



Substitute Senate Bill No. 890

Public Act No. 21-130

AN ACT CONCERNING STUDENT LOAN SERVICERS.

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

Section 1. Section 36a-846 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

As used in this section and sections 36a-847 to 36a-854, as amended by this act, and sections 3, 4 and 17 of this act:

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

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

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

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

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United States Department of Education;

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

[(4)] (6) "Main office" has the same meaning as provided in section 36a-485;

(7) "Private student education loan" means any student education loan that is not a federal student education loan;

(8) "Private student education loan servicer" means any student loan servicer responsible for the servicing of a private student education loan to a student loan borrower;

[(5)] (9) "Student loan borrower" means any individual who resides within this state who has agreed to repay a student education loan;

[(6)] (10) "Student loan servicer" means any person, wherever located, responsible for the servicing of any student education loan to any student loan borrower;

[(7)] (11) "Servicing" means (A) receiving any scheduled periodic payments from a student loan borrower pursuant to the terms of a student education loan; (B) applying the payments of principal and interest and such other payments with respect to the amounts received from a student loan borrower, as may be required pursuant to the terms of a student education loan; or (C) performing other administrative services with respect to a student education loan;

[(8)] (12) "Student education loan" means any loan primarily for personal use to finance education or other school-related expenses;

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[(9)] (13) "Unique identifier" has the same meaning as provided in section 36a-485.

Sec. 2. Section 36a-847 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(a) [(1) No] Except as provided in section 4 of this act, no person shall act as a private student loan servicer, directly or indirectly, [without first obtaining] unless such person obtains from the commissioner pursuant to subsection (b) of this section a license for [its] such person's main office and for each branch office where such business is conducted, [from the commissioner under subsection (b) of this section, unless such person is exempt from licensure pursuant to subdivision (2) of this subsection.] Any activity subject to licensure pursuant to sections 36a-846 to 36a-854, inclusive, as amended by this act, shall be conducted from an office located in a state, as defined in section 36a-2.

[(2) The following persons are exempt from student loan servicer licensing requirements: (A) Any bank, out-of-state bank, Connecticut credit union, federal credit union or out-of-state credit union; (B) any wholly owned subsidiary of any such bank or credit union; and (C) any operating subsidiary where each owner of such operating subsidiary is wholly owned by the same bank or credit union.]

(b) (1) An application for a license as a private student loan servicer or for renewal of such license shall be made and processed on the system pursuant to section 36a-24b, as amended by this act, in the form prescribed by the commissioner. Each such form shall contain content as set forth by instruction or procedure of the commissioner and may be changed or updated as necessary by the commissioner in order to carry out the purposes of sections 36a-846 to 36a-854, inclusive, as amended by this act. The applicant shall, at a minimum, furnish to the system information concerning the identity of the applicant, any control person of the applicant, the qualified individual and any branch manager

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responsible for the actions of the licensee, including, but not limited to, information related to such person's personal history and experience, and any administrative, civil or criminal findings by any governmental jurisdiction. As part of the application the commissioner may (A) in accordance with section 29-17a, conduct a state or national criminal history records check of the applicant, any control person of the applicant, the qualified individual or any branch manager, and (B) in accordance with section 36a-24b, as amended by this act, (i) require the submission of fingerprints of the applicant, any control person of the applicant, the qualified individual or any branch manager to the Federal Bureau of Investigation or other state, national or international criminal databases, and (ii) investigate the financial condition of any such person and require authorization from any such person for the system and the commissioner to obtain an independent credit report from a consumer reporting agency, as described in Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a, as amended from time to time. Such application shall be accompanied by a financial statement prepared by a certified public accountant, except that the commissioner may waive such requirement in connection with any renewal application, provided the system requires annual reports of condition that capture financial statement information and the applicant has filed such information in accordance with section 36a-848, as amended by this act.

(2) Each applicant for a private student loan servicer license shall pay to the system any required fees or charges and a license fee of nine hundred dollars. Each such license shall expire at the close of business on December thirty-first of the year in which the license was approved, unless such license is renewed, except that any such license approved on or after November first shall expire at the close of business on December thirty-first of the year following the year in which it is approved. An application for renewal of a license shall be filed between November first and December thirty-first of the year in which the license expires. Each applicant for renewal of a [student loan servicer] license

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shall pay to the system any required fees or charges and a renewal fee of nine hundred dollars.

(3) Each license shall remain in force and effect until the license has been surrendered, revoked or suspended or has expired in accordance with the provisions of sections 36a-846 to 36a-854, inclusive, as amended by this act. No abatement of the license fee shall be made if the application is denied or withdrawn prior to issuance of the license or if the license is surrendered, revoked or suspended prior to the expiration of the period for which it was issued. All fees required by this section shall be nonrefundable.

