



General Assembly

January Session, 2009

Raised Bill No. 6482

LCO No. 3648

03648 _____ BA_

Referred to Committee on Banks

Introduced by:

(BA)

AN ACT CONCERNING THE UNIFORM DEBT-MANAGEMENT SERVICES ACT.

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

1 Section 1. (NEW) (*Effective October 1, 2009*) Sections 1 to 40,
2 inclusive, of this act may be cited as the Uniform Debt-Management
3 Services Act.

4 Sec. 2. (NEW) (*Effective October 1, 2009*) As used in sections 1 to 40,
5 inclusive, of this act:

6 (1) "Affiliate": (A) With respect to an individual, means: (i) the
7 spouse of the individual; (ii) a sibling of the individual or the spouse of
8 a sibling; (iii) an individual or the spouse of an individual who is a
9 lineal ancestor or lineal descendant of the individual or the
10 individual's spouse; (iv) an aunt, uncle, great aunt, great uncle, first
11 cousin, niece, nephew, grandniece or grandnephew, whether related
12 by the whole or the half blood or adoption, or the spouse of any of
13 such relatives; or (v) any other individual occupying the residence of
14 the individual; and (B) with respect to an entity, means: (i) A person
15 that directly or indirectly controls, is controlled by or is under common

16 control with the entity; (ii) an officer of, or an individual performing
17 similar functions with respect to, the entity; (iii) a director of, or an
18 individual performing similar functions with respect to, the entity; (iv)
19 a person that receives or received more than twenty-five thousand
20 dollars from the entity in either the current year or the year preceding
21 the current year or a person that owns more than ten per cent of, or an
22 individual who is employed by or is a director of, a person that
23 receives or received more than twenty-five thousand dollars from the
24 entity in either the current year or the preceding year; (v) an officer or
25 director of, or an individual performing similar functions with respect
26 to, a person described in subparagraph (B)(i) of this subdivision; (vi)
27 the spouse of, or an individual occupying the residence of, an
28 individual described in subparagraphs (B)(i) to (B)(v), inclusive, of this
29 subdivision; or (vii) an individual who has the relationship specified in
30 subparagraph (A)(iv) of this subdivision to an individual or the spouse
31 of an individual described in subparagraphs (B)(i) to (B)(v), inclusive,
32 of this subdivision.

33 (2) "Agreement" means an agreement between a provider and an
34 individual for the performance of debt-management services.

35 (3) "Business address" means the physical location of a business,
36 including the name and number of a street.

37 (4) "Certified counselor" means an individual certified by a training
38 program or certifying organization, approved by the commissioner,
39 that authenticates the competence of individuals providing education
40 and assistance to other individuals in connection with debt-
41 management services.

42 (5) "Commissioner" means the Banking Commissioner.

43 (6) "Concessions" means assent to repayment of a debt on terms
44 more favorable to an individual than the terms of the contract between
45 the individual and a creditor.

46 (7) "Day" means calendar day.

47 (8) "Debt-management services" means services as an intermediary
48 between an individual and one or more creditors of the individual for
49 the purpose of obtaining concessions, but does not include: (A) Legal
50 services provided in an attorney-client relationship by an attorney
51 licensed or otherwise authorized to practice law in this state; (B)
52 accounting services provided in an accountant-client relationship by a
53 certified public accountant licensed to provide accounting services in
54 this state; or (C) financial-planning services provided in a financial
55 planner-client relationship by a member of a financial-planning
56 profession whose members the commissioner determines are (i)
57 licensed by this state; (ii) subject to a disciplinary mechanism; (iii)
58 subject to a code of professional responsibility; and (iv) subject to a
59 continuing-education requirement.

60 (9) "Entity" means a person other than an individual.

61 (10) "Good faith" means honesty in fact and the observance of
62 reasonable standards of fair dealing.

63 (11) "Person" (A) means an individual, corporation, business trust,
64 estate, trust, partnership, limited liability company, association, joint
65 venture or any other legal or commercial entity, and (B) does not
66 include a public corporation, government or governmental
67 subdivision, agency or instrumentality.

68 (12) "Plan" means a program or strategy in which a provider
69 furnishes debt-management services to an individual and which
70 includes a schedule of payments to be made by or on behalf of the
71 individual and used to pay debts owed by the individual.

72 (13) "Principal amount of the debt" means the amount of a debt at
73 the time of an agreement.

74 (14) "Provider" means a person that provides, offers to provide or
75 agrees to provide debt-management services directly or through

76 others.

77 (15) "Record" means information that is inscribed on a tangible
78 medium or that is stored in an electronic or other medium and is
79 retrievable in perceivable form.

80 (16) "Settlement fee" means a charge imposed on or paid by an
81 individual in connection with a creditor's assent to accept in full
82 satisfaction of a debt an amount less than the principal amount of the
83 debt.

84 (17) "Sign" means, with present intent to authenticate or adopt a
85 record: (A) To execute or adopt a tangible symbol; or (B) to attach to or
86 logically associate with the record an electronic sound, symbol or
87 process.

88 (18) "State" means a state of the United States, the District of
89 Columbia, Puerto Rico, the United States Virgin Islands, or any
90 territory or insular possession subject to the jurisdiction of the United
91 States.

92 (19) "Trust account" means an account held by a provider that is: (A)
93 Established in an insured bank; (B) separate from other accounts of the
94 provider, or its designee; (C) designated as a trust account or other
95 account designated to indicate that the money in the account is not the
96 money of the provider, or its designee; and (D) used to hold money of
97 one or more individuals for disbursement to creditors of the
98 individuals.

99 Sec. 3. (NEW) (*Effective October 1, 2009*) The Uniform Debt-
100 Management Services Act does not apply:

101 (1) To an agreement with an individual who the provider has no
102 reason to know resides in this state at the time of the agreement;

103 (2) To a provider to the extent that the provider: (A) Provides or
104 agrees to provide debt-management, educational or counseling

105 services to an individual who the provider has no reason to know
106 resides in this state at the time the provider agrees to provide the
107 services; or (B) receives no compensation for debt-management
108 services from or on behalf of the individuals to whom it provides the
109 services or from their creditors.

110 (3) To the following persons or their employees when the person or
111 the employee is engaged in the regular course of the person's business
112 or profession: (A) A judicial officer, a person acting under an order of a
113 court or an administrative agency, or an assignee for the benefit of
114 creditors; (B) a bank; (C) an affiliate of a bank if the affiliate is
115 regulated by a federal or state banking regulatory authority; or (D) a
116 title insurer, escrow company or other person that provides bill-paying
117 services if the provision of debt-management services is incidental to
118 the bill-paying services.

119 Sec. 4. (NEW) (*Effective October 1, 2009*) (a) No provider shall
120 provide debt-management services to an individual who the provider
121 reasonably should know resides in this state at the time the provider
122 agrees to provide the services, unless the provider is registered under
123 sections 1 to 40, inclusive, of this act.

124 (b) If a provider is registered under sections 1 to 40, inclusive, of this
125 act, an employee or agent of the provider may provide debt-
126 management services on behalf of such provider.

127 (c) The commissioner shall maintain and publicize a list of the
128 names of all registered providers.

129 (d) A provider whose plans contemplate that creditors will reduce
130 finance charges or fees for late payment, default or delinquency may
131 be registered only if it is: (1) Organized and properly operating as a
132 not-for-profit entity under the law of the state in which it was formed;
133 and (2) exempt from taxation under Section 501 of the Internal
134 Revenue Code of 1986, or any subsequent corresponding internal
135 revenue code of the United States, as amended from time to time.

136 Sec. 5. (NEW) (*Effective October 1, 2009*) (a) Application for
137 registration as a provider shall be made on forms prescribed by the
138 commissioner.

139 (b) An application for registration as a provider shall be
140 accompanied by: (1) A fee of ____ dollars; (2) the bond required by
141 section 13 of this act; (3) identification of all trust accounts required by
142 section 22 of this act and an irrevocable consent authorizing the
143 commissioner to review and examine the trust accounts; (4) evidence
144 of insurance in the amount of two hundred fifty thousand dollars: (A)
145 Against the risks of dishonesty, fraud, theft and other misconduct on
146 the part of the applicant or a director, employee or agent of the
147 applicant; (B) issued by an insurance company authorized to do
148 business in this state and rated at least A by a nationally recognized
149 rating organization; (C) with no deductible; (D) payable to the
150 applicant, the individuals who have agreements with the applicant
151 and this state, as their interests may appear; and (E) not subject to
152 cancellation by the applicant without the approval of the
153 commissioner; (5) if the applicant is an entity, proof of the applicant's
154 compliance with laws concerning registration with the Secretary of the
155 State; and (6) if the applicant is organized as a not-for-profit entity or is
156 exempt from taxation, evidence of not-for-profit and tax-exempt status
157 applicable to the applicant under Section 501 of the Internal Revenue
158 Code of 1986, or any subsequent corresponding internal revenue code
159 of the United States, as amended from time to time.

