



Substitute House Bill No. 6897

Public Act No. 07-210

AN ACT CONCERNING LIQUIDATED DAMAGES PROVISIONS IN CONTRACTS AND REQUESTS FOR MORTGAGE PAYOFF STATEMENTS.

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

Section 1. (NEW) (*Effective July 1, 2008, and applicable to contracts entered into, renewed or extended on or after said date*) (a) No provision in a written contract for the purchase or lease of goods or services primarily for personal, family or household purposes that provides for the payment of liquidated damages in the event of a breach of the contract shall be enforceable unless (1) the contract contains a statement in boldface type at least twelve points in size immediately following such liquidated damages provision stating "I ACKNOWLEDGE THAT THIS CONTRACT CONTAINS A LIQUIDATED DAMAGES PROVISION", and (2) the person against whom such provision is to be enforced signs such person's name or writes such person's initials next to such statement. Nothing in this section shall validate a clause that is a penalty clause or is otherwise invalid under the law of this state.

(b) The provisions of subsection (a) of this section shall not apply to (1) contracts between a consumer and an agency of the state or any political subdivision of the state or of the federal government, (2) negotiable instruments, and (3) contract provisions for late fees,

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prepayment penalties or default interest rates.

Sec. 2. Section 49-10a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2007*):

(a) A mortgagee shall, upon written request of the mortgagor or the mortgagor's attorney or other authorized agent provide a payoff statement in writing to the person requesting [such] the payoff statement on or before the date specified in such request, provided such request date is at least ten business days [from] after the date of receipt of the written request for a payoff statement. If the request is made in connection with a default, the mortgagor's attorney may make such written request directly to the mortgagee, provided such written request contains a representation that the person requesting the payoff statement is the mortgagor's attorney and that the mortgagor has authorized the request.

(b) If the mortgagee fails to provide [such] the payoff statement on or before such request date, the mortgagee shall not be entitled to the payment of any interest on the mortgage loan which is secured by such mortgage which accrues after the expiration of such request date. If the mortgagee provides the payoff statement to the person requesting the [same] payoff statement after the expiration of such request date, interest on the mortgage loan which accrues after the receipt of [such] the payoff statement by the person who has requested it shall again be payable. The burden of proof shall be on the mortgagor with respect to the receipt by the mortgagee of the mortgagor's request for a payoff statement of the mortgage loan, and thereafter shall be on the mortgagee with respect to the receipt of the payoff statement by the mortgagor or the mortgagor's attorney or other authorized agent.

(c) The mortgagee shall not impose any fee or charge for the first payoff statement requested within a calendar year, unless the mortgagor or the mortgagor's attorney or other authorized agent

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requests expedited delivery of the payoff statement, agrees to pay a fee for such expedited delivery and the payoff statement is provided by the agreed upon date.

Approved July 5, 2007