STATE OF CONNECTICUT
**DEPARTMENT OF BANKING**
260 CONSTITUTION PLAZA • HARTFORD, CT 06103-1800

**Jorge L. Perez**
Commissioner

# ORDER ESTABLISHING REQUIREMENTS AND INTERIM PROCEDURES FOR SYSTEM-BASED LICENSURE FOR CERTAIN FINANCIAL SERVICES INDUSTRIES

## I. Background

As a result of the passage of the federal Secure and Fair Enforcement Mortgage Licensing Act of 2008 ("SAFE Act"),[1] and this state's subsequent implementation of those requirements and others through legislation passed in 2009 and thereafter, mortgage lenders, mortgage correspondent lenders, mortgage brokers, mortgage loan originators, loan processors and underwriters, and mortgage servicers subject to the Commissioner's jurisdiction are required by applicable provisions of the Connecticut General Statutes to be licensed through the Nationwide Mortgage Licensing System and Registry ("NMLS" or "System").[2] *See* Chapter 668 of the Connecticut General Statutes, Nondepository Financial Institutions, Part I, Mortgage Lenders, Correspondent Lenders, Brokers, and Loan Originators, Sections 36a-485 to 36a-498g, inclusive, Sections 36a-534a to 36a-534c, inclusive, and Chapter 669 of the Connecticut General Statutes, Regulated Activities, Part VII, Mortgage Servicing, Sections 36a-715 to 36a-719*l*, inclusive.

Over the years, the System has developed functionality to enable state regulators with mortgage industry oversight authority to use the System to license and manage other financial service license types within their jurisdiction. To date, at least 34 such regulators utilize the System to license and manage one or more non-mortgage license types within their jurisdiction. Utilizing the System for financial service license types beyond mortgage license types will: help to increase uniformity among these application processes nationally; streamline the application process and reduce paper; enable the sharing of information in a protected manner among other regulators presently utilizing the System; and create easier access by consumers to license status and regulatory action information about these businesses in Connecticut. Expanded use of the System for these license types is also consistent with Section 4-60s of the Connecticut General Statutes which calls for executive branch agencies to explore the feasibility of converting all applications and forms used by the agencies to electronic format.

Section 36a-24b(a) of the Connecticut General Statutes authorizes the Commissioner to require, at his election, any person engaged in a financial services industry subject to his jurisdiction to be licensed through the System.

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[1] 12 U.S.C. §§ 5101-5116.

[2] Section 36a-2(70) of the Connecticut General Statutes provides that "system" means the Nationwide Mortgage Licensing System and Registry, NMLS, NMLSR or such other name or acronym as may be assigned to the multistate system developed by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators and owned and operated by the State Regulatory Registry, LLC, or any successor or affiliated entity, for the licensing and registration of persons in the mortgage and other financial services industries.

## II. License Types to be Required on the System

At this juncture, the Commissioner elects to require System-based licensure for the following financial services industries subject to his jurisdiction:

- **Connecticut Money Transmitters** (Chapter 668, Nondepository Financial Institutions, Part V, Payment Instruments. Money Transmission, Sections 36a-595 to 36a-612, inclusive, of the Connecticut General Statutes);

- **Consumer Collection Agencies** (Chapter 669, Regulated Activities, Part XII, Consumer Collection Agencies, Sections 36a-800 to 36a-812, inclusive, of the Connecticut General Statutes);

- **Check Cashing Services** (Chapter 668, Nondepository Financial Institutions, Part IV, Check Cashing Services, Sections 36a-580 to 36a-589, inclusive, of the Connecticut General Statutes);

- **Debt Adjusters** (Chapter 669, Regulated Activities, Part II, Debt Adjusters and Debt Negotiation, Sections 36a-655 to 36a-665, inclusive, of the Connecticut General Statutes);

- **Debt Negotiation** (Chapter 669, Regulated Activities, Part II, Debt Adjusters and Debt Negotiation, Sections 36a-671 to 36a-671e, inclusive, of the Connecticut General Statutes);

- **Sales Finance Companies** (Chapter 668, Nondepository Financial Institutions, Part II, Finance Companies, Sections 36a-535 to 36a-546, inclusive, of the Connecticut General Statutes); and

- **Small Loan Companies** (Chapter 668, Nondepository Financial Institutions, Part III, Small Loan Lenders, Sections 36a-555 to 36a-573, inclusive, of the Connecticut General Statutes).

## III. New Requirements by Operation of Law

By operation of Section 36a-24b(b) of the Connecticut General Statutes, all initial and renewal applications for the above-referenced licenses shall be made and processed through the System in such form as the Commissioner prescribes, and the System is authorized to receive and maintain all related records.

