



# CONNECTICUT BANKERS ASSOCIATION

**TO: MEMBERS OF THE BANKS COMMITTEE**

**FROM: THE CONNECTICUT BANKERS ASSOCIATION**  
**CONTACT: TOM MONGELLOW OR FRITZ CONWAY**

**RE: H.B. 5128: AN ACT CLARIFYING CERTAIN DEPOSITORY  
INSTITUTIONS DISCLOSURE REQUIREMENTS**

**POSITION: SUPPORT**

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In 2007, the General Assembly passed Public Act 07-710 which contained a new provision (effective July 1, 2008) voiding "liquidated damage" provisions in certain consumer contracts, unless the contract satisfies two required conditions. More specifically, the contract has to contain a disclosure statement in bold face type at least twelve points in size immediately following the liquidated damage provision stating "I **ACKNOWLEDGE THAT THIS CONTRACT CONTAINS A LIQUATED DAMAGE PROVISION**" and the person against whom the provision is to be enforced signs such person's name or writes such person's initials next to the statement.

The drafters and proponents of last year's Act intended to create an exemption for bank products and services, no doubt because banks are already subject to numerous disclosure laws and regulations. In many cases, these disclosures require the "conspicuous" disclosure of important terms. Truth in Lending and Truth in Savings are just two, of many disclosure laws.

Initially the proponents of the Act as well as the banking industry believed that the exemption was sufficient as drafted. However, upon detailed examination of the Act, and the many contracts that banks use, it became clear that a wide range of bank contract provisions would not be covered by the exemption. This has the unintended consequence of making numerous bank contracts subject to the Act.

H.B. 5128 would clarify that the Act's exemption applies to all products and services offered by FDIC insured depository institutions (i.e., banks).

We urge your support of H.B. 5128.