

## Legislative History for Connecticut Act

### PA 15-235

SB924

House	7607-7614	7
Senate	844-847, 868-869	6
Banking	324, 326	2
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Transcripts from the Joint Standing Committee Public  
Hearing(s) and/or Senate and House of Representatives  
Proceedings

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**CONNECTICUT  
GENERAL ASSEMBLY  
HOUSE**

**PROCEEDINGS  
2015**

**VOL.58  
PART 22  
7297 - 7630**

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locked and the Clerk will take a tally. Will the Clerk announce the tally.

CLERK:

Senate Bill 843 as amended by Senate "A" in concurrence with the Senate

Total Number Voting	144
Necessary for Passage	73
Those voting Yea	126
Those voting Nay	18
Absent and not voting	7

DEPUTY SPEAKER RYAN:

The bill, as amended, is passed in concurrence with the Senate. [gavel] Will the Clerk please call Calendar No. 514.

CLERK:

On Page 25, Calendar 514, Favorable Report of the Joint Standing Committee on Banking, Substitute Senate Bill 924 AN ACT CONCERNING REVISIONS TO VARIOUS CONNECTICUT BANKING STATUTES.

DEPUTY SPEAKER RYAN:

Representative Stallworth of the 126th, sir, you have the floor.

REP. STALLWORTH (126<sup>th</sup>):

Mr. Speaker, I move for acceptance of the Joint

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Committee's Favorable Report in concurrence with the Senate and passage of the bill.

DEPUTY SPEAKER RYAN:

The question is acceptance of the Joint Committee's Favorable Report and passage of the bill in concurrence with the Senate. Representative Stallworth, you have the floor

REP. STALLWORTH (126<sup>th</sup>):

Mr. Speaker, the Clerk has an amendment, LCO 6472. I would ask the Clerk to please call the amendment and that I be granted leave of the Chamber to summarize.

DEPUTY SPEAKER MORRIS:

Would the Clerk please call LCO No. 6472, which will be designated House Amendment Schedule "A."

CLERK:

House Amendment Schedule "A" -

DEPUTY SPEAKER MORRIS:

Previously designated Senate "A."

CLERK:

I'm sorry. Senate Amendment "A," LCO 6472 as introduced by Senator Winfield and Representative Lesser.

DEPUTY SPEAKER MORRIS:

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The Representative seeks leave of the Chamber to summarize the amendment. Is there objection to summarization? Is there objection? Hearing none, Representative Stallworth, you may proceed with summarization.

REP. STALLWORTH (126<sup>th</sup>):

Mr. Speaker, this bill makes several revisions to the Connecticut Truth in Lending Act, and make it similar to the Federal Truth in Lending Act and related regulations along with some other technical changes. I move adoption.

DEPUTY SPEAKER MORRIS:

The question before the Chamber is adoption of House Amendment Schedule "A." Will you remark on the amendment? Representative Stallworth? Representative Simanski of the 62<sup>nd</sup>, good evening, sir.

REP. SIMANSKI (62<sup>nd</sup>):

Thank you, Mr. Speaker, and on the amendment, could the good Vice-Chairman, the good Vice-Chairman of Banking please summarize what some of the changes were specifically on the amendment?

I realize they were just technical, but could you summarize for the Chamber what they were, through you, Mr. Speaker?

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DEPUTY SPEAKER MORRIS:

Representative Stallworth.

REP. STALLWORTH (126<sup>th</sup>):

Mr. Speaker, it adds mobile devices. It also establishes a deadline by which a Connecticut bank must file its annual audit with the Commissioner. It also makes bank or holding company's acquisition approval requirements of anti money laundering, Mr. Speaker.

DEPUTY SPEAKER MORRIS:

Representative Simanski.

REP. SIMANSKI (62<sup>nd</sup>):

Thank you, Mr. Speaker, and I also noticed that in the amendment it changes the effective date from October 1<sup>st</sup> to August 15<sup>th</sup> and everything else is technical change, so I would urge members to support the amendment. Thank you, Mr. Speaker.

DEPUTY SPEAKER MORRIS:

Thank you, sir. Representative Sredzinski of the 112<sup>th</sup>.

REP. SREDZINSKI (112<sup>th</sup>):

Thank you, Mr. Speaker, a couple of questions to the proponent of the amendment.

DEPUTY SPEAKER MORRIS:

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You may proceed, sir.

REP. SREDZINSKI (112<sup>th</sup>):

Thank you very much. It says in the bill that it expands the use of virtual banking, which to my knowledge appears to be modern banking, which is telephone, Internet.

Through you, can the proponent just kind of explain the different areas that we're looking to redefine in this amendment, through you, Mr. Speaker?