160 Sec. 6. (NEW) (*Effective October 1, 2009*) An application for
161 registration shall be signed under penalty of false statement and
162 include:

163 (1) The applicant's name, principal business address and telephone
164 number, and all other business addresses in this state, electronic-mail
165 addresses, and Internet web site addresses;

166 (2) All names under which the applicant conducts business;

167 (3) The address of each location in this state at which the applicant
168 will provide debt-management services or a statement that the
169 applicant will have no such location;

170 (4) The name and home address of each officer and director of the
171 applicant and each person that owns at least ten per cent of the
172 applicant;

173 (5) Identification of every jurisdiction in which, during the five years
174 immediately preceding the application: (A) The applicant or any of its
175 officers or directors has been licensed or registered to provide debt-
176 management services; or (B) individuals have resided when they
177 received debt-management services from the applicant;

178 (6) A statement describing, to the extent it is known or should be
179 known by the applicant, any material civil or criminal judgment or
180 litigation and any material administrative or enforcement action by a
181 governmental agency in any jurisdiction against the applicant, any of
182 its officers, directors, owners or agents, or any person who is
183 authorized to have access to the trust account required by section 22 of
184 this act;

185 (7) The applicant's financial statements, audited by an accountant
186 licensed to conduct audits, for each of the two years immediately
187 preceding the date of the application or, if it has not been in operation
188 for the two years preceding the application, for the period of its
189 existence;

190 (8) Evidence of accreditation by an independent accrediting
191 organization approved by the commissioner;

192 (9) Evidence that, no later than twelve months after the date of
193 initial employment, each of the applicant's counselors is required to
194 become certified as a certified counselor;

195 (10) A description of the three most commonly used educational
196 programs that the applicant provides or intends to provide to

197 individuals who reside in this state and a copy of any materials used
198 or to be used in those programs;

199 (11) A description of the applicant's financial analysis and initial
200 budget plan, including any form or electronic model, used to evaluate
201 the financial condition of individuals;

202 (12) A copy of each form of agreement that the applicant will use
203 with individuals who reside in this state;

204 (13) The schedule of fees and charges that the applicant will use
205 with individuals who reside in this state;

206 (14) At the applicant's expense, the results of a criminal records
207 check, including fingerprints, conducted during the year prior to the
208 date of application, covering every officer of the applicant and every
209 employee or agent of the applicant who is authorized to have access to
210 the trust account required by section 22 of this act;

211 (15) The names and addresses of all employers of each director
212 during the ten years prior to the date of application;

213 (16) A description of any ownership interest of at least ten per cent
214 by a director, owner or employee of the applicant in: (A) Any affiliate
215 of the applicant; or (B) any entity that provides products or services to
216 the applicant or any individual relating to the applicant's debt-
217 management services;

218 (17) A statement of the amount of compensation of the applicant's
219 five most highly compensated employees for each of the three years
220 prior to the date of application or, if the applicant has not been in
221 operation for the three years prior to the date of application, for the
222 period of its existence;

223 (18) The identity of each director who is an affiliate of the applicant;
224 and

225 (19) Any other information that the commissioner reasonably
226 requires to evaluate the applicant under section 9 of this act.

227 Sec. 7. (NEW) (*Effective October 1, 2009*) An applicant or registered
228 provider shall notify the commissioner of a change in the information
229 specified in section 5 or 6 of this act no later than ten days following
230 the date of such change.

231 Sec. 8. (NEW) (*Effective October 1, 2009*) Except for the information
232 required by subdivisions (4), (7), (14) and (17) of section 6 of this act,
233 the commissioner shall make the information in an application for
234 registration as a provider available to the public.

235 Sec. 9. (NEW) (*Effective October 1, 2009*) (a) Except as otherwise
236 provided in subsections (b) and (c) of this section, the commissioner
237 shall issue a certificate of registration as a provider to a person that
238 complies with sections 5 and 6 of this act.

239 (b) The commissioner may deny registration if: (1) The application
240 contains information that is materially erroneous or incomplete; (2) an
241 officer, director or owner of the applicant has been convicted of a crime
242 or suffered a civil judgment, involving dishonesty or the violation of
243 state or federal securities laws; (3) the applicant or any of its officers,
244 directors or owners has defaulted in the payment of money collected
245 for others; or (4) the commissioner finds that the financial
246 responsibility, experience, character or general fitness of the applicant
247 or its owners, directors, employees or agents does not warrant belief
248 that the business will be operated in compliance with sections 1 to 40,
249 inclusive, of this act.

250 (c) The commissioner shall deny registration if: (1) The application is
251 not accompanied by the fee provided in section 5 of this act; or (2) with
252 respect to an applicant that is organized as a not-for-profit entity or has
253 obtained tax-exempt status under Section 501 of the Internal Revenue
254 Code of 1986, or any subsequent corresponding internal revenue code
255 of the United States, as amended from time to time, the applicant's

256 board of directors is not independent of the applicant's employees and
257 agents.

258 (d) A board of directors is not independent for purposes of
259 subsection (c) of this section if more than one-fourth of its members: (1)
260 Are affiliates of the applicant; or (2) ten years prior to the date on
261 which they first became directors of the applicant, were employed by
262 or directors of a person that received from the applicant more than
263 twenty-five thousand dollars in the twenty-four months prior to such
264 date.

265 Sec. 10. (NEW) (*Effective October 1, 2009*) (a) The commissioner shall
266 approve or deny an initial registration as a provider no later than one
267 hundred twenty days after the date an application is filed. In
268 connection with a request for additional information pursuant to
269 subdivision (19) of section 6 of this act, the commissioner may extend
270 the one-hundred-twenty-day period for not more than sixty days. The
271 commissioner shall inform the applicant of the reasons for denial in
272 writing no later than seven days after the date of the commissioner's
273 decision under this subsection.

274 (b) If the commissioner denies an application for registration as a
275 provider or does not act on an application within the time prescribed
276 in subsection (a) of this section, the applicant may appeal and request a
277 hearing pursuant to section 36a-24 of the general statutes.

278 (c) Subject to subsection (d) of section 11 of this act and section 34 of
279 this act, a registration as a provider is valid for one year.

280 Sec. 11. (NEW) (*Effective October 1, 2009*) (a) A provider shall obtain
281 a renewal of its registration annually.

282 (b) An application for renewal of registration as a provider shall be
283 in a form prescribed by the commissioner, signed under penalty of
284 false statement and:

285 (1) Be filed no fewer than thirty days nor more than sixty days

286 before the date the registration expires;

287 (2) Be accompanied by the fee established by the commissioner and
288 the bond required by section 13 of this act;

289 (3) Contain the matter required for initial registration as a provider
290 by subdivisions (8) and (9) of section 6 of this act and a financial
291 statement, audited by an accountant licensed to conduct audits, for the
292 applicant's fiscal year prior to the date of the application;

293 (4) Disclose any changes in the information contained in the
294 applicant's application for registration or its immediately previous
295 application for renewal, as applicable;

296 (5) Supply evidence of insurance in an amount equal to the larger of
297 two hundred fifty thousand dollars or the highest daily balance in the
298 trust account required by section 22 of this act during the six-month
299 period immediately preceding the date of the application: (A) Against
300 risks of dishonesty, fraud, theft and other misconduct on the part of
301 the applicant or a director, employee or agent of the applicant; (B)
302 issued by an insurance company authorized to do business in this state
303 and rated at least A by a nationally recognized rating organization; (C)
304 with no deductible; (D) payable to the applicant, the individuals who
305 have agreements with the applicant and this state, as their interests
306 may appear; and (E) not subject to cancellation by the applicant
307 without the approval of the commissioner;

308 (6) Disclose the total amount of money received by the applicant
309 pursuant to plans during the year prior to the date of the application
310 from or on behalf of individuals who reside in this state and the total
311 amount of money distributed to creditors of those individuals during
312 that period;

313 (7) Disclose, to the best of the applicant's knowledge, the gross
314 amount of money accumulated during the year prior to the date of the
315 application pursuant to plans by or on behalf of individuals who

316 reside in this state and with whom the applicant has agreements; and

317 (8) Provide any other information that the commissioner reasonably
318 requires to perform the commissioner's duties under this section.

319 (c) Except for the information required by subdivisions (4), (7), (14)
320 and (17), of section 6 of this act, the commissioner shall make the
321 information in an application for renewal of registration as a provider
322 available to the public.

323 (d) If a registered provider files a timely and complete application
324 for renewal of registration, the registration remains effective until the
325 commissioner, in a record, notifies the applicant of a denial and states
326 the reasons for the denial.

327 (e) If the commissioner denies an application for renewal of
328 registration as a provider, the applicant, no later than thirty days after
329 the date the applicant received notice of the denial, may appeal and
330 request a hearing pursuant to section 36a-24 of the general statutes.
331 Subject to section 34 of this act, while the appeal is pending, the
332 applicant shall continue to provide debt-management services to
333 individuals with whom it has agreements. If the denial is affirmed,
334 subject to the commissioner's order and section 34 of this act, the
335 applicant shall continue to provide debt-management services to
336 individuals with whom it has agreements until, with the approval of
337 the commissioner, it transfers the agreements to another registered
338 provider or returns to the individuals all unexpended money that is
339 under the applicant's control.

340 Sec. 12. (NEW) (*Effective October 1, 2009*) If a provider holds a license
341 or certificate of registration in another state authorizing it to provide
342 debt-management services, the provider may submit a copy of that
343 license or certificate and the application for it instead of an application
344 in the form prescribed by section 5, 6 or 11 of this act. The
345 commissioner shall accept the application and the license or certificate
346 from the other state as an application for registration as a provider or

347 for renewal of registration as a provider, as appropriate, in this state if:

348 (1) The application in the other state contains information
349 substantially similar to or more comprehensive than that required in
350 an application submitted in this state;

351 (2) The applicant provides the information required by subdivisions
352 (1), (3), (10), (12) and (13) of section 6 of this act; and

353 (3) The applicant, under penalty of false statement, certifies that the
354 information contained in the application is current or, to the extent it is
355 not current, supplements the application to make the information
356 current.

357 Sec. 13. (NEW) (*Effective October 1, 2009*) (a) Except as otherwise
358 provided in section 14 of this act, a provider that is required to be
359 registered under sections 1 to 40, inclusive, of this act shall file a surety
360 bond with the commissioner, which shall: (1) Be in effect during the
361 period of registration and for two years after the date the provider
362 ceases providing debt-management services to individuals in this state;
363 and (2) run to this state for the benefit of this state and of individuals
364 who reside in this state when they agree to receive debt-management
365 services from the provider, as their interests may appear.

366 (b) A surety bond filed pursuant to subsection (a) of this section
367 shall: (1) Be in the amount of fifty thousand dollars or other larger or
368 smaller amount that the commissioner determines is warranted by the
369 financial condition and business experience of the provider, the history
370 of the provider in performing debt-management services, the risk to
371 individuals and any other factor the commissioner considers
372 appropriate; (2) be issued by a bonding, surety or insurance company
373 authorized to do business in this state and rated at least A by a
374 nationally recognized rating organization; and (3) have payment
375 conditioned upon noncompliance of the provider or its agent with
376 sections 1 to 40, inclusive, of this act.