(c) Upon the filing of an application for an initial license and the payment of required fees, the commissioner shall investigate the financial condition and responsibility, financial and business experience, character and general fitness of the applicant. The commissioner may issue a license if the commissioner finds that:

(1) The applicant's financial condition is sound;

(2) The applicant's business will be conducted honestly, fairly, equitably, carefully and efficiently within the purposes and intent of sections 36a-846 to 36a-854, inclusive, as amended by this act, and in a manner commanding the confidence and trust of the community;

(3) Each control person, qualified individual, branch manager and trustee of the applicant is in all respects properly qualified and of good character, including, but not limited to, assessment of such person's financial responsibility and any criminal convictions, provided any license denial based on a criminal conviction shall be subject to the provisions of section 46a-80;

(4) No control person, qualified individual, branch manager or other person on behalf of the applicant knowingly has made any incorrect statement of a material fact in the application, or in any report or

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statement made pursuant to sections 36a-846 to 36a-854, inclusive, as amended by this act;

(5) No control person, qualified individual, branch manager or other person on behalf of the applicant knowingly has omitted to state any material fact necessary to give the commissioner any information lawfully required by the commissioner;

(6) The applicant has paid the fees required under subsection (b) of this section; and

(7) The applicant has met any other similar requirements as determined by the commissioner.

(d) Not later than fifteen days after the date a licensee ceases to engage in the business of [student loan] servicing private student education loans in this state for any reason, including a business decision to terminate operations in this state, license revocation, bankruptcy or voluntary dissolution, such licensee shall surrender to the commissioner, in accordance with subsection (c) of section 36a-51, its license for each location in which such licensee has ceased to engage in such business. The licensee shall also identify to the commissioner, in writing, the location where the records of the licensee will be stored and the name, address and telephone number of an individual authorized to provide access to the records. The surrender of a license does not reduce or eliminate the licensee's civil or criminal liability arising from acts or omissions occurring prior to the surrender of the license, including any administrative actions undertaken by the commissioner to revoke or suspend a license, assess a civil penalty, order restitution or exercise any other authority provided to the commissioner.

(e) If an application for a renewal license has been filed with the commissioner on or before the date the license expires, the license sought to be renewed shall continue in full force and effect until the

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issuance by the commissioner of the renewal license applied for or until the commissioner has notified the licensee in writing of the commissioner's refusal to issue such renewal license together with the grounds upon which such refusal is based. The commissioner may refuse to issue a renewal license (1) on any ground on which the commissioner might refuse to issue an initial license, or (2) if the applicant has not paid any required fee for renewal or has not paid any outstanding examination fees or other moneys due to the commissioner. The license of a private student loan servicer failing to satisfy the minimum standards for license renewal shall expire. The commissioner may adopt procedures for the reinstatement of expired licenses consistent with the standards established by the system.

(f) The commissioner may automatically suspend a license if the licensee receives a deficiency on the system indicating that a required payment was Returned-ACH or returned pursuant to such other term as may be utilized by the system to indicate that the payment was not accepted. After a license has been automatically suspended pursuant to this section, the commissioner shall (1) give the licensee notice of the automatic suspension, pending proceedings for revocation or refusal to renew pursuant to section 36a-852, as amended by this act, and an opportunity for a hearing on such action in accordance with section 36a-51, and (2) require such licensee to take or refrain from taking such action as the commissioner deems necessary to effectuate the purposes of this section.

(g) Except as specified in section 36a-848, as amended by this act, the applicant or licensee, and each individual designated as a control person, qualified individual or branch manager, shall file [to] on the system any change in the information such applicant, licensee, control person, qualified individual or branch manager most recently submitted to the system in connection with the application or license, or, if the information cannot be filed on the system, notify the commissioner of

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such change, in writing, not later than fifteen days after the date the applicant, licensee, control person, qualified individual or branch manager had reason to know of the change.

(h) The commissioner may deem an application for a license abandoned if the applicant fails to respond to any request for information required under sections 36a-846 to 36a-854, inclusive, as amended by this act, or any regulations adopted pursuant to said sections. The commissioner shall notify the applicant on the system that if the applicant fails to submit such information not later than sixty days after the date on which such request for information was made, the application shall be deemed abandoned. An application filing fee paid prior to the date an application is deemed abandoned pursuant to this subsection shall not be refunded. Abandonment of an application pursuant to this subsection shall not preclude the applicant from submitting a new application for a license under the provisions of sections 36a-846 to 36a-854, inclusive, as amended by this act.

Sec. 3. (NEW) (*Effective July 1, 2021*) (a) Except as provided in section 4 of this act, no person shall act as a federal student loan servicer, directly or indirectly, unless such person has registered as a federal student loan servicer on the system, pursuant to section 36a-24b of the general statutes, as amended by this act, in the form prescribed by the commissioner.