DEPUTY SPEAKER MORRIS:

Representative Stallworth.

REP. STALLWORTH (126<sup>th</sup>):

Yes, Mr. Speaker, it's pretty much as the questioner indicated. Just to use modern technology and to bring everything in concurrence with the federal guidelines, Mr. Speaker.

DEPUTY SPEAKER MORRIS:

Representative Sredzinski.

REP. SREDZINSKI (112<sup>th</sup>):

Thank you, Mr. Speaker, I thank the gentleman for his answer.

DEPUTY SPEAKER MORRIS:

Thank you, sir. Will you remark further on the amendment? Will you remark further on the amendment

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before us?

If not, I'll try your minds. All those in favor please signify by saying aye.

REPRESENTATIVES:

Aye.

DEPUTY SPEAKER MORRIS:

All those opposed, nay? The ayes have it. The amendment is adopted. [gavel] Will you remark further on the bill as amended? Representative Simanski of the 62<sup>nd</sup>.

REP. SIMANSKI (62<sup>nd</sup>):

Thank you, Mr. Speaker, and on the bill as amended, I certainly support it and recommend all my colleagues vote in favor of it. It really is technical changes that were required by the Banking Department in order to be more effective.

And one of the main changes is to substantially make all Connecticut Truth in Lending Act comply with the Federal Truth in Lending Act. And as my colleague Sredzinski just stated, another big change is just describing changing home banking services, which was described in the statutes to virtual banking, which includes the way we are now more accustomed to doing banking, including apps on our phone and things like



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that.

So I would recommend passage of this and everyone support it. Thank you, Mr. Speaker.

DEPUTY SPEAKER MORRIS:

Will you remark further on the bill as amended?

Will you remark further on the bill as amended?

If not, will staff and guests please come to the Well of the House. Will the members please take your seats. The machine will be opened.

CLERK:

[bell ringing] The House of Representatives is voting by roll. The House of Representatives is voting by roll. Will members please report to the Chamber immediately.

[pause]

DEPUTY SPEAKER MORRIS:

Have all members voted? Have all members voted? Will the members please check the board to determine whether your vote has been properly cast.

If all members have voted, the machine will be locked and the Clerk will take a tally. The Clerk will please announce the tally.

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CLERK:

Senate Bill 924 as amended by Senate "A" in  
concurrence with the Senate

Total Number Voting	142
Necessary for Passage	72
Those voting Yea	142
Those voting Nay	0
Absent and not voting	9

DEPUTY SPEAKER MORRIS:

The bill, as amended, is passed. [gavel] Will  
the Clerk please call Calendar No. 283.

CLERK:

On Page 11, Calendar 283, Favorable Report of the  
Joint Standing Committee on Commerce, House Bill 5392  
AN ACT REQUIRING AN ANALYSIS OF THE TECHNOLOGY SECTOR  
IN THE STATE ECONOMIC STRATEGIC PLAN.

DEPUTY SPEAKER MORRIS:

Representative Perone.

REP. PERONE (137<sup>th</sup>):

Thank you very much, Mr. Speaker. I move for  
acceptance of the bill and be allowed to summarize,  
through you.

DEPUTY SPEAKER MORRIS:

The question before us, the question is

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is because DEEP already limits its grants to 65 percent of the appraised value. So we're not seeking to change that aspect of the law at all. All we're trying to do is take away a disincentive to leveraging outside funding into our state. And if - I would urge my colleagues to support this important amendment. Thank you, Madam Chair.

THE CHAIR:

Will you remark on the amendment? Will you remark on the amendment? If not, I'll try your minds. All those in favor of the amendment, please say aye.

SENATORS:

Aye.

THE CHAIR:

Opposed? Amendment passes. This time, Senator Kennedy, would you like to -

SENATOR KENNEDY:

I guess, I guess that's the magic words, Madam President, to move acceptance of this amendment and the bill and ask that it be, seeing no objection, be put on the Consent Calendar, Madam President.

THE CHAIR:

Seeing no objections, so ordered, sir. Mr. Clerk.

CLERK:

On page 5, Calendar 147, Substitute for Senate Bill No. 924, AN ACT CONCERNING REVISIONS TO VARIOUS CONNECTICUT BANKING STATUTES. Favorable Report of the Committee on Banks.

THE CHAIR:

Senator Winfield.

SENATOR WINFIELD:

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Yes, thank you, Madam President. I move acceptance of the Joint Committee's Favorable Report and passage of the bill.

THE CHAIR:

Motion's on acceptance and passage. Will you remark, sir?

SENATOR WINFIELD:

Yes, thank you, Madam President. Just briefly and then I will call an amendment. What this bill seeks to do is make several changes to Connecticut statutes, including what is called the Connecticut Truth in Lending Act, to make sure we're in substantial conformity with the federal Truth in Lending Act.