377 (c) If the principal amount of a surety bond is reduced by payment
378 of a claim or a judgment, the provider shall immediately notify the
379 commissioner and, no later than thirty days after the date the
380 commissioner provides notice, file a new or additional surety bond in
381 an amount set by the commissioner. The amount of the new or
382 additional bond shall be at least the amount of the bond immediately
383 before payment of the claim or judgment. If for any reason a surety
384 terminates a bond, the provider shall immediately file a new surety
385 bond in the amount of fifty thousand dollars or other amount
386 determined pursuant to subsection (b) of this section.

387 (d) The commissioner or an individual may obtain satisfaction out
388 of the surety bond procured pursuant to this section if: (1) The
389 commissioner assesses expenses under subdivision (1) of subsection
390 (b) of section 32 of this act, issues a final order under subdivision (2) of
391 subsection (a) of section 33 of this act or recovers a final judgment
392 under subdivision (4) or (5) of subsection (a) or subsection (d) of
393 section 33 of this act; or (2) an individual recovers a final judgment
394 pursuant to subsection (a) or (b) or subdivision (1), (2) or (4) of
395 subsection (c) of section 35 of this act.

396 (e) If claims against a surety bond exceed or are reasonably expected
397 to exceed the amount of the bond, the commissioner, on the initiative
398 of the commissioner or on petition of the surety, shall, unless the
399 proceeds are adequate to pay all costs, judgments and claims,
400 distribute the proceeds in the following order: (1) To satisfaction of a
401 final order or judgment under subdivision (2), (4) or (5) of subsection
402 (a) or subsection (d) of section 33 of this act; (2) to final judgments
403 recovered by individuals pursuant to subsection (a) or (b) or
404 subdivision (1), (2) or (4) of subsection (c) of section 35 of this act, pro
405 rata; (3) to claims of individuals established to the satisfaction of the
406 commissioner, pro rata; and (4) if a final order or judgment is issued
407 under subsection (a) of section 33 of this act, to the expenses charged
408 pursuant to subdivision (1) of subsection (b) of section 32 of this act.

409 Sec. 14. (NEW) (*Effective October 1, 2009*) (a) Instead of the surety
410 bond required by section 13 of this act, a provider may deliver to the
411 commissioner, in the amount required by subsection (b) of section 13
412 of this act, and, except as otherwise provided in subparagraph (A) of
413 subdivision (2) of this subsection, payable or available to this state and
414 to individuals who reside in this state when they agree to receive debt-
415 management services from the provider, as their interests may appear,
416 if the provider or its agent does not comply with sections 1 to 40,
417 inclusive, of this act: (1) A certificate of insurance issued by an
418 insurance company authorized to do business in this state and rated at
419 least A by a nationally recognized rating organization, with no
420 deductible; or (2) with the approval of the commissioner: (A) An
421 irrevocable letter of credit, issued or confirmed by a bank approved by
422 the commissioner, payable upon presentation of a certificate by the
423 commissioner stating that the provider or its agent has not complied
424 with sections 1 to 40, inclusive, of this act; or (B) bonds or other
425 obligations of the United States or guaranteed by the United States or
426 bonds or other obligations of this state or a political subdivision of this
427 state, to be deposited and maintained with a bank approved by the
428 commissioner for this purpose.

429 (b) If a provider furnishes a substitute pursuant to subsection (a) of
430 this section, the provisions of subsections (a), (c), (d) and (e) of section
431 13 of this act apply to the substitute.

432 Sec. 15. (NEW) (*Effective October 1, 2009*) A provider shall act in good
433 faith in all matters under sections 1 to 40, inclusive, of this act.

434 Sec. 16. (NEW) (*Effective October 1, 2009*) A provider that is required
435 to be registered under sections 1 to 40, inclusive, of this act shall
436 maintain a toll-free communication system, staffed at a level that
437 reasonably permits an individual to speak to a certified counselor or
438 customer-service representative, as appropriate, during ordinary
439 business hours.

440 Sec. 17. (NEW) (*Effective October 1, 2009*) (a) Before providing debt-

441 management services, a registered provider shall give the individual
442 an itemized list of goods and services and the charges for each. The list
443 shall be clear and conspicuous, be in a record the individual may keep
444 whether or not the individual assents to an agreement, and describe
445 the goods and services the provider offers: (1) Free of additional
446 charge if the individual enters into an agreement; (2) for a charge if the
447 individual does not enter into an agreement; and (3) for a charge if the
448 individual enters into an agreement, using the following terminology,
449 as applicable, and format:

450 Set-up fee _____

451 *dollar amount of fee*

452 Monthly service fee _____

453 *dollar amount of fee or method of determining amount*

454 Settlement fee _____

455 *dollar amount of fee or method of determining amount*

456 Goods and services in addition to those provided in connection with
457 a plan:

458 _____

459 *(item) dollar amount or method of determining amount*

460 _____

461 *(item) dollar amount or method of determining amount.*

462 (b) A provider may not furnish debt-management services unless
463 the provider, through the services of a certified counselor: (1) Provides
464 the individual with reasonable education about the management of
465 personal finance; (2) has prepared a financial analysis; and (3) if the
466 individual is to make regular, periodic payments: (A) Has prepared a

467 plan for the individual; (B) has made a determination, based on the
468 provider's analysis of the information provided by the individual and
469 otherwise available to it, that the plan is suitable for the individual and
470 the individual will be able to meet the payment obligations under the
471 plan; and (C) believes that each creditor of the individual listed as a
472 participating creditor in the plan will accept payment of the
473 individual's debts as provided in the plan.

474 (c) Before an individual assents to an agreement to engage in a plan,
475 a provider shall: (1) Provide the individual with a copy of the analysis
476 and plan required by subsection (b) of this section in a record that
477 identifies the provider and that the individual may keep whether or
478 not the individual assents to the agreement; (2) inform the individual
479 of the availability, at the individual's option, of assistance by a toll-free
480 communication system or in person to discuss the financial analysis
481 and plan required by subsection (b) of this section; and (3) with respect
482 to all creditors identified by the individual or otherwise known by the
483 provider to be creditors of the individual, provide the individual with
484 a list of: (A) Creditors that the provider expects to participate in the
485 plan and grant concessions; (B) creditors that the provider expects to
486 participate in the plan but not grant concessions; (C) creditors that the
487 provider expects not to participate in the plan; and (D) all other
488 creditors.

489 (d) Before an individual assents to an agreement to engage in a plan,
490 the provider shall inform the individual, in a record that contains
491 nothing else, that is given separately, and that the individual may keep
492 whether or not the individual assents to the agreement: (1) Of the
493 name and business address of the provider; (2) that plans are not
494 suitable for all individuals and the individual may ask the provider
495 about other ways, including bankruptcy, to deal with indebtedness; (3)
496 that establishment of a plan may adversely affect the individual's
497 credit rating or credit scores; (4) that nonpayment of debt may lead
498 creditors to increase finance and other charges or undertake collection
499 activity, including litigation; (5) unless it is not true, that the provider

500 may receive compensation from the creditors of the individual; and (6)
501 that, unless the individual is insolvent, if a creditor settles for less than
502 the full amount of the debt, the plan may result in the creation of
503 taxable income to the individual, even though the individual does not
504 receive any money.

505 (e) If a provider may receive payments from an individual's
506 creditors and the plan contemplates that the individual's creditors will
507 reduce finance charges or fees for late payment, default or
508 delinquency, the provider may comply with subsection (d) of this
509 section by providing the following disclosure, surrounded by black
510 lines:

511 **IMPORTANT INFORMATION FOR YOU TO CONSIDER**

512 (1) Debt-management plans are not right for all individuals and you
513 may ask us to provide information about other ways, including
514 bankruptcy, to deal with your debts.

515 (2) Using a debt-management plan may hurt your credit rating or
516 credit scores.

517 (3) We may receive compensation for our services from your
518 creditors.

519 _____

520 *Name and business address of provider*

521 (f) If a provider will not receive payments from an individual's
522 creditors and the plan contemplates that the individual's creditors will
523 reduce finance charges or fees for late payment, default or
524 delinquency, a provider may comply with subsection (d) of this section
525 by providing the following disclosure, surrounded by black lines:

526 **IMPORTANT INFORMATION FOR YOU TO CONSIDER**

527 (1) Debt-management plans are not right for all individuals and you

528 may ask us to provide information about other ways, including
529 bankruptcy, to deal with your debts.

530 (2) Using a debt-management plan may hurt your credit rating or
531 credit scores.

532 _____

533 *Name and business address of provider*

534 (g) If a plan contemplates that creditors will settle debts for less than
535 the full principal amount of debt owed, a provider may comply with
536 subsection (d) of this section by providing the following disclosure,
537 surrounded by black lines:

538 **IMPORTANT INFORMATION FOR YOU TO CONSIDER**

539 (1) Our program is not right for all individuals and you may ask us
540 to provide information about bankruptcy and other ways to deal with
541 your debts.

542 (2) Nonpayment of your debts under our program may

543 (A) Hurt your credit rating or credit scores;

544 (B) Lead your creditors to increase finance and other charges; and

545 (C) Lead your creditors to undertake activity, including lawsuits, to
546 collect the debts.

547 (3) Reduction of debt under our program may result in taxable
548 income to you, even though you will not actually receive any money.

549 _____

550 *Name and business address of provider*

551 Sec. 18. (NEW) (Effective October 1, 2009) (a) As used in this section:

552 (1) "Federal act" means the Electronic Signatures in Global and
553 National Commerce Act, 15 USC 7001, as amended from time to time.

554 (2) "Consumer" means an individual who seeks or obtains goods or
555 services that are used primarily for personal, family or household
556 purposes.

557 (b) A provider may satisfy the requirements of section 17, 19 or 27 of
558 this act by means of the Internet or other electronic means if the
559 provider obtains a consumer's consent in the manner provided by
560 Section 101(c)(1) of the federal act.

561 (c) The disclosures and materials required by sections 17, 19 and 27
562 shall be presented in a form that is capable of being accurately
563 reproduced for later reference.