(b) Each registrant shall pay to the system any required fees or charges and a registration fee of nine hundred dollars. Each registration shall be effective on the date the registration is filed to the system and shall remain in force and effect until the registration has been surrendered, revoked or suspended or has expired in accordance with the provisions of this section. Each registration shall expire at the close of business on December thirty-first of the year in which the registration is filed, unless such registration is renewed, except that any such registration filed on or after November first shall expire at the close of

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business on December thirty-first of the year following the year in which it is filed. Any request to renew a registration shall be filed on the system between November first and December thirty-first of the year in which the registration expires and shall be accompanied by payment of any required fees or charges and a renewal fee of nine hundred dollars.

(c) (1) Each registrant shall appoint an agent to accept service of process in this state on behalf of the registrant. Service of process made upon such agent shall be deemed service of process upon the registrant. If such agent cannot with reasonable diligence be found, or if the registrant has failed to appoint an agent as required by this subdivision, service of process may be made upon a control person of the registrant, as the agent of the registrant.

(2) Each registrant shall designate an individual to represent the registrant in communications with the commissioner and provide contact information for such individual to the commissioner at the time of registration. The registrant shall notify the commissioner of any change of such individual or information not later than ten days after the change.

(d) Each registrant shall notify the commissioner in writing of the expiration, revocation or termination of any contract awarded to the registrant by the United States Department of Education pursuant to 20 USC 1087f, as amended from time to time, not later than seven days after such expiration, revocation or termination. Any registration based solely upon such contract shall be deemed expired upon the effective date of such expiration, revocation or termination by the United States Department of Education.

(e) The commissioner may impose a civil penalty, after notice and an opportunity for a hearing in accordance with section 36a-50 of the general statutes, as amended by this act, on any person that acts as a federal student loan servicer for thirty or more days in violation of this

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section.

Sec. 4. (NEW) (Effective July 1, 2021) The provisions of sections 36a-846 to 36a-854, inclusive, of the general statutes, as amended by this act, and sections 3 and 17 of this act shall not apply to the following persons: (1) Any bank, out-of-state bank, Connecticut credit union, federal credit union or out-of-state credit union; (2) any wholly owned subsidiary of any such bank or credit union; and (3) any operating subsidiary where each owner of such operating subsidiary is wholly owned by the same bank or credit union.

Sec. 5. Section 36a-848 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(a) No person licensed to act [within this state] as a private student loan servicer under section 36a-847, as amended by this act, or registered to act as a federal student loan servicer under section 3 of this act, shall do so under any other name or at any other place of business than that named in the license or registration. No such licensee or registrant may use any name other than its legal name or a fictitious name approved by the commissioner, provided such licensee or registrant may not use its legal name if the commissioner disapproves use of such name. A licensee or registrant may change the name of the licensee or registrant or the address of the office specified on the most recent filing with the system if, at least thirty calendar days prior to such change, the licensee or registrant files such change with the system and the commissioner does not disapprove such change, in writing, or request further information from the licensee or registrant within such thirty-day period. Not more than one place of business shall be maintained under the same license or registration but the commissioner may issue more than one license or registration to the same licensee or registrant upon compliance with the provisions of sections 36a-846 to 36a-854, inclusive, as amended by this act, and section 3 of this act, as to each new licensee or registrant.

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(b) [A] No such license or registration shall [not] be transferable or assignable. Any change in any control person of the licensee or registrant, except a change of a director, general partner or executive officer that is not the result of an acquisition or change of control of the licensee or registrant, shall be the subject of an advance change notice filed on the system at least thirty days prior to the effective date of such change and no such change shall occur without the commissioner's approval. For purposes of this section, "change of control" means any change causing the majority ownership, voting rights or control of a licensee or registrant to be held by a different control person or group of control persons.

(c) (1) The commissioner may automatically suspend any license for a violation of subsection (a) or (b) of this section. After a license has been automatically suspended pursuant to this subsection, the commissioner shall [(1)] (A) give the licensee notice of such automatic suspension pending proceedings for revocation of or refusal to renew the license pursuant to section 36a-852, as amended by this act, and an opportunity for a hearing in accordance with section 36a-51, and [(2)] (B) require the licensee to take or refrain from taking action as the commissioner deems necessary to effectuate the purpose of this section.

(2) The commissioner may impose a civil penalty against any registrant for a violation of subsection (a) or (b) of this section after notice and an opportunity for a hearing in accordance with section 36a-50, as amended by this act.