Section 36a-24b also provides that: persons making any filing or submission on the System shall do so in accordance with the procedures and requirements of the System and shall timely submit to the System accurate reports that shall be in such form and contain such information as the System may require (Section 36a-24b(f)); all fees paid for any initial application for a license or for a renewal application for a license, including, but not limited to, fees paid in connection with an application that is denied or withdrawn prior to the issuance of the license, shall be nonrefundable (Section 36a-24b(g)); the Commissioner may automatically suspend a license or registration of a person on the System if such person receives a deficiency on the System indicating that a required payment was Returned-ACH or returned pursuant to any other term as may be utilized by the System (Section 36a-24b(h)); the Commissioner may deem an application for a license on the System abandoned if the applicant fails to respond to any request for required information under certain circumstances (Section 36a-24b(i)); and the

Commissioner may issue a temporary order to cease business under a license if the Commissioner determines that such license was issued erroneously (Section 36a-24b(j)).[3]

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Section 36a-24b(b) authorizes the Commissioner to establish requirements, or to waive or modify existing requirements in Title 36a, in whole or in part, by order, as reasonably necessary for purposes of participation in the System. The Commissioner has determined that various aspects of the existing statutory requirements in Title 36a governing licensing the aforementioned industries are presently inconsistent with an ability to issue and manage those licenses on the System. By way of example only, all of the aforementioned license types are statutorily on a specified non-calendar-based, two-year term, while System-based licensure only affords a one year, calendar-based term. **Accordingly, and consistent with the Commissioner's authority set forth in Section 36a-24b(b), the Commissioner hereby ORDERS the following new or changed requirements within Title 36a for the purpose of effectuating participation on the System.**

## IV. ORDER

Effective July 1, 2015, or the date when the System becomes available for licensing the above-referenced license types in Connecticut, whichever occurs later:

1. All fees to apply for or to renew any of the aforementioned licenses, including all licensing and/or investigative fees required by the Connecticut General Statutes and all additional fees imposed by the System, shall be due and payable at the time of application and shall be submitted to and processed by the System. The fees associated with new and renewal applications for each of the foregoing license types are derived from existing fees established by applicable statute and are set forth on the attached chart.

2. Licenses and renewal licenses approved through the System shall have no more than a calendar year (January 1 to December 31) term, except that an initial license or a renewal license approved on or after November 1 but before December 31 of a given year will be valid from the date it is approved through December 31 of the following calendar year.

3. The period for requesting renewal of an existing license shall be November 1 to December 31 of each year. No renewal requests shall be accepted by the System after December 31. Any Title 36a provisions governing the aforementioned license types that permit the filing of renewal applications at any other juncture are no longer applicable.

4. a. The form of the application (new or renewal) shall be the form available on the System, as may be modified or supplemented by requirements set forth in Checklists published on NMLS for each license type. All information required to be submitted in connection with an application or a renewal application shall be set forth in Checklists published on the System. An applicant (new or renewal) shall submit all information on the System unless the applicant is directed by the Department to submit the information off-System.

   b. For all of the aforementioned license types, there shall be a main office which shall refer to the main address designated on the System.

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[3]Section 36a-24b(b) also provides for various permissive authorities which are not spelled out here. *See, e.g.,* subsections (c), (d) and (e) of Section 36a-24b.

c. For all of the aforementioned license types other than money transmitters, there may be a branch office, which shall refer to a location other than the main office at which a licensee or any person on behalf of a licensee acts or engages in the activity for which licensure is required.

d. For purposes of completing the main office application, the term "qualified individual" shall mean any control person for the company.

e. For purposes of completing a branch office application, the term "branch manager" shall mean any control person for the company.

f. The term "control person" shall mean: an individual that directly or indirectly exercises control over another person, and includes any person that (A) is a director, general partner or executive officer; (B) in the case of a corporation, directly or indirectly has the right to vote 10% or more of a class of any voting security or has the power to sell or direct the sale of 10% or more of any class of voting securities; (C) in the case of a limited liability company, is a managing member; or (D) in the case of a partnership, has the right to receive upon dissolution, or has contributed, 10% or more of the capital, is presumed to be a control person. For purposes of this definition, "control" means the power, directly or indirectly, to direct the management or policies of a company, whether through ownership of securities, by contract or otherwise.

g. Nothing in this Order or in published Checklists limits in any manner any existing authority of the Commissioner to require additional information, on the System or otherwise, in connection with an investigation of an applicant's qualifications for an initial or renewal license, or to determine if a licensee continues to meet qualifications necessary to maintain the license.

5. Surrender of a license approved through the System shall occur in accordance with Section 36a-51(c) of the Connecticut General Statutes.

6. Any requirement for written notice of impending abandonment of an application shall be satisfied by notice to the applicant through the System in accordance with Section 36a-24b(i).