564 (d) With respect to disclosure by means of an Internet web site, the
565 disclosure of the information required by subsection (d) of section 17
566 of this act shall appear on one or more screens that: (1) Contain no
567 other information; and (2) the individual must see before proceeding to
568 assent to formation of a plan.

569 (e) At the time of providing the materials and agreement required
570 by subsections (c) and (d) of section 17 of this act, and sections 19 and
571 27 of this act, a provider shall inform the individual that upon
572 electronic, telephonic or written request, it will send the individual a
573 written copy of the materials and shall comply with a request as
574 provided in subsection (f) of this section.

575 (f) If a provider is requested, before the expiration of ninety days
576 after the date on which a plan is completed or terminated, to send a
577 written copy of the materials required by subsections (c) and (d) of
578 section 17 of this act, and sections 19 and 27 of this act, the provider
579 shall send them at no charge no later than three business days after the
580 date of the request, but the provider need not comply with a request
581 more than once per calendar month or if it reasonably believes the

582 request is made for purposes of harassment. If a request is made more
583 than ninety days after the date on which a plan is completed or
584 terminated, the provider shall send within a reasonable time a written
585 copy of the materials requested.

586 (g) A provider that maintains an Internet web site shall disclose on
587 the home page of its web site or on a page that is clearly and
588 conspicuously connected to the home page by a link that clearly
589 reveals its contents: (1) Its name and all names under which it does
590 business; (2) its principal business address, telephone number and
591 electronic-mail address, if any; and (3) the names of its principal
592 officers.

593 (h) Subject to subsection (i) of this section, if a consumer who has
594 consented to electronic communication in the manner provided by
595 Section 101 of the federal act withdraws consent as provided in the
596 federal act, a provider may terminate its agreement with the consumer.

597 (i) If a provider wishes to terminate an agreement with a consumer
598 pursuant to subsection (h) of this section, it shall notify the consumer
599 that it will terminate the agreement unless the consumer, no later than
600 thirty days after the date of receipt of such notification, consents to
601 electronic communication in the manner provided in Section 101(c) of
602 the federal act. If the consumer consents, the provider may terminate
603 the agreement only as permitted by subparagraph (G) of subdivision
604 (6) of subsection (a) of section 19 of this act.

605 Sec. 19. (NEW) (*Effective October 1, 2009*) (a) An agreement shall: (1)
606 Be in a record; (2) be dated and signed by the provider and the
607 individual; (3) include the name of the individual and the address
608 where the individual resides; (4) include the name, business address
609 and telephone number of the provider; (5) be delivered to the
610 individual immediately upon formation of the agreement; and (6)
611 disclose: (A) The services to be provided; (B) the amount or method of
612 determining the amount of all fees, individually itemized, to be paid
613 by the individual; (C) the schedule of payments to be made by or on

614 behalf of the individual, including the amount of each payment, the
615 date on which each payment is due and an estimate of the date of the
616 final payment; (D) if a plan provides for regular periodic payments to
617 creditors: (i) Each creditor of the individual to which payment will be
618 made, the amount owed to each creditor and any concessions the
619 provider reasonably believes each creditor will offer; and (ii) the
620 schedule of expected payments to each creditor, including the amount
621 of each payment and the date on which it will be made; (E) each
622 creditor that the provider believes will not participate in the plan and
623 to which the provider will not direct payment; (F) how the provider
624 will comply with its obligations under subsection (a) of section 27 of
625 this act; (G) that the provider may terminate the agreement for good
626 cause, upon return of unexpended money of the individual; (H) that
627 the individual may cancel the agreement as provided in section 20 of
628 this act; (I) that the individual may contact the commissioner with any
629 questions or complaints regarding the provider; and (J) the address,
630 telephone number and Internet address or web site of the
631 commissioner.

632 (b) For purposes of subdivision (5) of subsection (a) of this section,
633 delivery of an electronic record occurs when it is made available in a
634 format in which the individual may retrieve, save and print it and the
635 individual is notified that it is available.

636 (c) If the commissioner supplies the provider with any information
637 required under subparagraph (J) of subdivision (6) of subsection (a) of
638 this section, the provider may comply with that requirement only by
639 disclosing the information supplied by the commissioner.

640 (d) An agreement shall provide that:

641 (1) The individual has a right to terminate the agreement at any
642 time, without penalty or obligation, by giving the provider written or
643 electronic notice, in which event: (A) The provider will refund all
644 unexpended money that the provider or its agent has received from or
645 on behalf of the individual for the reduction or satisfaction of the

646 individual's debt; (B) with respect to an agreement that contemplates
647 that creditors will settle debts for less than the principal amount of
648 debt, the provider will refund sixty-five per cent of any portion of the
649 set-up fee that has not been credited against the settlement fee; and (C)
650 all powers of attorney granted by the individual to the provider are
651 revoked and ineffective;

652 (2) The individual authorizes any bank in which the provider or its
653 agent has established a trust account to disclose to the commissioner
654 any financial records relating to the trust account; and

655 (3) The provider will notify the individual no later than five days
656 after the date it learns of a creditor's decision to reject or withdraw
657 from a plan and that this notice will include: (A) The identity of the
658 creditor; and (B) the right of the individual to modify or terminate the
659 agreement.

660 (e) An agreement may confer on a provider a power of attorney to
661 settle the individual's debt for no more than fifty per cent of the
662 principal amount of the debt. An agreement may not confer a power of
663 attorney to settle a debt for more than fifty per cent of that amount, but
664 may confer a power of attorney to negotiate with creditors of the
665 individual on behalf of the individual. An agreement shall provide
666 that the provider will obtain the assent of the individual after a
667 creditor has assented to a settlement for more than fifty per cent of the
668 principal amount of the debt.

669 (f) An agreement may not: (1) Provide for application of the law of
670 any jurisdiction other than the United States and this state; (2) except
671 as permitted by Section 2 of the Federal Arbitration Act, 9 USC 2, as
672 amended from time to time, contain a provision that modifies or limits
673 otherwise available forums or procedural rights, including the right to
674 trial by jury, that are generally available to the individual under law
675 other than sections 1 to 40, inclusive, of this act; (3) contain a provision
676 that restricts the individual's remedies under sections 1 to 40, inclusive,
677 of this act or law other than sections 1 to 40, inclusive, of this act; or (4)

678 contain a provision that: (A) Limits or releases the liability of any
679 person for not performing the agreement or for violating sections 1 to
680 40, inclusive, of this act; or (B) indemnifies any person for liability
681 arising under the agreement or sections 1 to 40, inclusive, of this act.

682 (g) All rights and obligations specified in subsection (d) of this
683 section and section 20 of this act exist even if not provided in the
684 agreement. A provision in an agreement that violates subsection (d),
685 (e) or (f) of this section is void.

686 Sec. 20. (NEW) (*Effective October 1, 2009*) (a) An individual may
687 cancel an agreement before midnight of the third business day after the
688 date on which the individual assents to it, unless the agreement does
689 not comply with subsection (b) of this section or section 19 or 28 of this
690 act, in which case the individual may cancel the agreement no later
691 than thirty days after the date on which the individual assents to it. To
692 exercise the right to cancel, the individual shall give notice in a record
693 to the provider. Notice by mail is given when mailed.

694 (b) An agreement shall be accompanied by a form that contains in
695 bold-face type, surrounded by bold black lines:

696 **Notice of Right to Cancel**

697 **You may cancel this agreement, without any penalty or obligation,**
698 **at any time before midnight of the third business day after the date**
699 **on which you agree to it by electronic communication or by signing**
700 **it.**

701 **To cancel this agreement during this period, send an e-mail to**
702 _____ **or mail or deliver a signed, dated**

703 *E-mail address of provider*

704 **copy of this notice or any other written notice to**
705 _____ **at**

706 *Name of provider*

707 _____ before midnight on

708 *Address of provider*

709 _____.

710 *Date*

711 **If you cancel this agreement within the 3-day period, we will**
712 **refund all money you already have paid us.**

713 **You also may terminate this agreement at any later time, but we**
714 **are not required to refund fees you have paid us.**

715 **I cancel this agreement,**

716 _____

717 *Print your name*

718 _____

719 *Signature*

720 _____

721 *Date*

722 (c) If a personal financial emergency necessitates the disbursement
723 of an individual's money to one or more of the individual's creditors
724 before the expiration of three days after the date on which an
725 agreement is signed, an individual may waive the right to cancel. To
726 waive the right, the individual shall send or deliver a signed, dated
727 statement in the individual's own words describing the circumstances
728 that necessitate a waiver. The waiver shall explicitly waive the right to
729 cancel. A waiver by means of a standard-form record is void.

730 Sec. 21. (NEW) (*Effective October 1, 2009*) Unless the commissioner,
731 in regulations adopted pursuant to subsection (c) of section 32 of this

732 act, provides otherwise, the disclosures and documents required by
733 sections 1 to 40, inclusive, of this act shall be in English. If a provider
734 communicates with an individual primarily in a language other than
735 English, the provider shall furnish a translation into the other language
736 of the disclosures and documents required by sections 1 to 40,
737 inclusive, of this act.

738 Sec. 22. (NEW) (*Effective October 1, 2009*) (a) All money paid to a
739 provider by or on behalf of an individual pursuant to a plan for
740 distribution to creditors is held in trust. Within two business days after
741 receipt, the provider shall deposit the money in a trust account
742 established for the benefit of individuals to whom the provider is
743 furnishing debt-management services.

744 (b) Money held in trust by a provider is not property of the provider
745 or its designee. The money is not available to creditors of the provider
746 or designee, except an individual from whom or on whose behalf the
747 provider received money, to the extent that the money has not been
748 disbursed to creditors of the individual.

749 (c) A provider shall: (1) Maintain separate records of account for
750 each individual to whom the provider is furnishing debt-management
751 services; (2) disburse money paid by or on behalf of the individual to
752 creditors of the individual as disclosed in the agreement, except that:
753 (A) The provider may delay payment to the extent that a payment by
754 the individual is not final; and (B) if a plan provides for regular
755 periodic payments to creditors, the disbursement shall comply with
756 the due dates established by each creditor; and (3) promptly correct
757 any payments that are not made or that are misdirected as a result of
758 an error by the provider or other person in control of the trust account
759 and reimburse the individual for any costs or fees imposed by a
760 creditor as a result of the failure to pay or misdirection.