It does some things to expand the Banking Commissioner's power by allowing him or her to levy a civil penalty for creditors who violate federal requirements. It allows, or rather eliminates some statutory provisions for home banking and, instead, puts in virtual banking. It changes the look-back period for mortgage lenders, mortgage correspondent lenders, mortgage brokers, allowing the calculation of bonds. And, Madam Chair, at this time - Madam President - at this time I would call the Clerk's in possession of LCO 6472. I would ask that it be called, and I be allowed to summarize.

THE CHAIR:

Mr. Clerk.

CLERK:

LCO No. 6472, Senate "A," offered by Senator Winfield and Representative Lesser.

THE CHAIR:

Senator Winfield.

SENATOR WINFIELD:

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Yes, thank you, Madam President. I would move adoption of the amendment.

THE CHAIR:

Motion's on adoption. Will you remark, sir?

SENATOR WINFIELD:

Yes. Thank you, Madam President. This further makes some changes to the law that are all technical. In the beginning of it, it includes integrated disclosures. It also, from time to time throughout the bill, adds "as amended by this act." It deals with, in lines 22 through 28, any bank or out-of-state bank, credit union, and what they can do in terms of virtual banking. It has a very small change in line 29, dealing with the underlying bill, putting "telephone" after "mobile device." And after that, it largely changes "HUD settlement one documents" to "closing documents." I would urge adoption.

THE CHAIR:

Motion's on adoption. Will you remark? Will you remark on Senate "A?" Senator Martin.

SENATOR MARTIN:

Thank you, Madam Chair. I rise to support and I urge my colleagues to also support the amendment in addition to the bill itself. Simply, the Banking Proposal Department, it makes just various changes to the state's banking statutes and makes necessary changes to bring it in line with the state laws - this state law - in alignment with the newly adopted federal rules regarding the Truth in Lending, in addition to the Real Estate Settlement Procedures Act. Thank you.

THE CHAIR:

Thank you. I'll try your minds. All those in favor of Senate Amendment "A," please say aye.

SENATORS:

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Aye.

THE CHAIR:

Opposed? Senate Amendment "A" passes. Senator Winfield.

SENATOR WINFIELD:

Yes, thank you, Madam Chair. Now that we've adopted the amendment, if there's no objection, I would ask that we place this bill on Consent.

THE CHAIR:

Seeing no objections, so ordered. Mr. Clerk.

CLERK:

On page 11, Calendar 250, Substitute for Senate Bill No. 386, AN ACT CONCERNING ALCOHOLIC LIQUOR.  
Favorable Report of the Committee on General Law.  
There's an amendment.

THE CHAIR:

Senator Leone.

SENATOR LEONE:

Thank you, Madam President. I move acceptance of the Joint Committee's Favorable Report and passage of the bill.

THE CHAIR:

Motion's on acceptance and passage. Will you remark, sir?

SENATOR LEONE:

Thank you, Madam President. I do have an amendment. The clerk is in possession of LCO Amendment No. 6848. I would ask that he call the bill - or the amendment.

THE CHAIR:

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CLERK:

On page 1, Calendar 445, Senate Resolution No. 34.  
Also on page 1, Calendar 446, Senate Resolution No.  
35. On page 4, Calendar 112, Senate Bill No. 347. On  
page 5, Calendar 147, Senate Bill 924. Page 11,  
Calendar 250, Senate Bill 386. Page 13, Calendar 276,  
Senate Bill 258. Page 23, Calendar 402, Senate Bill  
1042. Page 27, Calendar 75, Senate Bill 864. Page  
28, Calendar 82, Senate Bill 892. Also on page 28,  
Calendar 81, Senate Bill 891. Page 29, Calendar 118,  
Senate Bill 870. Also on page 29, Calendar 113,  
Senate Bill 348. Page 32, Calendar 160, Senate Bill  
287. Page 35, Calendar 234, Senate Bill 975.

THE CHAIR:

Mr. Clerk, will you please call for roll call vote on  
the Consent Calendar. The machine is open.

CLERK:

Immediate roll call has been ordered in the Senate.  
Immediate roll call on today's Consent Calendar has  
been ordered in the Senate.

THE CHAIR:

Ladies and gentlemen, please stand close by; the  
machine is not opening.

(Chamber at ease.)

THE CHAIR:

Do you want to call for the vote again, please?

CLERK:

Immediate roll call has been ordered on today's  
Consent Calendar in the Senate. Immediate roll call  
has been ordered in the Senate on today's Consent  
Calendar.

[pause]

THE CHAIR:



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Senator Slossberg.