(d) [A] Each private student loan servicer licensee and each federal student loan servicer registrant shall file on the system or, if the information cannot be filed on the system, notify the commissioner, in writing, of the occurrence of any of the following developments not later than fifteen days after the date the licensee or registrant had reason to know of the occurrence of any of the following developments:

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(1) Filing for bankruptcy or the consummation of a corporate restructuring of the licensee or registrant;

(2) Filing of a criminal indictment against the licensee or registrant in any way related to the student loan servicer activities of the licensee or registrant, or receiving notification of the filing of any criminal felony indictment or felony conviction of any control person, branch manager or qualified individual of the licensee or registrant;

(3) Receiving notification of the institution of license denial, cease and desist, suspension or revocation procedures, or other formal or informal action by any governmental agency against the licensee or registrant, or any control person, branch manager or qualified individual of the licensee or registrant and the reasons therefor;

(4) Receiving notification of the initiation of any action against the licensee or registrant, or any control person, branch manager or qualified individual of the licensee or registrant by the Attorney General or the attorney general of any other state and the reasons therefor; or

(5) Receiving notification of filing for bankruptcy of any control person, branch manager or qualified individual of the licensee or registrant.

(e) Any person filing or submitting any information on the system shall do so in accordance with the procedures and requirements of the system and shall pay the applicable fees or charges to the system. Each private student loan servicer licensee and each federal student loan servicer registrant shall, to the extent required by the system, timely submit to the system accurate reports of condition that shall be in such form and shall contain such information as the system may require. Failure by a licensee or registrant to submit a timely and accurate report of condition shall constitute a violation of this provision.

(f) The unique identifier of any person licensed [under section 36a-

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847] as a private student loan servicer or registered as a federal student loan servicer shall be clearly shown on all solicitations and advertisements, including business cards and Internet web sites, and any other documents as established by rule, regulation or order of the commissioner, and shall be clearly stated in all audio solicitations and advertisements. The solicitations and advertisements of any [person licensed under section 36a-847] such licensee or registrant: (1) Shall not include any statement that such person is endorsed in any way by this state, except that such solicitations and advertisements may include a statement that such person is licensed or registered in this state; (2) shall not include any statement or claim that is deceptive, false or misleading; (3) shall otherwise conform to the requirements of sections 36a-846 to 36a-854, inclusive, as amended by this act, and sections 3 and 4 of this act, any regulations issued thereunder and any other applicable law; and (4) shall be retained for two years from the date of use of such solicitation or advertisement.

Sec. 6. Section 36a-849 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(a) [Each] Except as otherwise required pursuant to federal law, a federal student loan agreement or by a contract with the United States Department of Education, each private student loan servicer licensee and each federal student loan servicer registrant shall maintain adequate records of each student education loan transaction for not less than two years following the final payment on such student education loan or the assignment of such student education loan, whichever occurs first, or such longer period as may be required by any other provision of law.

(b) [If requested by the commissioner, each] Except as otherwise required pursuant to federal law, a federal student loan agreement or by a contract with the United States Department of Education, each private student loan servicer licensee [shall] and each federal student

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loan servicer registrant shall, if requested by the commissioner, make such records available or send such records to the commissioner by registered or certified mail, return receipt requested, or by any express delivery carrier that provides a dated delivery receipt, not later than five business days after requested by the commissioner to do so. Upon request, the commissioner may grant a licensee or registrant additional time to make such records available or send the records to the commissioner.

Sec. 7. Section 36a-850 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

No [person who is required to be licensed and who is subject to the provisions of sections 36a-846 to 36a-854, inclusive,] student loan servicer and no control person of a student loan servicer shall, directly or indirectly:

(1) Employ any scheme, device or artifice to defraud or mislead student loan borrowers;

(2) Engage in any unfair or deceptive practice toward any person or misrepresent or omit any material information in connection with the servicing of a student education loan, including, but not limited to, misrepresenting the amount, nature or terms of any fee or payment due or claimed to be due on a student education loan, the terms and conditions of the loan agreement or the borrower's obligations under the loan;

(3) Obtain property by fraud or misrepresentation;

(4) Knowingly misapply or recklessly apply student education loan payments to the outstanding balance of a student education loan;

(5) Knowingly or recklessly provide inaccurate information to a credit bureau, thereby harming a student loan borrower's

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creditworthiness;

(6) Fail to report both the favorable and unfavorable payment history of the student loan borrower to a nationally recognized consumer credit bureau at least annually if the student loan servicer [licensee] regularly reports information to a credit bureau;

(7) Refuse to communicate with an authorized representative of the student loan borrower who provides a written authorization signed by the student loan borrower, provided the student loan servicer [licensee] may adopt procedures reasonably related to verifying that the representative is in fact authorized to act on behalf of the student loan borrower;

(8) Negligently make any false statement or knowingly and wilfully make any omission of a material fact in connection with any information or reports filed with a governmental agency or in connection with any investigation conducted by the commissioner or another governmental agency; or

(9) [Fail] Unless otherwise required pursuant to federal law, a federal student loan agreement or by a contract between a federal student loan servicer and the United States Department of Education, fail to establish, enforce and maintain policies and procedures for supervising employees, agents and office operations that are reasonably designed to achieve compliance with applicable student loan servicing laws and regulations [;] or fail to comply with the service standards set by the commissioner in accordance with section 59 of public act 16-65.