761 (d) A provider may not commingle money in a trust account
762 established for the benefit of individuals to whom the provider is
763 furnishing debt-management services with money of other persons.

764 (e) A trust account shall at all times have a cash balance equal to the
765 sum of the balances of each individual's account.

766 (f) If a provider has established a trust account pursuant to
767 subsection (a) of this section, the provider shall reconcile the trust
768 account at least once a month. The reconciliation shall compare the
769 cash balance in the trust account with the sum of the balances in each
770 individual's account. If the provider or its designee has more than one
771 trust account, each trust account shall be individually reconciled.

772 (g) If a provider discovers or has a reasonable suspicion of
773 embezzlement or other unlawful appropriation of money held in trust,
774 the provider immediately shall notify the commissioner by a method
775 approved by the commissioner. Unless the commissioner in
776 regulations adopted pursuant to subsection (c) of section 32 of this act
777 provides otherwise, no later than five days after the date on which the
778 provider gives such notice, the provider shall give notice to the
779 commissioner describing the remedial action taken or to be taken.

780 (h) If an individual terminates an agreement or it becomes
781 reasonably apparent to a provider that a plan has failed, the provider
782 shall promptly refund to the individual all money paid by or on behalf
783 of the individual which has not been paid to creditors, less fees that are
784 payable to the provider under section 23 of this act.

785 (i) Before relocating a trust account from one bank to another, a
786 provider shall inform the commissioner of the name, business address
787 and telephone number of the new bank. As soon as practicable, the
788 provider shall inform the commissioner of the account number of the
789 trust account at the new bank.

790 Sec. 23. (NEW) (*Effective October 1, 2009*) (a) A provider may not
791 impose directly or indirectly a fee or other charge on an individual or
792 receive money from or on behalf of an individual for debt-
793 management services except as permitted by this section.

794 (b) A provider may not impose charges or receive payment for debt-
795 management services until the provider and the individual have
796 signed an agreement that complies with sections 19 and 28 of this act.

797 (c) If an individual assents to an agreement, a provider may not
798 impose a fee or other charge for educational or counseling services or
799 the like, except as otherwise provided in this subsection and
800 subsection (d) of section 28 of this act. The commissioner may
801 authorize a provider to charge a fee based on the nature and extent of
802 the educational or counseling services furnished by the provider.

803 (d) Providers shall comply with the provisions of this subsection:

804 (1) If an individual assents to a plan that contemplates that creditors
805 will reduce finance charges or fees for late payment, default or
806 delinquency, the provider may charge: (A) A fee not exceeding fifty
807 dollars for consultation, obtaining a credit report, setting up an
808 account and the like; and (B) a monthly service fee, not to exceed ten
809 dollars times the number of creditors remaining in a plan at the time
810 the fee is assessed, but not more than fifty dollars in any month.

811 (2) If an individual assents to a plan that contemplates that creditors
812 will settle debts for less than the principal amount of the debt, a
813 provider may charge: (A) Subject to subsection (d) of section 19 of this
814 act, a fee for consultation, obtaining a credit report, setting up an
815 account and the like, in an amount not exceeding the lesser of four
816 hundred dollars or four per cent of the debt in the plan at the inception
817 of the plan; and (B) a monthly service fee, not to exceed ten dollars
818 times the number of creditors remaining in a plan at the time the fee is
819 assessed, but not more than fifty dollars in any month.

820 (3) A provider may not impose or receive fees under both
821 subdivisions (1) and (2) of this subsection.

822 (4) Except as otherwise provided in subsection (d) of section 28 of
823 this act, if an individual does not assent to an agreement, a provider

824 may receive for educational and counseling services it provides to the
825 individual a fee not exceeding one hundred dollars or, with the
826 approval of the commissioner, a larger fee. The commissioner may
827 approve a fee larger than one hundred dollars if the nature and extent
828 of the educational and counseling services warrant the larger fee.

829 (e) If, before the expiration of ninety days after the date of
830 completion or termination of educational or counseling services, an
831 individual assents to an agreement, the provider shall refund to the
832 individual any fee paid pursuant to subdivision (4) of subsection (d) of
833 this section.

834 (f) Except as otherwise provided in subsections (c) and (d) of this
835 section, if a plan contemplates that creditors will settle an individual's
836 debts for less than the principal amount of the debt, compensation for
837 services in connection with settling a debt may not exceed, with
838 respect to each debt, thirty per cent of the excess of the principal
839 amount of the debt over the amount paid the creditor pursuant to the
840 plan, less, to the extent it has not been credited against an earlier
841 settlement fee:

842 (1) The fee charged pursuant to subparagraph (A) of subdivision (2)
843 of subsection (d) of this section; and

844 (2) The aggregate of fees charged pursuant to subparagraph (B) of
845 subdivision (2) of subsection (d) of this section.

846 (g) If a payment to a provider by an individual under sections 1 to
847 40, inclusive, of this act is dishonored, a provider may impose a
848 reasonable charge on the individual, not to exceed the lesser of twenty-
849 five dollars or the amount permitted by law other than sections 1 to 40,
850 inclusive, of this act.

851 Sec. 24. (NEW) (*Effective October 1, 2009*) A provider may not solicit
852 a voluntary contribution from an individual or an affiliate of the
853 individual for any service provided to the individual. A provider may

854 accept voluntary contributions from an individual but, until thirty
855 days after the date of completion or termination of a plan, the
856 aggregate amount of money received from or on behalf of the
857 individual may not exceed the total amount the provider may charge
858 the individual under section 23 of this act.

859 Sec. 25. (NEW) (*Effective October 1, 2009*) (a) If a provider imposes a
860 fee or other charge or receives money or other payments not
861 authorized by section 23 or 24 of this act, the individual may void the
862 agreement and recover as provided in section 35 of this act.

863 (b) If a provider is not registered as required by sections 1 to 40,
864 inclusive, of this act when an individual assents to an agreement, the
865 agreement is voidable by the individual.

866 (c) If an individual voids an agreement under subsection (b) of this
867 section, the provider shall not have a claim against the individual for
868 breach of contract or for restitution.

869 Sec. 26. (NEW) (*Effective October 1, 2009*) (a) If an individual who has
870 entered into an agreement fails to make payments required by the
871 agreement for sixty days after the date the payment is due under such
872 agreement, a provider may terminate the agreement.

873 (b) If a provider or an individual terminates an agreement, the
874 provider shall immediately return to the individual: (1) Any money of
875 the individual held in trust for the benefit of the individual; and (2)
876 sixty-five per cent of any portion of the set-up fee received pursuant to
877 subdivision (2) of subsection (d) of section 23 of this act which has not
878 been credited against settlement fees.

879 Sec. 27. (NEW) (*Effective October 1, 2009*) (a) A provider shall provide
880 the accounting required by subsection (b) of this section: (1) Upon
881 cancellation or termination of an agreement; and (2) before cancellation
882 or termination of any agreement: (A) At least once each month; and (B)
883 no later than five business days after the date of a request by an

884 individual, but the provider need not comply with more than one
885 request in any calendar month.

886 (b) A provider, in a record, shall provide each individual for whom
887 it has established a plan an accounting of the following information:

888 (1) The amount of money received from the individual since the last
889 report;

890 (2) The amounts and dates of disbursement made on the
891 individual's behalf, or by the individual upon the direction of the
892 provider, since the last report to each creditor listed in the plan;

893 (3) The amounts deducted from the amount received from the
894 individual;

895 (4) The amount held in reserve; and

896 (5) If, since the last report, a creditor has agreed to accept as
897 payment in full an amount less than the principal amount of the debt
898 owed by the individual: (A) The total amount and terms of the
899 settlement; (B) the amount of the debt when the individual assented to
900 the plan; (C) the amount of the debt when the creditor agreed to the
901 settlement; and (D) the calculation of a settlement fee.

902 (c) A provider shall maintain records for each individual for whom
903 it provides debt-management services for five years after the final
904 payment made by the individual and produce a copy of them to the
905 individual within a reasonable time after a request for them. The
906 provider may use electronic or other means for storage of the records.

907 Sec. 28. (NEW) (*Effective October 1, 2009*) (a) A provider may not,
908 directly or indirectly:

909 (1) Misappropriate or misapply money held in trust;

910 (2) Settle a debt on behalf of an individual for more than fifty per
911 cent of the principal amount of the debt owed a creditor, unless the

912 individual assents to the settlement after the creditor has assented;

913 (3) Take a power of attorney that authorizes it to settle a debt, unless
914 the power of attorney expressly limits the provider's authority to settle
915 debts for not more than fifty per cent of the principal amount of the
916 debt owed a creditor;

917 (4) Exercise or attempt to exercise a power of attorney after an
918 individual has terminated an agreement;

919 (5) Initiate a transfer from an individual's account at a bank or with
920 another person unless the transfer is: (A) A return of money to the
921 individual; or (B) before termination of an agreement, properly
922 authorized by the agreement and sections 1 to 40, inclusive, of this act,
923 and for: (i) Payment to one or more creditors pursuant to a plan; or (ii)
924 payment of a fee;

925 (6) Offer a gift or bonus, premium, reward or other compensation to
926 an individual for executing an agreement;

927 (7) Offer, pay or give a gift or bonus, premium, reward or other
928 compensation to a person for referring a prospective customer, if the
929 person making the referral has a financial interest in the outcome of
930 debt-management services provided to the customer, unless neither
931 the provider nor the person making the referral communicates to the
932 prospective customer the identity of the source of the referral;

933 (8) Receive a bonus, commission or other benefit for referring an
934 individual to a person;

935 (9) Structure a plan in a manner that would result in a negative
936 amortization of any of an individual's debts, unless a creditor that is
937 owed a negatively amortizing debt agrees to refund or waive the
938 finance charge upon payment of the principal amount of the debt;

939 (10) Compensate its employees on the basis of a formula that
940 incorporates the number of individuals the employee induces to enter

941 into agreements;

942 (11) Settle a debt or lead an individual to believe that a payment to a
943 creditor is in settlement of a debt to the creditor, unless, at the time of
944 settlement, the individual receives a certification by the creditor that
945 the payment is in full settlement of the debt;

946 (12) Make a representation that: (A) The provider will furnish
947 money to pay bills or prevent attachments; (B) payment of a certain
948 amount will permit satisfaction of a certain amount or range of
949 indebtedness; or (C) participation in a plan will or may prevent
950 litigation, garnishment, attachment, repossession, foreclosure, eviction
951 or loss of employment;

952 (13) Misrepresent that it is authorized or competent to furnish legal
953 advice or perform legal services;

954 (14) Represent that it is a not-for-profit entity unless it is organized
955 and properly operating as a not-for-profit under the law of the state in
956 which it was formed or that it is a tax-exempt entity unless it has
957 received certification of tax-exempt status from the Internal Revenue
958 Service;

959 (15) Take a confession of judgment or power of attorney to confess
960 judgment against an individual; or

961 (16) Employ an unfair, unconscionable or deceptive act or practice,
962 including the knowing omission of any material information.

