 23	<i>July 1, 2025</i>	36a-872
Sec. 24	<i>October 1, 2025</i>	36a-856(b) to (g)
Sec. 25	<i>October 1, 2025</i>	New section
Sec. 26	<i>October 1, 2025</i>	36a-498e(b)(1)
Sec. 27	<i>October 1, 2025</i>	36a-719h(b)
Sec. 28	<i>October 1, 2025</i>	36a-2(72)
Sec. 29	<i>October 1, 2025</i>	36a-719(a)

Statement of Legislative Commissioners:

In Sections 13(d)(2)(C), 23(a)(3)(A) and 24(f)(3)(A), "any provision of this title or of any regulation" was changed to "any provision of this title or any regulation" for conciseness; and in Section 24(b)(2), "required fees or charges and" was changed to "required fees or charges" for clarity.

BA *Joint Favorable Subst. -LCO*

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

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Banking Dept.	BF - Revenue Gain	Up to 59,000	Up to 59,000
Banking Dept.	BF - Potential Revenue Gain	Minimal	Minimal

Note: BF=Banking Fund

Municipal Impact: None

Explanation

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

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

Section 22 increases the renewal fee for commercial financing registrants from \$500 to \$1,000, resulting in a revenue gain to the Banking Fund of up to \$59,000 starting in FY 26.²

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

² As of March 6, 2025, 118 companies have registered as commercial financing providers or brokers.

The bill also makes various procedural, conforming, and technical changes that may affect private entities but are not anticipated to result in a fiscal impact to the state.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject the number of licensees and registrants affected.

OLR Bill Analysis**sSB 1257*****AN ACT CONCERNING CONSUMER CREDIT AND COMMERCIAL FINANCING.***

TABLE OF CONTENTS:

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

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

[§§ 6-11 — SURETY BOND UPDATES](#)

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

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

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

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

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

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

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

[§ 16 — ENFORCEMENT OVER REGISTRATIONS](#)

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

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

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

§§ 21-23 — COMMERCIAL FINANCING REGISTRATION AND ENFORCEMENT

Increases the base renewal fee for commercial financing registrants from \$500 to \$1,000 and specifies that the banking department may consider certain misconduct by registrants' employees and agents against registrants

§ 24 — PRIVATE EDUCATION LENDER AND PRIVATE EDUCATION LOAN CREDITOR REGISTRATION AND ENFORCEMENT

Codifies the \$900 fee amounts for private education lender and private education loan creditor registrations and authorizes the banking commissioner to bar violators from engaging in any banking activity for up to 10 years instead of just from acting as these lenders or creditors

§ 25 — SHARED APPRECIATION AGREEMENT DISCLOSURES

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

§§ 26-29 — ADDITIONAL TECHNICAL CHANGES

Makes several technical changes in different banking laws

SUMMARY

This bill makes assorted changes to the state's banking laws that principally affect licensees and registrants involved with, among other things, mortgages, private student education loans, and commercial financing.

EFFECTIVE DATE: October 1, 2025, unless otherwise specified below.

§§ 1-5 & 14 — SURETY BOND CANCELLATIONS

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

The bill generally requires surety companies to give all their cancellation notices electronically for the bonds they issue to certain banking department regulated entities. More specifically, it requires

them to give written cancellation notices through the “system” (i.e. the Nationwide Multistate Licensing System and Registry (NMLS) (see § 28 below)).

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

1. mortgage lenders, mortgage correspondent lenders, and mortgage brokers, and specific entities and individuals exempt from licensing as such (e.g., federally insured banks and credit unions (and certain subsidiaries)) (see CGS §§ 36a-492(a) & 36a-487(a) & (b));
2. mortgage loan originators (see CGS § 36a-492(a));
3. money transmitters (see CGS §§ 36a-597 & 36a-602(a));
4. debt adjusters (see CGS §§ 36a-656 & 36a-664(a));
5. debt negotiators (see CGS § 36a-671d(a));
6. consumer collection agencies (see CGS § 36a-802(a)); and
7. mortgage servicers, including certain mortgage lenders acting as servicers but exempt from licensing as such.