[(10) Fail to comply with the service standards set by the commissioner in accordance with section 59 of public act 16-65.]

Sec. 8. Section 36a-851 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

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(a) In addition to any authority provided under this title, the [Banking Commissioner] commissioner shall have the authority to conduct investigations and examinations as follows:

(1) For purposes of initial licensing or registration, license renewal, license suspension, license revocation or termination, or general or specific inquiry or investigation to determine compliance with sections 36a-846 to 36a-854, inclusive, as amended by this act, and section 3 of this act, the commissioner may access, receive and use any books, accounts, records, files, documents, information or evidence including, but not limited to, (A) criminal, civil and administrative history information; (B) personal history and experience information, including independent credit reports obtained from a consumer reporting agency described in Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a; and (C) any other documents, information or evidence the commissioner deems relevant to the inquiry or investigation regardless of the location, possession, control or custody of such documents, information or evidence.

(2) For the purposes of investigating violations or complaints arising under sections 36a-846 to 36a-854, inclusive, as amended by this act, or section 3 of this act, or for the purposes of examination, the commissioner may review, investigate or examine any student loan servicer [licensee] or person subject to said sections as often as necessary in order to carry out the purposes of said sections. The commissioner may direct, subpoena or order the attendance of and examine under oath all persons whose testimony may be required about the student education loan or the business or subject matter of any such examination or investigation, and may direct, subpoena or order such person to produce books, accounts, records, files and any other documents the commissioner deems relevant to the inquiry.

(b) In making any examination or investigation authorized by this section, the commissioner may control access to any documents and

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records of the student loan servicer [licensee] or person under examination or investigation. The commissioner may take possession of the documents and records or place a person in exclusive charge of the documents and records in the place where they are usually kept. During the period of control, no person shall remove or attempt to remove any of the documents and records except pursuant to a court order or with the consent of the commissioner. Unless the commissioner has reasonable grounds to believe the documents or records of the student loan servicer [licensee] or person have been, or are at risk of being, altered or destroyed for purposes of concealing a violation of sections 36a-846 to 36a-854, inclusive, as amended by this act, or section 3 of this act, the student loan servicer [licensee] or owner of the documents and records shall have access to the documents or records as necessary to conduct its ordinary business affairs.

(c) In order to carry out the purposes of this section, the commissioner may:

(1) Retain attorneys, accountants or other professionals and specialists as examiners, auditors or investigators to conduct or assist in the conduct of examinations or investigations;

(2) Enter into agreements or relationships with other government officials or regulatory associations in order to improve efficiencies and reduce regulatory burden by sharing resources, standardized or uniform methods or procedures, and documents, records, information or evidence obtained under this section;

(3) Use, hire, contract or employ public or privately available analytical systems, methods or software to examine or investigate the student loan servicer [licensee] or person subject to sections 36a-846 to 36a-854, inclusive, as amended by this act, or section 3 of this act;

(4) Accept and rely on examination or investigation reports made by

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other government officials, within or without this state; and

(5) Accept audit reports made by an independent certified public accountant for the student loan servicer [licensee] or person subject to sections 36a-846 to 36a-854, inclusive, as amended by this act, or section 3 of this act, in the course of that part of the examination covering the same general subject matter as the audit and may incorporate the audit report in the report of examination, report of investigation or other writing of the commissioner.

(d) The authority of this section shall remain in effect, whether such student loan servicer [licensee] or person subject to sections 36a-846 to 36a-854, inclusive, as amended by this act, or section 3 of this act, acts or claims to act under any licensing or registration law of this state, or claims to act without such authority.

(e) No student loan servicer [licensee] or person subject to investigation or examination under this section may knowingly withhold, abstract, remove, mutilate, destroy or secrete any books, records, computer records or other information.

Sec. 9. Section 36a-852 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(a) The commissioner may suspend, revoke or refuse to renew any license issued under section 36a-847, as amended by this act, or take any other action, in accordance with section 36a-51, if the commissioner finds that (1) the licensee or any control person, qualified individual, branch manager, trustee, employee or agent of the licensee has violated any provision of this title or any regulation or order adopted or issued pursuant thereto pertaining to such person, or any other law or regulation applicable to the conduct of such licensee's student loan servicing business, or (2) any fact or condition exists which, if it had existed at the time of the original application for the license, clearly

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would have warranted a denial of such license.

(b) The commissioner may suspend, revoke or refuse to renew any registration filed pursuant to section 3 of this act if any fact or condition exists which, if it had existed at the time of filing for registration, would have precluded eligibility for such registration.