963 (b) If a provider furnishes debt-management services to an
964 individual, the provider may not, directly or indirectly:

965 (1) Purchase a debt or obligation of the individual;

966 (2) Receive from or on behalf of the individual: (A) A promissory
967 note or other negotiable instrument other than a check or a demand
968 draft; or (B) a post-dated check or demand draft;

969 (3) Lend money or provide credit to the individual, except as a
970 deferral of a settlement fee at no additional expense to the individual;

971 (4) Obtain a mortgage or other security interest from any person in
972 connection with the services provided to the individual;

973 (5) Except as permitted by federal law, disclose the identity or
974 identifying information of the individual or the identity of the
975 individual's creditors, except to: (A) The commissioner, upon proper
976 demand; (B) a creditor of the individual, to the extent necessary to
977 secure the cooperation of the creditor in a plan; or (C) the extent
978 necessary to administer the plan;

979 (6) Except as otherwise provided in subsection (f) of section 23 of
980 this act, provide the individual less than the full benefit of a
981 compromise of a debt arranged by the provider;

982 (7) Charge the individual for or provide credit or other insurance,
983 coupons for goods or services, membership in a club, access to
984 computers or the Internet, or any other matter not directly related to
985 debt-management services or educational services concerning personal
986 finance; or

987 (8) Furnish legal advice or perform legal services, unless the person
988 furnishing that advice to or performing those services for the
989 individual is licensed to practice law.

990 (c) Sections 1 to 40, inclusive, of this act shall not be construed to
991 authorize any person to engage in the practice of law.

992 (d) A provider may not receive a gift or bonus, premium, reward or
993 other compensation, directly or indirectly, for advising, arranging or
994 assisting an individual in connection with obtaining an extension of
995 credit or other service from a lender or service provider, except for
996 educational or counseling services required in connection with a
997 government-sponsored program.

998 (e) Unless a person supplies goods, services or facilities generally
999 and supplies them to the provider at a cost no greater than the cost the
1000 person generally charges to others, a provider may not purchase
1001 goods, services or facilities from the person if an employee or a person
1002 that the provider should reasonably know is an affiliate of the
1003 provider: (1) Owns more than ten per cent of the person; or (2) is an
1004 employee or affiliate of the person.

1005 Sec. 29. (NEW) (*Effective October 1, 2009*) No later than thirty days
1006 after the date on which a provider has been served with notice of a
1007 civil action for violation of sections 1 to 40, inclusive, of this act by or
1008 on behalf of an individual who resides in this state at either the time of
1009 an agreement or the time the notice is served, the provider shall notify
1010 the commissioner in a record that it has been sued.

1011 Sec. 30. (NEW) (*Effective October 1, 2009*) A provider that advertises
1012 debt-management services shall disclose, in an easily comprehensible
1013 manner, the information specified in subdivisions (3) and (4) of
1014 subsection (d) of section 17 of this act.

1015 Sec. 31. (NEW) (*Effective October 1, 2009*) If a provider delegates any
1016 of its duties or obligations under an agreement or sections 1 to 40,
1017 inclusive, of this act to another person, including an independent
1018 contractor, the provider shall be liable for conduct of the person which,
1019 if done by the provider, would violate the agreement or sections 1 to
1020 40, inclusive, of this act.

1021 Sec. 32. (NEW) (*Effective October 1, 2009*) (a) The commissioner may
1022 enforce the provisions of sections 1 to 40, inclusive, of this act in
1023 accordance with the provisions of sections 36a-50 to 36a-52, inclusive,
1024 of the general statutes.

1025 (b) The commissioner may investigate and examine, in this state or
1026 elsewhere, by subpoena or otherwise, the activities, books, accounts
1027 and records of a person who provides or offers to provide debt-
1028 management services, or a person to whom a provider has delegated

1029 its obligations under an agreement or sections 1 to 40, inclusive, of this
1030 act, to determine compliance with sections 1 to 40, inclusive, of this act.
1031 Information that identifies individuals who have agreements with the
1032 provider shall not be disclosed to the public. In connection with the
1033 investigation, the commissioner may:

1034 (1) Charge the person reasonable expenses necessarily incurred to
1035 conduct the examination;

1036 (2) Require or permit a person to file a statement under oath as to all
1037 the facts and circumstances of a matter to be investigated; and

1038 (3) Seek a court order authorizing seizure from a bank at which the
1039 person maintains a trust account required by section 22 of this act, any
1040 or all money, books, records, accounts and other property of the
1041 provider that is in the control of the bank and relates to individuals
1042 who reside in this state.

1043 (c) The commissioner may adopt regulations, in accordance with the
1044 provisions of chapter 54 of the general statutes, to undertake the
1045 requirements established in sections 1 to 40, inclusive, of this act.

1046 (d) The commissioner may enter into cooperative arrangements
1047 with any other federal or state agency having authority over providers
1048 and may exchange with any of those agencies information about a
1049 provider, including information obtained during an examination of the
1050 provider.

1051 Sec. 33. (NEW) (*Effective October 1, 2009*) (a) The commissioner may
1052 enforce sections 1 to 40, inclusive, of this act and regulations adopted
1053 pursuant to subsection (c) of section 32 of this act by taking one or
1054 more of the following actions: (1) Ordering a provider or a director,
1055 employee or other agent of a provider to cease and desist from any
1056 violations; (2) ordering a provider or a person that has caused a
1057 violation to correct the violation, including making restitution of
1058 money or property to a person aggrieved by a violation; (3) imposing

1059 on a provider or a person that has caused a violation a civil penalty not
1060 exceeding ten thousand dollars for each violation; (4) prosecuting a
1061 civil action to: (A) Enforce an order; or (B) obtain restitution or an
1062 injunction or other equitable relief, or both; or (5) intervening in an
1063 action brought under section 35 of this act.

1064 (b) If a person violates or knowingly authorizes, directs or aids in
1065 the violation of a final order issued under subdivision (1) or (2) of
1066 subsection (a) of this section, the commissioner may impose a civil
1067 penalty not exceeding twenty thousand dollars for each violation.

1068 (c) The commissioner may maintain an action to enforce sections 1
1069 to 40, inclusive, of this act in any judicial district having jurisdiction
1070 over the defendant or defendants.

1071 (d) The commissioner may recover the reasonable costs of enforcing
1072 sections 1 to 40, inclusive, of this act under subsections (a) to (c),
1073 inclusive, of this section, including attorney's fees based on the hours
1074 reasonably expended and the hourly rates for attorneys of comparable
1075 experience in the community.

1076 (e) In determining the amount of a civil penalty to impose under
1077 subsection (a) or (b) of this section, the commissioner shall consider the
1078 seriousness of the violation, the good faith of the violator, any previous
1079 violations by the violator, the deleterious effect of the violation on the
1080 public, the net worth of the violator and any other factor the
1081 commissioner considers relevant to the determination of the civil
1082 penalty.

1083 Sec. 34. (NEW) (*Effective October 1, 2009*) (a) As used in this section,
1084 "insolvent" means: (1) Having generally ceased to pay debts in the
1085 ordinary course of business other than as a result of good-faith
1086 dispute; (2) being unable to pay debts as they become due; or (3) being
1087 insolvent within the meaning of the federal bankruptcy law, 11 USC
1088 101., as amended from time to time.

1089 (b) The commissioner may suspend, revoke or deny renewal of a
1090 provider's registration if: (1) A fact or condition exists that, if it had
1091 existed when the registrant applied for registration as a provider,
1092 would have been a reason for denying registration; (2) the provider
1093 has committed a material violation of sections 1 to 40, inclusive, of this
1094 act or a regulation adopted pursuant to subsection (c) of section 32 of
1095 this act or an order of the commissioner under sections 1 to 40,
1096 inclusive, of this act; (3) the provider is insolvent; (4) the provider or an
1097 employee or affiliate of the provider has refused to permit the
1098 commissioner to make an examination authorized by sections 1 to 40,
1099 inclusive, of this act, failed to comply with subdivision (2) of
1100 subsection (b) of section 32 of this act no later than fifteen days after
1101 the date of request, or made a material misrepresentation or omission
1102 in complying with subdivision (2) of subsection (b) of section 32 of this
1103 act; or (5) the provider has not responded within a reasonable time and
1104 in an appropriate manner to communications from the commissioner.

1105 (c) If a provider does not comply with subsection (f) of section 22 of
1106 this act or if the commissioner otherwise finds that the public health or
1107 safety or general welfare requires emergency action, the commissioner
1108 may order a summary suspension of the provider's registration,
1109 effective on the date specified in the order.

1110 (d) If the commissioner suspends, revokes or denies renewal of the
1111 registration of a provider, the commissioner may seek a court order
1112 authorizing seizure of any or all of the money in a trust account
1113 required by section 22 of this act, books, records, accounts and other
1114 property of the provider which are located in this state.

