



General Assembly

February Session, 2008

**Raised Bill No. 5332**

LCO No. 846

\*00846 \_\_\_\_\_ BA\_\*

Referred to Committee on Banks

Introduced by:

(BA)

**AN ACT CONCERNING DELINQUENCY AND COLLECTION CHARGES  
ON RETAIL INSTALLMENT CONTRACTS OR INSTALLMENT LOAN  
CONTRACTS.**

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

1 Section 1. Section 36a-778 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2008*):

3 [The] (a) Except as provided in subsections (b) and (c) of this  
4 section, the holder of any retail installment contract or any installment  
5 loan contract shall not receive or collect any charges or expenses for  
6 delinquency and collection. [except as follows:]

7 (b) (1) The holder of [a] any retail installment contract or installment  
8 loan contract, other than a contract for the purchase of a commercial  
9 vehicle, may collect a delinquency and collection charge for default in  
10 the payment of any such contract or installment thereof, when such  
11 default has continued for a period of ten days. [, such] Such charge  
12 shall not [to] exceed five per cent of the amount of the installments in  
13 default or the sum of ten dollars, whichever is [the lesser; provided  
14 this provision shall have no application] less. The provisions of this

15 subdivision shall not apply to installment loan contracts regulated by  
16 sections 36a-555 to 36a-573, inclusive.

17 (2) The holder of any retail installment contract or any installment  
18 loan contract for the purchase of a commercial vehicle, as defined in  
19 section 36a-770, may collect a delinquency and collection charge for  
20 default in the payment of any such contract or installment thereof,  
21 when such default has continued for a period of ten days. [, such] Such  
22 charge shall not [to] exceed five per cent of the amount of the  
23 installments in default. [, provided this provision shall have no  
24 application] The provisions of this subdivision shall not apply to  
25 installment loan contracts regulated by sections 36a-555 to 36a-573,  
26 inclusive.

27 (3) In addition to any such delinquency and collection charge, the  
28 retail installment contract or the installment loan contract may provide  
29 for the payment of attorney's fees not exceeding fifteen per cent of the  
30 amount due and payable under such contract when such contract is  
31 referred to an attorney, not a salaried employee of the holder of the  
32 contract, for collection, plus the court costs.

33 (4) The restriction on charges [herein provided] under this  
34 subsection shall not apply to any expenses permitted under section  
35 36a-785.

36 (c) The provisions of this section shall not apply to Connecticut  
37 credit unions, federal credit unions and Connecticut banks holding  
38 retail installment contracts or installment loan contracts, provided such  
39 Connecticut credit unions, federal credit unions and Connecticut banks  
40 comply with federal statutes and regulations pertaining to delinquency  
41 and collection charges for default in the payment of any retail  
42 installment contract or any installment loan contract, and limiting the  
43 period of default and the maximum amount of any such delinquency  
44 and collection charges chargeable by, and otherwise applicable to,  
45 federal banks.

46 (d) Nothing in this section shall negate the disclosure obligations of  
47 any party provided for in sections 36a-675 to 36a-685, inclusive, or in  
48 federal truth-in-lending laws and regulations where applicable.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2008	36a-778

**Statement of Purpose:**

To permit Connecticut credit unions, federal credit unions and Connecticut banks holding retail installment contracts or installment loan contracts to receive or collect charges or expenses for delinquency and collection in accordance with laws and regulations applicable to federal banks.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*