



General Assembly

January Session, 2025

***Raised Bill No. 1257***

LCO No. 4385



Referred to Committee on BANKING

Introduced by:  
(BA)

***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2 repealed and the following is substituted in lieu thereof (*Effective October*  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

licensee may change the name of the licensee or address of the office specified on the most recent filing with the system if (1) at least thirty calendar days prior to such change, the licensee files such change with the system and, in the case of a change to the legal name of the licensee, provides to the commissioner a bond rider [, endorsement or addendum, as applicable;] to the surety bond on file with the commissioner that reflects the new legal name of the licensee, and (2) the commissioner does not disapprove such change, in writing, or request further information from the licensee within such thirty-day period.

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 Subsection (i) of section 36a-671 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2025*):

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

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 Subsection (b) of section 36a-719a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2025*):

(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

union, federal credit union, or out-of-state credit union, if so engaged;

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 Section 36a-718 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2025*):

(a) On and after January 1, 2015, no person shall act as a mortgage servicer, directly or indirectly, without first obtaining a license under section 36a-719, as amended by this act, from the commissioner for its main office and for each branch office where such business is conducted, unless such person is exempt from licensure pursuant to subsection (b) of this section. Any activity subject to licensure pursuant to sections 36a-715 to 36a-719l, inclusive, as amended by this act, shall be conducted from an office located in a state, as defined in section 36a-2, as amended by this act.

(b) The following persons are exempt from mortgage servicer licensing requirements: (1) Any bank, out-of-state bank, Connecticut credit union, federal credit union or out-of-state credit union, provided such bank or credit union is federally insured; (2) any wholly-owned subsidiary of such bank or credit union; (3) any operating subsidiary where each owner of such operating subsidiary is wholly owned by the same such bank or credit union; (4) any person [licensed as a mortgage lender in this state while] registered as an exempt mortgage servicer registrant pursuant to subsection (d) of this section and acting as a mortgage servicer from a location licensed as a main office or branch office under sections 36a-485 to 36a-498e, inclusive, as amended by this act, 36a-534a and 36a-534b [, provided (A) such person meets the supplemental mortgage servicer surety bond, fidelity bond and errors and omissions coverage requirements under section 36a-719c, and (B)] during any period that the [license] registration of the exempt mortgage [lender] servicer registrant in this state has not been suspended; [, such exemption shall not be effective;] and (5) any person licensed as a mortgage correspondent lender in this state while acting as a mortgage servicer with respect to any residential mortgage loan it has made and 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 of  
 376 any regulation or order adopted or issued pursuant thereto pertaining  
 377 to such person, or any other law or regulation applicable to the conduct  
 378 of 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.] (a) 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 of 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  
983 violation.] (b) Whenever it appears to the commissioner that any person  
984 has violated, is violating or is about to violate the provisions of sections  
985 36a-861 to 36a-870, inclusive, as amended by this act, the commissioner  
986 may take action against such person in accordance with sections 36a-50  
987 and 36a-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 and. All fees paid pursuant to this subdivision  
1019 shall 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 of 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	October 1, 2025	36a-719a(b)
Sec. 11	October 1, 2025	36a-801(i)
Sec. 12	October 1, 2025	36a-535(2)
Sec. 13	October 1, 2025	36a-718
Sec. 14	October 1, 2025	36a-719c
Sec. 15	October 1, 2025	36a-850a
Sec. 16	October 1, 2025	36a-51
Sec. 17	October 1, 2025	36a-556(a)
Sec. 18	October 1, 2025	36a-715
Sec. 19	October 1, 2025	36a-846
Sec. 20	October 1, 2025	36a-487(d)
Sec. 21	from passage	36a-868
Sec. 22	July 1, 2025	36a-870(c)
Sec. 23	July 1, 2025	36a-872
Sec. 24	October 1, 2025	36a-856(b) to (g)
Sec. 25	October 1, 2025	New section
Sec. 26	October 1, 2025	36a-498e(b)(1)
Sec. 27	October 1, 2025	36a-719h(b)
Sec. 28	October 1, 2025	36a-2(72)
Sec. 29	October 1, 2025	36a-719(a)

**Statement of Purpose:**

To: (1) Require cancellations of certain surety bonds to be submitted electronically; (2) modify procedures regarding changes to the legal names of certain licensees; (3) redefine "sales finance company"; (4) establish procedures for registering as an exempt mortgage servicer registrant; (5) establish requirements regarding private student education loan cosigner releases; (6) establish enforcement authority regarding registrants; (7) prohibit receiving fees in connection with small loans without a license; (8) redefine "mortgage servicer" and "servicing"; (9) define "private education lender" and "private education loan creditor"; (10) establish requirements regarding timelines and fees for certain registrants that are exempt from licensing; (11) modify various statutes relating to commercial financing; (12) modify registration and enforcement procedures regarding private education lenders and private education loan creditors; (13) require certain disclosures in connection with shared appreciation agreements; (14) make technical changes to various statutes regarding consumer credit; and (15) redefine "system".

***[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]***