



House of Representatives

General Assembly

File No. 140

January Session, 2003

Substitute House Bill No. 6502

House of Representatives, April 1, 2003

The Committee on Banks reported through REP. DOYLE of the 28th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

**AN ACT CONCERNING CERTAIN PURCHASES OF MERCHANDISE
UNDER THE RETAIL INSTALLMENT SALES FINANCING ACT.**

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

1 Section 1. Section 36a-771 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2003*):

3 (a) Every retail installment contract shall be in writing, shall contain
4 all the agreements of the parties and shall be completed as to all
5 essential provisions prior to the signing of the contract by the retail
6 buyer. No installment contract shall be signed by the retail buyer when
7 such contract contains blank spaces to be filled in except that this
8 provision shall not apply to serial number or other identifying marks
9 which are not available for description at the time of execution of such
10 contract. The retail seller shall deliver to the retail buyer a true and
11 complete executed copy of the retail installment contract at the time
12 the retail buyer signs such contract.

13 (b) Every retail installment contract for the purchase of consumer
14 goods subject to section 36a-774 and this section shall set forth the
15 information required to be disclosed under sections 36a-675 to 36a-685,
16 inclusive, and the regulations thereunder, using the form, content and
17 terminology provided therein.

18 (c) Retail installment contracts shall contain the following
19 statements, printed in a size equal to at least ten-point bold type: (1) At
20 the top of the contract, the words "RETAIL INSTALLMENT
21 CONTRACT"; (2) a definite statement that the insurance, if any,
22 included in the retail installment sale provides or does not provide
23 coverage for personal liability and property damage caused to others,
24 as the case may be; (3) the following notice directly above the space
25 reserved for the signature of the buyer: "NOTICE TO THE BUYER: 1.
26 Do not sign this contract before you read it or if it contains any blank
27 space. 2. You are entitled to a completely filled-in copy of the contract
28 when you sign it. 3. Under the law, you have the following rights,
29 among others: (a) To pay off in advance the full amount due and
30 obtain a partial refund of any unearned finance charge; (b) to redeem
31 the property if repossessed for a default; (c) to require, under certain
32 conditions, a resale of the property if repossessed." Until October 1,
33 1982, any retail seller may, at his option, use the notice required by the
34 provisions of this section in effect prior to May 18, 1981.

35 (d) Each retail installment sales contract for the sale of merchandise
36 on a deferred payment schedule shall also contain an explanation of
37 the consequences of the failure of the retail buyer to make the first or
38 future deferred installment payments under the contract in a timely
39 manner, including a clear statement of whether or not interest would
40 be charged for the entire period of deferment under the contract and, if
41 so, the rate of such interest. Such explanation shall be printed in a size
42 equal to at least ten-point bold type. Such deferred payment schedule
43 shall not be effective unless the contract contains such provisions and
44 the retail buyer acknowledges in writing on the contract that he or she
45 has been informed of the consequences of failing to make the first or
46 future installment payments in a timely manner.

This act shall take effect as follows:	
Section 1	<i>October 1, 2003</i>

BA *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Type	FY 04 \$	FY 05 \$
Banking Dept.	BF - None	None	None

Note: BF=Banking Fund

Municipal Impact: None

Explanation

The bill affects private retail installment contract formats and does not result in a fiscal impact on the state.

OLR Bill Analysis

sHB 6502

**AN ACT CONCERNING CERTAIN PURCHASES OF
MERCHANDISE UNDER THE RETAIL INSTALLMENT SALES
FINANCING ACT**

SUMMARY:

This bill requires retail installment sales contracts for the sale of merchandise on a deferred payment schedule to contain an explanation, in at least 10-point bold type, of the consequences of the buyer's failure to make the first or future deferred installment payments under the contract in a timely manner. The explanation must include a clear statement of whether failure to make payments will cause the seller to charge interest for the entire deferral period and, if so, what the interest rate is. The bill specifies that the deferred payment schedule will be effective only if the contract contains the required provisions and the buyer acknowledges in writing on the contract that he has been informed of the consequences of failing to make payments in a timely manner.

EFFECTIVE DATE: October 1, 2003

COMMITTEE ACTION

Banks Committee

Joint Favorable Substitute

Yea 19 Nay 0