1115 (e) If the commissioner suspends or revokes a provider's
1116 registration, the provider may appeal and request a hearing pursuant
1117 to section 36a-51 of the general statutes.

1118 Sec. 35. (NEW) (*Effective October 1, 2009*) (a) If an individual voids an
1119 agreement pursuant to subsection (b) of section 25 of this act, the
1120 individual may recover in a civil action all money paid or deposited by

1121 or on behalf of the individual pursuant to the agreement, except
1122 amounts paid to creditors, in addition to the recovery under
1123 subdivisions (3) and (4) of subsection (c) of this section.

1124 (b) If an individual voids an agreement pursuant to subsection (a) of
1125 section 25 of this act, the individual may recover in a civil action three
1126 times the total amount of the fees, charges, money and payments made
1127 by the individual to the provider, in addition to the recovery under
1128 subdivision (4) of subsection (c) of this section.

1129 (c) Subject to subsection (d) of this section, an individual with
1130 respect to whom a provider violates sections 1 to 40, inclusive, of this
1131 act may recover in a civil action from the provider and any person that
1132 caused the violation: (1) Compensatory damages for injury, including
1133 noneconomic injury, caused by the violation; (2) except as otherwise
1134 provided in subsection (d) of this section and, with respect to a
1135 violation of section 17, 19, 20, 21, 22, 23, 24 or 27 of this act, or
1136 subsection (a), (b) or (d) of section 28 of this act, the greater of the
1137 amount recoverable under subdivision (1) of this subsection or five
1138 thousand dollars; (3) punitive damages; and (4) reasonable attorney's
1139 fees and costs.

1140 (d) In a class action, except for a violation of subdivision (5) of
1141 subsection (a) of section 28 of this act, the minimum damages provided
1142 in subdivision (2) of subsection (c) of this section shall not apply.

1143 (e) In addition to the remedy available under subsection (c) of this
1144 section, if a provider violates an individual's rights under section 20 of
1145 this act, the individual may recover in a civil action all money paid or
1146 deposited by or on behalf of the individual pursuant to the agreement,
1147 except for amounts paid to creditors.

1148 (f) A provider is not liable under this section for a violation of
1149 sections 1 to 40, inclusive, of this act if the provider proves that the
1150 violation was not intentional and resulted from a good-faith error
1151 notwithstanding the maintenance of procedures reasonably adapted to

1152 avoid the error. An error of legal judgment with respect to a provider's
1153 obligations under sections 1 to 40, inclusive, of this act is not a good-
1154 faith error. If, in connection with a violation, the provider has received
1155 more money than authorized by an agreement or sections 1 to 40,
1156 inclusive, of this act, the defense provided by this subsection is not
1157 available unless the provider refunds the excess no later than two
1158 business days after learning of the violation.

1159 (g) The commissioner shall assist an individual in enforcing a
1160 judgment against the surety bond or other security provided under
1161 section 13 or 14 of this act.

1162 Sec. 36. (NEW) (*Effective October 1, 2009*) If an act or practice of a
1163 provider violates both sections 1 to 40, inclusive, of this act and the
1164 Connecticut Unfair Trade Practices Act, an individual may not recover
1165 under both for the same act or practice.

1166 Sec. 37. (NEW) (*Effective October 1, 2009*) (a) An action or proceeding
1167 brought pursuant to subsection (a), (b) or (c) of section 33 of this act is
1168 required to be commenced within four years after the conduct that is
1169 the basis of the commissioner's complaint.

1170 (b) An action brought pursuant to section 35 of this act is required to
1171 be commenced no later than two years after the latest of: (1) The date
1172 of the individual's last transmission of money to a provider; (2) the
1173 date of the individual's last transmission of money to a creditor at the
1174 direction of the provider; (3) the date of the provider's last
1175 disbursement to a creditor of the individual; (4) the date of the
1176 provider's last accounting to the individual pursuant to subsection (a)
1177 of section 27 of this act; (5) the date on which the individual discovered
1178 or reasonably should have discovered the facts giving rise to the
1179 individual's claim; or (6) the date on which actions or proceedings by
1180 the commissioner terminated with respect to a violation of sections 1 to
1181 40, inclusive, of this act.

1182 (c) The period prescribed in subdivision (5) of subsection (b) of this

1183 act is tolled during any period during which the provider or, if
1184 different, the defendant has materially and wilfully misrepresented
1185 information required by sections 1 to 40, inclusive, of this act to be
1186 disclosed to the individual, if the information so misrepresented is
1187 material to the establishment of the liability of the defendant under
1188 sections 1 to 40, inclusive, of this act.

1189 Sec. 38. (NEW) (*Effective October 1, 2009*) In applying and construing
1190 sections 1 to 40, inclusive, of this act, consideration shall be given to the
1191 need to promote uniformity of the law with respect to its subject
1192 matter among states that enact sections 1 to 40, inclusive, of this act.

1193 Sec. 39. (NEW) (*Effective October 1, 2009*) Sections 1 to 40, inclusive,
1194 of this act modifies, limits and supersedes the federal Electronic
1195 Signatures in Global and National Commerce Act, 15 USC 7001, but
1196 does not modify, limit or supersede Section 101(c) of said act or
1197 authorize electronic delivery of any of the notices described in Section
1198 103(b) of said act.

1199 Sec. 40. (NEW) (*Effective October 1, 2009*) Transactions entered into
1200 before sections 1 to 40, inclusive, of this act takes effect and the rights,
1201 duties and interests resulting from them may be completed,
1202 terminated or enforced as required or permitted by a law amended,
1203 repealed or modified by sections 1 to 40, inclusive, of this act as though
1204 the amendment, repeal or modification had not occurred.

1205 Sec. 41. Section 36a-3 of the general statutes is repealed and the
1206 following is substituted in lieu thereof (*Effective October 1, 2009*):

1207 Other definitions applying to this title or to specified parts thereof
1208 and the sections in which they appear are:

- T1 "Account". Sections 36a-155 and 36a-365.
- T2 "Additional proceeds". Section 36a-746e.
- T3 "Administrative expense". Section 36a-237.
- T4 "Advance fee". Sections 36a-485 and 36a-615.

- T5 "Advertise" or "advertisement". Section 36a-485.
- T6 "Agency bank". Section 36a-285.
- T7 "Alternative mortgage loan". Section 36a-265.
- T8 "Amount financed". Section 36a-690.
- T9 "Annual percentage rate". Section 36a-690.
- T10 "Annual percentage yield". Section 36a-316.
- T11 "Annuities". Section 36a-455a.
- T12 "Applicant". Section 36a-736.
- T13 "APR". Section 36a-746a.
- T14 "Assessment area". Section 36a-37.
- T15 "Assets". Section 36a-70.
- T16 "Associate". Section 36a-184.
- T17 "Associated member". Section 36a-458a.
- T18 "Bank". Section 36a-30.
- T19 "Bankers' bank". Section 36a-70.
- T20 "Banking business". Section 36a-425.
- T21 "Basic services". Section 36a-437a.
- T22 "Billing cycle". Section 36a-565.
- T23 ["Bona fide nonprofit organization". Section 36a-655.]
- T24 "Branch". Sections 36a-145, 36a-410 and 36a-435b.
- T25 "Branch office". Section 36a-485.
- T26 "Branch or agency net payment entitlement". Section 36a-428n.
- T27 "Branch or agency net payment obligation". Section 36a-428n.
- T28 "Broker". Section 36a-746a.
- T29 "Business and industrial development corporation". Section
- T30 36a-626.
- T31 "Business and property in this state". Section 36a-428n.
- T32 "Capital". Section 36a-435b.
- T33 "Cash advance". Section 36a-564.
- T34 "Cash price". Section 36a-770.
- T35 "Certificate of incorporation". Section 36a-435b.
- T36 "CHFA loan". Section 36a-760.
- T37 "Closely related activities". Sections 36a-250 and 36a-455a.
- T38 "Collective managing agency account". Section 36a-365.

- T39 "Commercial vehicle". Section 36a-770.
- T40 "Community bank". Section 36a-70.
- T41 "Community credit union". Section 36a-37.
- T42 "Community development bank". Section 36a-70.
- T43 "Community reinvestment performance". Section 36a-37.
- T44 "Connecticut holding company". Sections 36a-53 and 36a-410.
- T45 "Consolidate". Section 36a-145.
- T46 "Construction loan". Section 36a-458a.
- T47 "Consumer". Sections 36a-155, 36a-676 and 36a-695.
- T48 "Consumer Credit Protection Act". Section 36a-676.
- T49 "Consumer debtor" and "debtor". Sections 36a-645 and
- T50 36a-800.
- T51 "Consumer collection agency". Section 36a-800.
- T52 "Consummation". Section 36a-746a.
- T53 "Controlling interest". Section 36a-276.
- T54 "Conventional mortgage rate". Section 36a-760.
- T55 "Corporate". Section 36a-435b.
- T56 "Credit". Sections 36a-645 and 36a-676.
- T57 "Credit manager". Section 36a-435b.
- T58 "Creditor". Sections 36a-676, 36a-695 and 36a-800.
- T59 "Credit card", "cardholder" and "card issuer". Section 36a-676.
- T60 "Credit clinic". Section 36a-700.
- T61 "Credit rating agency". Section 36a-695.
- T62 "Credit report". Section 36a-695.
- T63 "Credit sale". Section 36a-676.
- T64 "Credit union service organization". Section 36a-435b.
- T65 "Credit union service organization services". Section 36a-435b.
- T66 "De novo branch". Section 36a-410.
- T67 "Debt". Section 36a-645.
- T68 ["Debt adjustment". Section 36a-655.]
- T69 "Debt mutual fund". Sections 36a-275 and 36a-459a.
- T70 "Debt securities". Sections 36a-275 and 36a-459a.
- T71 ["Debtor". Section 36a-655.]
- T72 "Deliver". Section 36a-316.