[(b)] (c) Whenever it appears to the commissioner that any (1) person has violated, is violating or is about to violate any of the provisions of sections 36a-846 to 36a-854, inclusive, as amended by this act, section 3 of this act or any regulation adopted pursuant to said sections, (2) person is, was or would be a cause of the violation of any such provision or regulation due to an act or omission such person knew or should have known would contribute to such violation, or (3) any licensee or registrant or any control person, qualified individual, branch manager, trustee, employee or agent of such licensee or registrant has committed any fraud, engaged in dishonest activities or made any misrepresentation, the commissioner may take action against such person, [or] licensee or registrant in accordance with sections 36a-50, as amended by this act, and 36a-52, as amended by this act.

[(c)] (d) The commissioner may order a licensee to remove any individual conducting business under sections 36a-846 to 36a-854, inclusive, as amended by this act, from office and from employment or retention as an independent contractor in the student loan servicer business in this state in accordance with section 36a-51a.

[(d)] (e) The commissioner may issue a temporary order to cease business under a license if the commissioner determines that such license was issued erroneously. Such temporary order shall be issued in accordance with subsection (j) of section 36a-24b, as amended by this act.

Sec. 10. Subdivision (1) of subsection (d) of section 36a-17 of the

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general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(1) For the purposes of issuing, renewing, suspending, conditioning, revoking or terminating any license or registration issued on the system, or for any general or specific inquiry or investigation of persons engaged in a business or activity subject to licensure or registration by the commissioner on the system to determine compliance with applicable law, the commissioner may access, receive and use any records, information or evidence, including, but not limited to: (A) Criminal, civil and administrative history information; (B) personal history and experience information, including, but not limited to, independent credit reports obtained from a consumer reporting agency described in Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a; and (C) any other records, information or evidence the commissioner deems relevant to the inquiry or investigation, regardless of the location, possession, control or custody of such records, information or evidence.

Sec. 11. Section 36a-24b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(a) In addition to any other duties imposed upon the commissioner by law, the commissioner is authorized to require persons engaged in a financial services industry subject to the commissioner's jurisdiction to be licensed or registered through the system, as defined in section 36a-2.

(b) In the event the commissioner elects to require system-based licensure or registration for persons engaged in a financial services industry subject to the commissioner's jurisdiction, the commissioner shall require all initial or renewal applications for such licenses or registrations in this state to be made and processed through the system in such form as the commissioner may prescribe, and the system shall

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be authorized to receive and maintain records related to such licenses or registrations to the same extent allowed or required to be maintained by the commissioner. For this purpose, the commissioner may establish requirements by order as necessary for participation in the system, including, but not limited to: (1) Background checks, including in the case of any form of business organization, checks on the individuals comprising the ownership or management of such organization, for criminal history through (A) fingerprint submission to the Federal Bureau of Investigation or other state, national or international criminal databases, (B) civil, criminal or administrative records from any governmental jurisdiction, (C) credit history, including an independent credit report obtained from a consumer reporting agency described in Section 603(p) of the Fair Credit Reporting Act, 15 USC 1681a, or (D) any other information as deemed necessary by the system; (2) the payment of fees to apply for or renew licenses or registrations through the system; (3) the setting or resetting of license or registration expiration, renewal or transition dates or reporting dates or forms; (4) the requirements for amending or surrendering a license or any other such activities as the commissioner deems necessary for participation in the system; and (5) the use of electronic bonds. Such information may thereafter be used by the commissioner to determine an applicant's eligibility for licensing or registration under applicable law and any order issued by the commissioner pursuant to this section. For the purpose of participating in the system, the commissioner may by order waive or modify, in whole or in part, any applicable requirement of this title and establish new requirements as reasonably necessary. For the purpose of implementing an orderly and efficient licensing and registration process, the commissioner may adopt licensing and registration regulations, in accordance with the provisions of chapter 54, and interim procedures for licensing and registration and acceptance of applications for licensure and registrations.

(c) In the event the commissioner elects to require system-based

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licensure for persons engaged in financial services industries subject to the commissioner's jurisdiction, the commissioner may report regularly to the system violations of and enforcement actions under applicable law and other relevant information. The commissioner may establish relationships or enter into contracts with the system or other entities designated by the system to collect and maintain records and process transaction fees or other fees related to licensees or other persons required or permitted to be licensed or registered on the system.

(d) To reduce the points of contact that the commissioner or the Federal Bureau of Investigation may have to maintain for purposes of this title, the commissioner may use the system as a channeling agent for requesting information from and distributing information to the United States Department of Justice, any governmental agency or any other source as directed by the commissioner.

