

In April 2018, we wrote about [Connecticut's Substitute House Bill No. 5490](#), noting various overarching changes proposed to Connecticut's banking law and identifying several changes proposed in the mortgage loan arena for mortgage lenders, originators, and brokers. Except as indicated below, those changes and significant changes involving mortgage servicers other non-mortgage consumer finance arenas are effective October 1, 2018 under Public Act 18-173 signed by the state's Governor.

The changes include:

Sales Finance

- A requirement to acquire and maintain information about the ethnicity, race, and sex of applicants for a motor vehicle retail installment contract. Each licensee is required to submit the demographic records collected between October 1, 2018 and June 30, 2019 to the commissioner by July 1, 2019. Section 97.
- In addition to those acquiring retail installment contracts or installment loan contracts from holders thereof, the definition of "sales finance company" will include all persons who receive payments of principal and interest from a retail buyer under a retail installment contract or installment loan contract. Section 23.
- All activity subject to licensure must be conducted from an office in the U.S./U.S. territories. Section 24.
- New change of control rules. Auto-suspension authority granted to Commissioner for violations of change of control, change of name, change of address provisions. Section 27.
- New updating and event reporting obligations. Section 29.
- Unique identifier required on and in solicitations and advertisements; two year record retention requirement for solicitations and advertisements. Section 29.

Collection Agencies

- "Collection agency" definition changed for debt buying. "Debt buying" means collecting or receiving payment on any account, bill or other indebtedness from a consumer debtor for such person's own account if the indebtedness was acquired from another person and if the indebtedness was either delinquent or in default at the time it was acquired. Section 78.
- All activity subject to licensure must be conducted from an office in the U.S./U.S. territories. Section 79.
- Minimum tangible net worth of \$50,000 applies to those not solely engaged in debt buying. Section 79.

- Unique identifier required on and in solicitations and advertisements; two year record retention requirement for solicitations and advertisements. Section 79.
- New change of control provision, and auto-suspension authority granted to the Commissioner for violation of the rules for change of control, change of name or address. Section 79.
- Revised updating and event reporting obligations. Section 79.
- Clarifies bond is required of those not solely engaged in debt buying; revised terms and conditions of the required bond. Section 80.
- Clarifies trust account requirement applies to those not solely engaged in debt buying. Section 83.

Student Loan Servicers

- Student loan borrower definition changed to capture any individual who resides within CT (versus a resident of CT) who has agreed to repay a student education loan. Section 84.
- All activity subject to licensure must be conducted from an office in the U.S./U.S. territories. Section 85.
- Unique identifier required on and in solicitations and advertisements; two year record retention requirement for solicitations and advertisements. Section 86.
- New change of control provision, and auto-suspension authority granted to the Commissioner for violation of the rules for change of control, change of name, change of address. Section 86.
- Revised updating and event reporting obligations. Sections 85, 86.
- [Affirmatively requires compliance with servicing standards](#) set by the commissioner. Section 87.

Small Loan

- Auto-suspension authority. The Commissioner may automatically suspend a license for violation of the change of control (revised), change of name, or change of address requirements; or for a failure to have designated a qualified individual or branch manager meeting statutory requirements within 30 days of a vacancy in such position. Section 37.
- Expanded updating and event reporting obligations. Section 38
- Extended record retention period for advertising (one year to two). Section 39.

- Revised rate cap. For a small loan that is under five thousand dollars, the APR cannot exceed the lesser of 36% or the maximum APR for interest permitted by the Military Lending Act. Section 96.

Check Cashing

- New updating and event reporting requirements. Section 43.
- New change of control provision, and auto-suspension authority granted to the Commissioner for violation of the rules for change of control, change of name, change of address. Section 45.
- Revised quarterly reports. Not later than January 15, 2019, and quarterly thereafter, each check cashing licensee shall submit a report to the Commissioner that specifies the number and type of checks cashed by such licensee that exceed six thousand dollars during the previous calendar quarter, unless no such activity occurred in the previous quarter, in which case the licensee shall file a written statement to that effect. Section 46.
- Unique identifier required on and in solicitations and advertisements; two year record retention requirement for solicitations and advertisements. Section 47.
- All activity subject to licensure must be conducted from an office in the U.S./U.S. territories. Section 43. (Note: Public Act says “the” state, but “a” state is what was utilized in corresponding changes made to other license types).

Money Transmission

- All activity subject to licensure must be conducted from an office in the U.S./U.S. territories. Section 50.
- Revised updating and event reporting obligations. Section 51.
- New change of control provision, and auto-suspension authority granted to the Commissioner for violation of the rules for change of control, change of name, change of address. Section 51.
- Revised financial statement, permissible investment, and other investment reporting requirements. Section 57.
- Effective July 1, 2019, unique identifier required on and in solicitations and advertisements; however, advertisements or solicitations on third party websites do not need to include the unique identifier of a person licensed, provided it contains a link to a solicitation, advertisement or website that clearly shows the unique identifier of that person. Two year record retention requirement for solicitations and advertisements. Section 60.

Debt Adjusters

- All activity subject to licensure must be conducted from an office in the U.S./U.S. territories. Section 63.
- New change of control provision, and auto-suspension authority granted to the Commissioner for violation of the rules for change of control, change of name, change of address. Section 65.
- Revised updating and event reporting obligations. Section 65.
- Unique identifier required on and in solicitations and advertisements; two year record retention requirement for solicitations and advertisements. Section 65.
- Revised date for calculating average daily balance of payments received from CT debtors. Section 66.
- Revised terms and conditions of the required bond. Section 66.

Debt Negotiators

- All activity subject to licensure must be conducted from an office in the U.S./U.S. territories. Section 67.
- New change of control provision, and auto-suspension authority granted to the Commissioner for violation of the rules for change of control, change of name, change of address. Section 67.
- Revised updating and event reporting obligations. Section 67.
- Unique identifier required on and in solicitations and advertisements; two year record retention requirement for solicitations and advertisements. Section 67.
- For licensees in the business of negotiating residential mortgage loans on behalf of mortgagors, requirement for quarterly residential mortgage loan volume reporting on NMLS; removal of Sept. 1 reporting deadline for information to support bond amount. Section 69.
- Revised terms and conditions of the required bond. Section 69.

Mortgage Servicers

- All activity subject to licensure must be conducted from an office in the U.S./U.S. territories. Section 71.
- Establishes a 100 mile commutable distance requirement for qualified individuals and branch managers, or other evidence to establish an ability to provide full-time, in-person supervision. Section 72.

- Allows for a waiver of supervision and experience requirements for qualifying individuals and branch managers in certain circumstances. Section 72.
- Unique identifier required on and in solicitations and advertisements; two year record retention requirement for solicitations and advertisements. Section 72.
- New change of control provision, and auto-suspension authority granted to the Commissioner for violation of the rules for change of control, change of name, change of address, or failure to designate a qualified individual or branch manager meeting statutory requirements within 30 days of a vacancy in such position. Section 73.
- Revised updating and event reporting obligations. Section 73.
- Clarifies that expiration of the required fidelity bond or the errors or omissions coverage forms a basis for automatic suspension. Section 74.