[pause]

THE CHAIR:

If all members have voted, all members have voted, the machine will be closed. Mr. Clerk, will you please call the tally.

CLERK:

On today's Consent Calendar

Total Number Voting	34
Necessary for Adoption	18
Those Voting Yea	34
Those Voting Nay	0
Absent/Not Voting	2

THE CHAIR:

Consent Calendar passes. At this time, we'll ask for any points of personal privilege. Senator Kennedy.

SENATOR KENNEDY:

Thank you, Madam President. I rise for the purposes of an announcement. The Environment Committee will meet tomorrow 15 minutes before the start of the first session of the House. I think it's gonna be around 10:45, but I'm not absolutely sure. But I just needed to make this formal announcement in front of this Body. The Environment meeting will be tomorrow, 15 minutes before the first House session tomorrow. Thank you, Madam President.

THE CHAIR:

Thank you. Senator Formica. Hold on a minute. Senator Formica, please. Thank you.

SENATOR FORMICA:

Thank you, Madam President. Good afternoon.

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**TESTIMONY SUBMITTED TO THE BANKING COMMITTEE**  
**February 24, 2015**

*Bruce H. Adams, Acting Commissioner*  
*Department of Banking*

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Chairman Leone, Chairman Lesser and members of the committee, thank you for the opportunity to testify in support of the following bills on the agenda for the Banking Committee's February 24, 2015 public hearing. These bills represent priority initiatives for the Department of Banking.

SB922  
SB923  
SB924  
HB6800  
HB6802

**S.B. 920 AN ACT CONCERNING MORTGAGE CORRESPONDENT LENDERS**

Licensed mortgage correspondent lenders (MCLs) are permitted to make loans and to hold them in their name for up to 90 days. As a result, MCLs may find themselves engaging in limited (e.g., first payment) servicing activities. This technical proposal clarifies that a duly licensed MCL is exempt from the separate requirement to obtain a mortgage servicer license (and from corresponding insurance/bonding requirements) when it services mortgages it has made and is holding in accordance with its MCL license. Please see attached memorandum the Department issued last year to the regulated community explaining the situation.

**S.B. 921 AAC REVISIONS TO THE CONNECTICUT TRUTH-IN-LENDING ACT**

The Department strongly supports this proposal that conforms Connecticut's truth-in-lending laws to substantive provisions of the federal Truth-in-Lending Act ("TILA"). Connecticut is one of a small handful of states that have been granted an exemption from certain provisions of federal TILA. It is critical to maintain this exemption because it allows the Department to continue its direct protection of Connecticut consumers in many of their loan transactions.

In short, maintaining this exemption allows the DOB—and not federal agencies such as the FTC or the FDIC—to continue examining applicable entities in Connecticut for compliance with TILA.

Small Loan Act; when passed, this new law will deter banks, payment processors, Internet providers, or intermediaries from facilitating such prohibited activity. This proposal would permit the Department, through a successful enforcement action, to recover the *entire* amount of the loan and all interest paid by the borrower rather than just the interest and fees paid over and above the statutory rate cap. This is an important step for Connecticut to continue advancing its century-old policy “to prevent overbearing lenders and commercial entrepreneurs from exploiting impecunious borrowers and consumers who lack bargaining power.” See, *Rhodes v. City of Hartford*, 201 Conn. 89, 98-99 (1986).

The Department also believes that this change will begin to clear some space in the market for existing banks and credit unions in this state to innovate by creating new ways to safely lend to, and build new banking relationships with, borrowers who have traditionally sought out the much riskier form of credit known commonly as “Payday “Loans” or, as they are known euphemistically, “Short Term, Small Dollar Loans.”

**S.B. 924 AN ACT CONCERNING MORTGAGE BONDS AND PERSONS CLAIMING AN EXEMPTION FROM LICENSING AS A MORTGAGE LENDER, MORTGAGE CORRESPONDENT LENDER OR MORTGAGE BROKER**

This technical proposal contains two parts. First, it amends Section 36a-492 to align bond volume look-back periods with periods of time consistent with quarterly mortgage call reports. Bond volume look-back periods are used by mortgage lenders, mortgage correspondent lenders, mortgage brokers and exempt registrants to calculate and confirm their bonding requirements.

Second, it amends Section 36a-487(d) to clarify that approvals of exempt registrations only reflect approval to use the Nationwide Mortgage Licensing System and Registry (“NMLS”) for sponsoring and bonding under a claimed exemption and do not reflect affirmative approval of exempt status. This section allows people to utilize the NMLS as exempt registrants for purposes of sponsoring a mortgage loan originator, loan processor or underwriter. This proposal clarifies that the Commissioner’s approval only reflects the Commissioner’s approval of the registration and does not constitute an affirmative approval that the person is, in fact, exempt.