(e) A person required or permitted to be licensed or registered on the system may challenge information entered into the system by the commissioner. Such challenge shall (1) be made in writing to the commissioner, (2) set forth the specific information being challenged, and (3) include any evidence which supports the challenge. A challenge shall be limited to the factual accuracy of information within the system. If the commissioner determines that the information entered into the system is factually inaccurate, the commissioner shall take prompt action to correct such information. Nothing in this subsection shall be construed to permit a challenge under this section to the merits or factual basis of any administrative action taken by the commissioner pursuant to this title.

(f) A person making any filing or submission of any information on the system shall do so in accordance with the procedures and requirements of the system and shall pay applicable fees or charges to the system. Each person required to obtain registration or licensure through the system shall timely submit to the system accurate reports

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that shall be in such form and contain such information as the system may require.

(g) All fees paid for any initial application for a license or registration or for a renewal application for a license or registration, including, but not limited to, fees paid in connection with an application that is denied or withdrawn prior to the issuance of the license or registration, shall be nonrefundable. No fee shall be prorated if the license or registration is surrendered, revoked or suspended prior to the expiration of the period for which it was approved.

(h) 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 to indicate that payment was not accepted. After a license or registration has been automatically suspended pursuant to this subsection, the commissioner shall give such licensee or registrant notice of the automatic suspension, pending proceedings for revocation or refusal to renew and an opportunity for a hearing on such action in accordance with section 36a-51 and require such licensee or registrant to take or refrain from taking such action that, in the opinion of the commissioner, will effectuate the purposes of this subsection.

(i) The commissioner may deem an application for a license or registration on the system abandoned if the applicant fails to respond to any request for required information. The commissioner shall notify the applicant on the system that if such information is not submitted within sixty days of the date of such request the application shall be deemed abandoned. An application filing fee paid prior to the date an application is deemed abandoned pursuant to this subsection shall not be refunded. Abandonment of an application pursuant to this subsection shall not preclude the applicant from submitting a new application for a license or registration.

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(j) The commissioner may issue a temporary order to cease business under a license or registration if the commissioner determines that such license or registration was issued erroneously. The commissioner shall give the licensee or registrant an opportunity for a hearing on such action in accordance with section 36a-52, as amended by this act. Such temporary order shall become effective upon receipt by the licensee and, unless set aside or modified by a court, shall remain in effect until the effective date of a permanent order or dismissal of the matters asserted in the notice.

Sec. 12. Subdivision (1) of subsection (a) of section 36a-50 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(a) (1) Whenever the commissioner finds as the result of an investigation that any person has violated any provision of the general statutes within the jurisdiction of the commissioner, or any regulation, rule or order adopted or issued thereunder, the commissioner may send a notice to such person by registered or certified mail, return receipt requested, or by any express delivery carrier that provides a dated delivery receipt, unless such person is licensed by or registered with the commissioner, in which case the notice may be provided by personal delivery, as defined in section 4-166, in accordance with section 36a-52a, as amended by this act. The notice shall be deemed received by the person on the earlier of the date of actual receipt or seven days after mailing or sending, and in the case of a notice sent by electronic mail, the notice shall be deemed received by the person in accordance with section 36a-52a, as amended by this act. Any such notice shall include: (A) A statement of the time, place, and nature of the hearing; (B) a statement of the legal authority and jurisdiction under which the hearing is to be held; (C) a reference to the particular sections of the general statutes, regulations, rules or orders alleged to have been violated; (D) a short and plain statement of the matters asserted; (E) the

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maximum penalty that may be imposed for such violation; and (F) a statement indicating that such person may file a written request for a hearing on the matters asserted not later than fourteen days after receipt of the notice.

Sec. 13. Subsection (a) of section 36a-52 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(a) Whenever it appears to the commissioner that any person has violated, is violating or is about to violate any provision of the general statutes within the jurisdiction of the commissioner, or any regulation, rule, or order adopted or issued thereunder, the commissioner may send a notice to such person by registered or certified mail, return receipt requested, or by any express delivery carrier that provides a dated delivery receipt, unless such person is licensed by or registered with the commissioner, in which case the notice may be provided by personal delivery, as defined in section 4-166, in accordance with section 36a-52a, as amended by this act. The notice shall be deemed received by the person on the earlier of the date of actual receipt, or seven days after mailing or sending, and in the case of a notice sent by electronic mail, the notice shall be deemed received by the person in accordance with section 36a-52a, as amended by this act. Any such notice shall include: (1) A statement of the time, place, and nature of the hearing; (2) a statement of the legal authority and jurisdiction under which the hearing is to be held; (3) a reference to the particular sections of the general statutes, regulations, rules or orders alleged to have been violated; (4) a short and plain statement of the matters asserted; and (5) a statement indicating that such person may file a written request for a hearing on the matters asserted within fourteen days of receipt of the notice. If a hearing is requested within the time specified in the notice, the commissioner shall hold a hearing upon the matters asserted in the notice, unless the person fails to appear at the hearing. After the hearing,

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the commissioner shall determine whether an order to cease and desist should be issued against the person named in the notice. If the person does not request a hearing within the time specified in the notice or fails to appear at the hearing, the commissioner shall issue an order to cease and desist against the person. No such order shall be issued except in accordance with the provisions of chapter 54.