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

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

§§ 6-11 — SURETY BOND UPDATES

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

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

applies to the following:

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

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

Generally, under current law, the licensee must also give the commissioner a bond rider or endorsement, or addendum, as applicable, that reflects the new name or address. The bill instead only requires licensees to give the commissioner a bond rider to their surety bonds when they change their legal names. However, similar to current law, it allows debt negotiator licensees to give an endorsement or addendum to their surety bonds instead of a bond rider in those circumstances.

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

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

The bill expands the types of activities that require someone to obtain certain licenses and registrations under the state's banking laws. Existing law generally prohibits anyone from engaging in the business of a sales finance company or acting as a mortgage servicer without a

license (see CGS §§ 36a-536 & 36a-718). Similarly, certain small loan related actions are prohibited without a license.

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

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

Lastly, the bill makes technical and conforming changes.

§§ 13 & 14 — MORTGAGE LENDER REGISTRATION ON NMLS

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

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

Generally, under current law, any person licensed as a mortgage lender in Connecticut is exempt from mortgage servicer licensure if (1)

they act as a mortgage servicer from their lender licensed main office or branch office, (2) they satisfy certain bonding requirements, and (3) their lender license is not suspended. The bill modifies the third condition by requiring that their NMLS-associated registration is not suspended.

Lastly, the bill makes technical and conforming changes.

Exempt Mortgage Servicer Registration Conditions and Oversight

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

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

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

Additionally, the bill extends to exempt mortgage servicer registrants automatic suspension provisions that apply to mortgage servicer

licensees under existing law. It specifically requires the commissioner to automatically suspend the registration when an exempt registrant's fidelity bond or errors and omissions coverage expires or is no longer in effect. However, no automatic suspension or inactivation may occur if, before the bond or coverage cancellation or expiration takes effect, the (1) principal submits a letter of reinstatement of the bond or coverage, or a new bond or coverage, or (2) exempt registrant has ceased business in Connecticut and surrendered its registration. After a registration has been automatically suspended, the commissioner must (1) give the registrant notice of the automatic suspension, pending proceedings for revocation or refusal to renew, and an opportunity for a hearing in accordance with state banking law, and (2) require the registrant to take or refrain from taking any action the commissioner deems necessary.

§§ 15 & 19 — SERVICING PRIVATE STUDENT EDUCATION LOANS

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

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

The bill adds a new requirement that any person that makes or extends a private student education loan on or after October 1, 2025, provide options for cosigner release on the loan if certain criteria are met, including the borrower making 12 consecutive on-time payments or the cosigner becoming totally and permanently disabled.

Additionally, the bill modifies which entities are subject to constraints that currently only apply to private student education loan servicers. These constraints include prohibitions on (1) any restriction that permanently prevents a borrower or cosigner from qualifying for a

cosigner release and (2) any requirement that a borrower make more than 12 consecutive timely payments to be eligible for a cosigner release. The bill specifically prohibits, on and after October 1, 2025, any person that makes, extends, or owns at least one private student education loan, including any private education lender or private education loan creditor, from directly or indirectly taking these actions.

The bill likewise, on and after October 1, 2025, applies to any person that makes, extends, or owns at least one private student education loan current law's prohibitions on (1) refusing to release the cosigner from his or her obligation to repay the loan when notified that the cosigner is totally and permanently disabled and (2) requiring that a new cosigner be added to the loan after the original cosigner has been released. Current law applies these prohibitions unless the loan agreement's terms expressly prohibit them. The bill does not carry that exception forward (i.e. it prohibits these actions regardless of the loan agreement's terms).

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

Application

Under the bill, "servicing" generally is:

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

By law, a "private student education loan" is any student education

loan that is not (1) made under the William D. Ford Federal Direct Loan Program or purchased by the U.S. Department of Education and (2) owned by the U.S. Department of Education.

Under existing law, a “private student education loan servicer” is any person, wherever located, responsible for servicing private student education loans to student loan borrowers who live in Connecticut.

A “private education lender” is any person engaged in the business of making or extending private education loans. A “private education loan creditor” is any person to whom a private education loan is sold or assigned or who otherwise acquires one. By law, private education lenders do not include banks or out-of-state banks; Connecticut, federal, or out-of-state credit unions; the banks’ or credit unions’ wholly owned subsidiaries; operating subsidiaries with an owner that is wholly owned by the same bank or credit union; or the Connecticut Higher Education Supplemental Loan Authority (CHESLA). Certain banks and these credit unions are similarly exempt from the definition of private education loan creditors, as are consumer collection agencies; private student loan servicers; and local, state, and federal departments and agencies. Relatedly, a “private education loan” is credit (1) extended expressly, in whole or part, for a borrower’s postsecondary educational expenses, regardless of whether it is provided by the educational institution a student attends, and (2) not made, insured, or guaranteed under certain federal laws (i.e. not a federally issued education loan). It excludes loans secured by real property (CGS § 36a-856(a)(5)).