7. Once a licensee is on the System, any advance notice requirement and any associated fee to make a license-related change, any requirement to report certain occurrences or events, or any requirement to update information related to the license imposed by Title 36a shall be done and paid, as applicable, on the System to the extent that the System is capable of receiving and processing such information and/or payment. If any notice, information or payment required by Title 36a cannot be filed on or through the System, the licensee shall notify the Commissioner and file or pay in accordance with the existing requirements of the applicable statute.

   **Example:** All advance notice requirements and fees imposed by applicable provisions of Title 36a to change a name or location shall be made using the Advance Change Notice ("ACN") process and paid for, if applicable, through the System.

   **Example:** All reportable events covered by a disclosure question shall be reported by updating the response to the applicable disclosure question and uploading the required information. All reportable events not covered by a disclosure question shall be reported in the manner required by statute.

8. Any provisions of Title 36a imposing a requirement on the aforementioned licensees to post, display, maintain or otherwise produce for inspection the physical license shall be inapplicable after the licensee has successfully transitioned its existing license onto the System or has an approved license through the System.

9. Any existing provisions of Title 36a that impose a requirement on the aforementioned licensees to identify their license number in connection with its conduct of licensed business shall be modified to require identification of the licensee's Unique Identifier assigned to it by NMLS after the licensee has successfully transitioned its existing license onto the System or has an approved license through the System.

10. Existing provisions of Title 36a that enable certain debt negotiators to use the exempt registrant platform on the System as a mechanism to enable them to satisfy Title 36a statutory requirements to sponsor and bond mortgage loan originators shall no longer be relevant once such debt negotiator licensee is on the debt negotiation platform of the System, where they can sponsor and bond their mortgage loan originators. *See* Interim Procedures below. Accordingly, references in applicable provisions of Title 36a that refer to the use of the exempt registrant platform for this purpose will be obsolete.

11. Existing provisions of Title 36a requiring money transmitters to identify or report authorized delegates (name, location, etc., or changes thereto) shall be satisfied on the System in accordance with any and all requirements of the System's Uniform Authorized Agent Reporting functionality, and the licensee shall pay any associated processing fees imposed by the System.

12. In the case of a license approved through the System, existing provisions of Title 36a or implementing regulations that require a person licensed as a consumer collection agency to provide the Commissioner with 30 days' advance written notice of intent to terminate its business shall satisfy the written notice requirement by requesting surrender on NMLS of its main office license and all associated branches. No such surrender request shall effectuate a surrender in accordance with Section 36a-51(c) until accepted by the Commissioner. The Commissioner shall not accept such surrender request prior to 30 days from the last tendered surrender request. Nothing in the foregoing alters other requirements imposed by Title 36a or its implementing regulations as it relates to conditions required to be satisfied by a consumer collection agency prior to the termination of its business.

13. Any Title 36a requirement for applications or information to be submitted "under oath" shall be deemed to be made "under oath", whether separately sworn or not, when submitted to the Commissioner in any manner in connection with an attestation made on the System covering such information.

## V. INTERIM PROCEDURES

Pursuant to Section 36a-24b(b) of the Connecticut General Statutes, the Commissioner is authorized to adopt interim procedures for licensing and acceptance of applications for purposes of implementing an orderly and efficient licensing process. Accordingly, the Commissioner is adopting the following interim procedures for licensing and accepting applications for the license types specified in section II above.

1. New Applicants. On and after July 1, 2015, or the date the System is available to accept license applications, whichever is later, no new application for a license may be filed unless it is filed on the System.

2. Existing Licensees. If you presently hold one of the licenses identified in section II above, it is due to expire by its terms on September 30, 2015. Please read the following carefully.

   a. An existing licensee must **transition** onto the System. Transition is merely the process of transferring an existing license onto the System and validating the license information. If you

submit your transition request by September 30, 2015, the term of your existing license shall be automatically extended from September 30, 2015 to December 31, 2015. There is no fee associated with the submission of a transition request. Transition instructions will be set forth on the System.

b. If you fail to submit a transition request on the System by September 30, 2015, your license will expire by its own terms on September 30, 2015. This means that as of October 1, 2015, you will no longer be authorized to conduct the business for which you were licensed in Connecticut, and such operations will need to cease until such time as you again hold a Connecticut license. (*See* New Applicants above.)

c. Licensees who submit transition requests by September 30, 2015, and who are operating under an automatically extended license, must thereafter affirmatively request renewal of their license for the 2016 licensing period (January 1, 2016 to December 31, 2016) during the renewal period (November 1, 2015 to December 31, 2015) and pay the associated fees. **If you fail to request renewal during this period, your license will expire on December 31, 2015**. This means that as of January 1, 2016, you will no longer be authorized to conduct the business for which you were licensed in Connecticut, and such operations will need to cease until such time as you again hold a Connecticut license. (*See* New Applicants above.)