Sec. 14. Section 36a-52a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

Notwithstanding the provisions of subsection (c) of section 4-182, the [Banking Commissioner] commissioner may provide notice pursuant to section 4-182 or sections 36a-50 to 36a-52, inclusive, as amended by this act, to any person licensed by or registered with the commissioner by personal delivery, as defined in section 4-166. For licensed or registered persons who are not natural persons, the electronic mail addresses of the natural persons designated as primary contacts by such licensed or registered persons in the contact employee fields on the system shall constitute an acceptable means of communication for personal delivery, and a notice sent by electronic mail to such primary contacts at such electronic mail addresses shall constitute notice. For licensed or registered persons who are natural persons, the electronic mail address identified by such licensed persons on the system shall constitute an acceptable means of communication for personal delivery within the meaning of section 4-166, and a notice sent by electronic mail to such electronic mail address shall constitute notice. Any notice provided in accordance with this section shall be deemed received by the person on the earlier of the date of actual receipt or seven days after mailing or sending, and in the case of a notice sent by electronic mail, the notice shall be deemed received by the person on the earlier of the date of actual receipt by any natural person to whom such notice was sent or seven days after such notice was sent.

Sec. 15. Subdivision (2) of subsection (a) of section 36a-65 of the

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general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(2) In addition to any license, investigation or examination fee required under this title, the commissioner may levy assessments on persons licensed as money transmitters pursuant to sections 36a-595 to 36a-612, inclusive, and persons licensed as private student loan servicers pursuant to sections 36a-846 to 36a-854, inclusive, as amended by this act. The commissioner shall annually, on or after July first for the fiscal year commencing on said July first, collect such additional amounts sufficient in the commissioner's judgment to meet the expenses of the Department of Banking, including a reasonable reserve for contingencies. Such assessment shall be determined pro rata based on: (A) For licensed money transmitters, dollar volume of money transmissions in this state, and (B) for licensed private student loan servicers, dollar volume of private student education loans, as defined in section 36a-846, as amended by this act, of student loan borrowers serviced. Each such licensee shall pay the commissioner the amount allocated to it not later than the date specified by the commissioner for payment. Failure by a licensee to timely make such payment shall constitute a violation of this section and a basis upon which the commissioner may take action against such licensee pursuant to section 36a-51.

Sec. 16. Subdivision (6) of subsection (c) of section 36a-65 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2021*):

(6) A licensee under section 36a-489, 36a-541, 36a-556, 36a-581, 36a-600, 36a-628, 36a-656, 36a-671, 36a-719, 36a-801 or 36a-847, as amended by this act, and a registrant under section 3 of this act shall pay to the commissioner the actual cost of any examination of the licensee or registrant, as such cost is determined by the commissioner. If the licensee fails to pay such cost not later than sixty days after receipt of

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demand from the commissioner, the commissioner may suspend the license until such costs are paid.

Sec. 17. (NEW) (*Effective October 1, 2021*) (a) Any student loan borrower, class of student loan borrowers or the legal representative of such borrower or borrowers aggrieved by a violation of any provision of sections 36a-846 to 36a-854, inclusive, of the general statutes, as amended by this act, or section 3 of this act, by a student loan servicer, may bring an action in the Superior Court. Upon finding that a student loan servicer has violated any provision of said sections, the court may award a prevailing party actual damages, reasonable attorneys' fees and court costs, and may, in its discretion, award punitive damages and restitution of property and may provide such equitable relief as it deems appropriate.

(b) In addition to the judicial relief provided under subsection (a) of this section, in any civil action brought under this section in which the student loan borrower prevails, the court may award treble damages upon a finding that the student loan servicer has engaged in conduct that substantially interferes with (1) such student loan borrower's right to an alternative payment arrangement, loan forgiveness, cancellation or discharge of the student loan borrower's student education loan, or (2) any other financial benefit (A) established under the terms of such student loan borrower's promissory note, or (B) pursuant to the Higher Education Act of 1965, as amended from time to time, or the regulations adopted thereunder.

(c) Any student loan borrower, or the legal representative of such borrower, entitled to bring an action under subsection (a) of this section may, pursuant to rules established by the judges of the Superior Court, bring a class action on behalf of themselves and other similarly situated student loan borrowers to recover damages.

(d) The remedies provided under this section shall be in addition to

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any other remedies provided under state or federal law, and a student loan borrower shall not be required to exhaust any administrative remedies established pursuant to sections 36a-846 to 36a-854, inclusive, of the general statutes, as amended by this act, and section 3 of this act, prior to bringing an action under this section.

Approved July 7, 2021