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

§ 16 — ENFORCEMENT OVER REGISTRATIONS

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

Existing law authorizes the banking commissioner to suspend,

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

§ 20 — REGISTRATIONS FOR MORTGAGE LICENSE SPONSORS

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

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

By law, any person claiming this exemption may register on NMLS as an exempt registrant to sponsor a mortgage loan originator or a loan processor or underwriter. The bill creates a timeline and fee requirements for those who register.

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

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

§§ 21-23 — COMMERCIAL FINANCING REGISTRATION AND ENFORCEMENT

Increases the base renewal fee for commercial financing registrants from \$500 to \$1,000 and specifies that the banking department may consider certain misconduct by registrants' employees and agents against registrants

The bill makes several registration and enforcement changes affecting certain lenders offering specific types of commercial financing. By law, “commercial financing” is a sales-based financing transaction of \$250,000 or less, the proceeds of which are not primarily intended for personal, family, or household purposes (CGS § 36a-861).

The bill also makes a technical change.

EFFECTIVE DATE: July 1, 2025, except the technical change is effective upon passage.

Registration

Under existing law, commercial financing providers and brokers must register with the banking commissioner as he prescribes (CGS §§ 36a-861 & 36a-870). In practice, they currently register with NMLS. The bill aligns their renewal registration fee amount with their existing initial registration fee amount (i.e. increasing the former from \$500 to \$1,000). The bill also requires initial and renewal registrants to pay their registration fees to NMLS along with any other required fees or charges. It also specifies that these fees are nonrefundable.

The bill also modifies the expiration dates of these registrations. Under current law, they must be renewed by September 15 annually or they expire. The bill instead requires renewal applications to be filed with the commissioner between November 1 and December 31 of the year in which the registration expires. It generally expires registrations at the close of business on December 31 of the year when the registration was approved, unless it was renewed or approved on or after November 1, in which case the registration expires at the close of business on December 31 of the following year.

Enforcement

The bill makes several minor changes to current provisions on the enforcement powers of the banking commissioner against commercial

financing registrants. Among other things, it specifies that the commissioner may suspend, revoke, or refuse to renew any commercial financing registration or take other enforcement actions authorized under existing law if he finds that the registrant or any control person, trustee, employee, or agent of the registrant has taken certain actions. Specifically, this applies if they (1) made any material misstatement in the registration application; (2) committed any fraud or misappropriated funds; or (3) violated any statute, regulation, or order related to them or any other law applicable to the conduct of the registrant's business. (Existing law already prohibits anyone from making untrue statements of material fact or engaging in fraud in connection with any activity under the commissioner's jurisdiction (CGS § 36a-53b).)

§ 24 — PRIVATE EDUCATION LENDER AND PRIVATE EDUCATION LOAN CREDITOR REGISTRATION AND ENFORCEMENT

Codifies the \$900 fee amounts for private education lender and private education loan creditor registrations and authorizes the banking commissioner to bar violators from engaging in any banking activity for up to 10 years instead of just from acting as these lenders or creditors

The bill makes several registration and enforcement changes to the law governing private education lenders and private education loan creditors.

Registration

Under current law, private education lenders and private education loan creditors generally must register with the banking commissioner and pay a fee as he prescribes, which may include registering using NMLS and paying any of its fees. In practice, these lenders and creditors currently register with NMLS. The bill codifies the \$900 registration and renewal fee amounts they currently must pay NMLS. The bill also specifically requires initial and renewal registrants to pay their registration fees to NMLS along with any other required fees or charges. It specifies that these fees are nonrefundable.

The bill also modifies the expiration dates of these annual registrations. It sets the same registration renewal deadlines as for various other licenses and registrations, including commercial financing registrations (see §§ 21-23 above).