3. Special Instructions for Existing Exempt Registrant Debt Negotiators. If you are presently licensed as a Debt Negotiator off-System and are on the System as an Exempt Registrant for purposes of sponsoring and bonding mortgage loan originators consistent with statutory requirements applicable to your debt negotiation business (*e.g.*, short sales), follow the instructions for Existing Licensees to transition onto the System as a debt negotiation licensee (note: you will retain your existing NMLS number). In connection with this transition, you must indicate that you engage in a subset of debt negotiation activity that requires sponsorship and bonding of mortgage loan originators (*e.g.*, short sales). Once you have transitioned onto the System, you will be able to manage all mortgage loan originator sponsorships and complete any on-System reporting requirements (*e.g.*, MCRs). Thereafter, you can request surrender of your exempt registration. You do not need to complete a new bond form as a result in having moved from the Exempt Registrant platform to the Debt Negotiator platform of the System. *See* Section IV, paragraph 10 above.

4. Pending Applicants.

a. If you are issued a paper license on or after the date of this Order and prior to September 1, 2015 based on a paper application filed with the Department prior to July 1, 2015, or the date the System is available to accept applications for these license types, whichever is later, you must transition your license onto the System prior to September 30, 2015, or the license will expire by its terms on September 30, 2015. (*See* Existing Licensees above and follow all instructions therein.)

b. If you filed a paper application before July 1, 2015, or the date the System is available to accept applications for these license types, whichever is later, and it remains pending for determination by the Department as of September 1, 2015, the Department shall refund the application fee that was paid for such application, and your application will no longer be considered unless you reapply as new on the System and pay the associated fees. (*See* New Applicants above.)

The foregoing **ORDER** shall remain in effect until modified, superseded or vacated by the Commissioner or other lawful authority.

The foregoing **INTERIM PROCEDURES** shall remain in effect until September 30, 2015, unless thereafter extended by the Commissioner, or until modified, superseded, or vacated by the Commissioner or other lawful authority.

Dated at Hartford, Connecticut,
this 17th day of June 2015.

Jorge L. Perez
Banking Commissioner

**FEE CHARTS**
**(Revised June 29, 2015)**

| NEW APPLICATIONS | License Fee | Investigation Fee |
|---|---|---|
| Money Transmission License | $1,250 | $625 |
| Check Cashing License | $1,100 | n/a |
| Check Cashing Branch License – General Facility | $1,100 | n/a |
| Check Cashing Branch License – Limited Facility | $1,100 | n/a |
| Consumer Collection Agency License | $400 | $100 |
| Consumer Collection Agency Branch License | $400 | $100 |
| Debt Adjuster For-Profit License | $800 | n/a |
| Debt Adjuster For-Profit Branch License | $800 | n/a |
| Debt Adjuster Non-Profit License | $250 | n/a |
| Debt Adjuster Non-Profit Branch License | $250 | n/a |
| Debt Negotiation License | $800 | n/a |
| Debt Negotiation Branch License | $800 | n/a |
| Sales Finance Company License | $400 | n/a |
| Sales Finance Company Branch License | $400 | n/a |
| Small Loan Company | $400 | n/a |
| Small Loan Company Branch License | $400 | n/a |

| RENEWAL APPLICATIONS | Renewal Fee | NMLS Processing Fee |
|---|---|---|
| Money Transmission License | $1,125 | $100 |
| Check Cashing License | $800 | $100 |
| Check Cashing Branch License – General Facility | $800 | $20 |
| Check Cashing Branch License – Limited Facility | $800 | $20 |
| Consumer Collection Agency License | $400 | $100 |
| Consumer Collection Agency Branch License | $400 | $20 |
| Debt Adjuster For-Profit License | $800 | $100 |
| Debt Adjuster For-Profit Branch License | $800 | $20 |
| Debt Adjuster Non-Profit License | n/a | $100 |
| Debt Adjuster Non-Profit Branch License | n/a | $20 |
| Debt Negotiation License | $800 | $100 |
| Debt Negotiation Branch License | $800 | $20 |
| Sales Finance Company License | $400 | $100 |
| Sales Finance Company Branch License | $400 | $20 |
| Small Loan Company | $400 | $100 |
| Small Loan Company Branch License | $400 | $20 |

| AMENDMENTS | Name Change Fee | Additional Tradename Fee | Address Change Fee |
|---|---|---|---|
| Check Cashing License | $100 | $100 | $100 |
| Check Cashing Branch License – General Facility | | $100 | $100 |
| Check Cashing Branch License – Limited Facility | | $100 | n/a |
| Money Transmission License | $200 | n/a | n/a |