Enforcement

Under existing law, anyone who violates the law governing private education lenders and private education loan creditors and causes a consumer financial harm because of it may be barred from acting in certain capacities for up to 10 years by the banking commissioner.

Under current law, the commissioner may bar them from acting as a private education lender or a private education loan creditor or as a stockholder, officer, director, partner, or other owner or employee of a lender or creditor. The bill instead authorizes him to bar violators from engaging in any activity requiring a license or registration under

Connecticut's banking laws or acting as a stockholder, officer, director, partner, or other owner or employee of an entity requiring a state banking license or registration.

Current law does not explicitly provide a process for the commissioner to handle these bars. The bill requires he provide these people notice and an opportunity for a hearing before barring them. Specifically, he must send notice by registered or certified mail, return receipt requested, or by any express delivery carrier that provides a dated delivery receipt, or by personal delivery according to existing law. The notice is deemed received on the earlier of the date of actual receipt or seven days after mailing or sending, and in the case of an email notice, it is deemed received according to existing law.

Under the bill, the notice must include a:

1. statement of the time, place, and nature of the hearing;
2. statement of the legal authority and jurisdiction under which the hearing is to be held;
3. reference to the particular statutes, regulations, rules, or orders allegedly violated;
4. short and plain statement of the matter; and
5. statement indicating that the person may file a written request for a hearing within 14 days of receiving the notice.

If a hearing is requested within this time frame, the commissioner must hold a hearing upon the matters asserted in the notice unless the person fails to appear. After the hearing, the commissioner must determine whether to issue an order barring the person and the order's term. He may also issue an order if the person does not request a hearing within the deadline or fails to appear at the hearing. Regardless, the bill prohibits issuing any order unless it is done according to the Uniform Administrative Procedure Act.

The bill also makes similar changes as it does for commercial financing enforcement (see §§ 21-23 above) but applies them against private education lender and private education loan creditor registrants and any control person, trustee, employee, or agent of them.

§ 25 — SHARED APPRECIATION AGREEMENT DISCLOSURES

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

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

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

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

Written Disclosures

The bill requires the following statement to be given clearly, conspicuously, and in at least 12-point font:

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

The following must also be disclosed:

1. financial information relevant to the proposed shared appreciation agreement, including whether repayment terminates it, such as through the mortgage lender receiving some or all of the sale proceeds for the dwelling or residential real estate (collectively “property” for the purposes of this bill analysis) that is the subject of the agreement;
2. agreement and transaction details, including the mortgage lender’s contact information, transaction amount, cash sum to be paid to the prospective borrower, starting value for appreciation sharing, term of the agreement, and property’s estimated current fair market value;
3. the method of determining the property’s current fair market value and its final value when the agreement is terminated;
4. the interest charged, if applicable;
5. the limit of the mortgage lender’s share of appreciation or equity in the property; and
6. an advisory that the prospective borrower consult his or her tax advisor on the agreement’s potential tax implications.

Additionally, repayment examples for the proposed shared appreciation agreement must be given based on at least the following:

1. settlement of the agreement after 5, 10, 15, and 30 years, in each case up to the maximum term of the agreement;
2. no change in the property’s market value; and
3. changes in its market value (a) over the agreement’s term at a 10% total depreciation rate, 3.5% total appreciation rate, and 5.5% total appreciation rate, and (b) reflecting the actual average appreciation or depreciation rate for all dwellings or residential real estate in Connecticut during the period equal to the term of

the agreement and that occurred immediately before it.

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

1. calculated appreciation amount;
2. appreciation-based charge;
3. accrued or charged interest;
4. principal amount to be repaid;
5. mortgage lender's total calculated share of appreciation or equity and any limit to that share; and
6. for each of the repayment scenarios specified above, the actual amount of money to be paid by the prospective borrower to the lender, including any unconditional administrative fees or reimbursement of protective advances that must be paid at the time of the agreement's settlement, and the total cost to the borrower expressed as an annual percentage rate to allow the prospective borrower to compare, under each repayment scenario, the cost at the time of the agreement's settlement with the cost of a traditional mortgage loan.

§§ 26-29 — ADDITIONAL TECHNICAL CHANGES

Makes several technical changes in different banking laws

The bill makes several technical changes in different banking laws.

COMMITTEE ACTION

Banking Committee

Joint Favorable

Yea 12 Nay 0 (03/06/2025)