T73	"Deposit". Section 36a-316.
T74	"Deposit account". Section 36a-316.
T75	"Deposit account charge". Section 36a-316.
T76	"Deposit account disclosures". Section 36a-316.
T77	"Deposit contract". Section 36a-316.
T78	"Deposit services". Section 36a-425.
T79	"Depositor". Section 36a-316.
T80	"Director". Section 36a-435b.
T81	"Earning period". Section 36a-316.
T82	"Electronic payment instrument". Section 36a-596.
T83	"Eligible collateral". Section 36a-330.
T84	"Equity mutual fund". Sections 36a-276 and 36a-459a.
T85	"Equity security". Sections 36a-276 and 36a-459a.
T86	"Executive officer". Sections 36a-263 and 36a-469c.
T87	"Federal Credit Union Act". Section 36a-435b.
T88	"Federal Home Mortgage Disclosure Act". Section 36a-736.
T89	"FHA loan". Section 36a-760.
T90	"Fiduciary". Section 36a-365.
T91	"Filing fee". Section 36a-770.
T92	"Finance charge". Sections 36a-690 and 36a-770.
T93	"Financial institution". Sections 36a-41, 36a-44a, 36a-155, 36a-316,
T94	36a-330, 36a-435b, 36a-736 and 36a-755.
T95	"Financial records". Section 36a-41.
T96	"First mortgage loan". Sections 36a-485, 36a-705, 36a-715 and
T97	36a-725.
T98	"Foreign banking corporation". Section 36a-425.
T99	"Fully indexed rate". Section 36a-760b.
T100	"General facility". Section 36a-580.
T101	"Global net payment entitlement". Section 36a-428n.
T102	"Global net payment obligation". Section 36a-428n.
T103	"Goods". Sections 36a-535 and 36a-770.
T104	"Graduated payment mortgage loan". Section 36a-265.
T105	"Guardian". Section 36a-365.
T106	"High cost home loan". Section 36a-746a.

- T107 "Holder". Section 36a-596.
- T108 "Home banking services". Section 36a-170.
- T109 "Home banking terminal". Section 36a-170.
- T110 "Home improvement loan". Section 36a-736.
- T111 "Home purchase loan". Section 36a-736.
- T112 "Home state". Section 36a-410.
- T113 "Immediate family member". Section 36a-435b.
- T114 "Insider". Section 36a-454b.
- T115 "Installment loan contract". Sections 36a-535 and 36a-770.
- T116 "Insurance". Section 36a-455a.
- T117 "Insurance bank". Section 36a-285.
- T118 "Insurance department". Section 36a-285.
- T119 "Interest". Section 36a-316.
- T120 "Interest rate". Section 36a-316.
- T121 "Interim interest". Section 36a-746a.
- T122 "Lender". Sections 36a-746a, 36a-760 and 36a-770.
- T123 "Lessor". Section 36a-676.
- T124 "License". Section 36a-626.
- T125 "Licensee". Sections 36a-596 and 36a-626.
- T126 "Limited branch". Section 36a-145.
- T127 "Limited facility". Section 36a-580.
- T128 "Loan broker". Section 36a-615.
- T129 "Loss". Section 36a-330.
- T130 "Made in this state". Section 36a-770.
- T131 "Main office". Section 36a-485.
- T132 "Managing agent". Section 36a-365.
- T133 "Manufactured home". Section 36a-457b.
- T134 "Material litigation". Section 36a-596.
- T135 "Member". Section 36a-435b.
- T136 "Member business loan". Section 36a-458a.
- T137 "Member in good standing". Section 36a-435b.
- T138 "Membership share". Section 36a-435b.
- T139 "Mobile branch". Section 36a-435b.
- T140 "Money order". Section 36a-596.

- T141 "Money transmission". Section 36a-365.
- T142 "Mortgage". Section 36a-760g.
- T143 "Mortgage broker". Sections 36a-485, 36a-705 and 36a-760.
- T144 "Mortgage correspondent lender". Section 36a-485.
- T145 "Mortgage insurance". Section 36a-725.
- T146 "Mortgage lender". Sections 36a-485, 36a-705 and 36a-725.
- T147 "Mortgage loan". Sections 36a-261, 36a-265, 36a-457b,
- T148 36a-485 and 36a-736.
- T149 "Mortgage loan originator". Section 36a-485.
- T150 "Mortgage rate lock-in". Section 36a-705.
- T151 "Mortgage servicing company". Section 36a-715.
- T152 "Mortgagor". Section 36a-715.
- T153 "Motor vehicle". Section 36a-770.
- T154 "Multiple common bond membership". Section 36a-435b.
- T155 "Municipality". Section 36a-800.
- T156 "Net outstanding member business loan balance". Section 36a-458a.
- T157 "Net worth". Sections 36a-441a, 36a-458a and 36a-596.
- T158 "Network". Section 36a-155.
- T159 "Nonprime home loan". Section 36a-760.
- T160 "Nonrefundable". Section 36a-498.
- T161 "Note account". Sections 36a-301 and 36a-456b.
- T162 "Office". Sections 36a-23, 36a-316 and 36a-485.
- T163 "Officer". Section 36a-435b.
- T164 "Open-end credit plan". Section 36a-676.
- T165 "Open-end line of credit". Section 36a-760.
- T166 "Open-end loan". Section 36a-565.
- T167 "Organization". Section 36a-800.
- T168 "Out-of-state holding company". Section 36a-410.
- T169 "Outstanding". Section 36a-596.
- T170 "Passbook savings account". Section 36a-316.
- T171 "Payment instrument". Section 36a-596.
- T172 "Periodic statement". Section 36a-316.
- T173 "Permissible investment". Section 36a-596.
- T174 "Person". Section 36a-184.

- T175 "Post". Section 36a-316.
- T176 "Prepaid finance charge". Section 36a-746a.
- T177 "Prime quality". Section 36a-596.
- T178 "Principal amount of the loan". Section 36a-485.
- T179 "Processor". Section 36a-155.
- T180 "Public deposit". Section 36a-330.
- T181 "Purchaser". Section 36a-596.
- T182 "Qualified financial contract". Section 36a-428n.
- T183 "Qualified public depository" and "depository". Section 36a-330.
- T184 "Real estate". Section 36a-457b.
- T185 "Records". Section 36a-17.
- T186 "Related person". Section 36a-53.
- T187 "Relocate". Sections 36a-145 and 36a-462a.
- T188 "Residential property". Section 36a-485.
- T189 "Retail buyer". Sections 36a-535 and 36a-770.
- T190 "Retail credit transaction". Section 42-100b.
- T191 "Retail installment contract". Sections 36a-535 and 36a-770.
- T192 "Retail installment sale". Sections 36a-535 and 36a-770.
- T193 "Retail seller". Sections 36a-535 and 36a-770.
- T194 "Reverse annuity mortgage loan". Section 36a-265.
- T195 "Sales finance company". Sections 36a-535 and 36a-770.
- T196 "Savings department". Section 36a-285.
- T197 "Savings deposit". Section 36a-316.
- T198 "Secondary mortgage loan". Section 36a-485.
- T199 "Security convertible into a voting security". Section 36a-184.
- T200 "Senior management". Section 36a-435b.
- T201 "Share". Section 36a-435b.
- T202 "Simulated check". Section 36a-485.
- T203 "Single common bond membership". Section 36a-435b.
- T204 "Special mortgage". Section 36a-760c.
- T205 "Social purpose investment". Section 36a-277.
- T206 "Standard mortgage loan". Section 36a-265.
- T207 "Table funding agreement". Section 36a-485.
- T208 "Tax and loan account". Sections 36a-301 and 36a-456b.

T209 "The Savings Bank Life Insurance Company". Section 36a-285.

T210 "Time account". Section 36a-316.

T211 "Travelers check". Section 36a-596.

T212 "Troubled Connecticut credit union". Section 36a-448a.

T213 "Unsecured loan". Section 36a-615.

T214 "Warehouse agreement". Section 36a-485.

Sec. 42. Section 52-352b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective October 1, 2009*):

1209 The following property of any natural person shall be exempt:

1210 (a) Necessary apparel, bedding, foodstuffs, household furniture and
1211 appliances;

1212 (b) Tools, books, instruments, farm animals and livestock feed,
1213 which are necessary to the exemptioner in the course of his or her
1214 occupation, profession or farming operation;

1215 (c) Burial plot for the exemptioner and his or her immediate family;

1216 (d) Public assistance payments and any wages earned by a public
1217 assistance recipient under an incentive earnings or similar program;

1218 (e) Health and disability insurance payments;

1219 (f) Health aids necessary to enable the exemptioner to work or to
1220 sustain health;

1221 (g) Workers' compensation, Social Security, veterans and
1222 unemployment benefits;

1223 (h) Court-approved payments for child support;

1224 (i) Arms and military equipment, uniforms or musical instruments
1225 owned by any member of the militia or armed forces of the United
1226 States;

1227 (j) One motor vehicle to the value of three thousand five hundred

1228 dollars, provided value shall be determined as the fair market value of
1229 the motor vehicle less the amount of all liens and security interests
1230 which encumber it;

1231 (k) Wedding and engagement rings;

1232 (l) Residential utility deposits for one residence, and one residential
1233 security deposit;

1234 (m) Any assets or interests of an exemptioner in, or payments
1235 received by the exemptioner from, a plan or arrangement described in
1236 section 52-321a;

1237 (n) Alimony and support, other than child support, but only to the
1238 extent that wages are exempt from execution under section 52-361a;

1239 (o) An award under a crime reparations act;

1240 (p) All benefits allowed by any association of persons in this state
1241 towards the support of any of its members incapacitated by sickness or
1242 infirmity from attending to his usual business;

1243 (q) All moneys due the exemptioner from any insurance company
1244 on any insurance policy issued on exempt property, to the same extent
1245 that the property was exempt;

1246 (r) Any interest of the exemptioner in any property not to exceed in
1247 value one thousand dollars;

1248 (s) Any interest of the exemptioner not to exceed in value four
1249 thousand dollars in any accrued dividend or interest under, or loan
1250 value of, any unmatured life insurance contract owned by the
1251 exemptioner under which the insured is the exemptioner or an
1252 individual of whom the exemptioner is a dependent;

1253 (t) The homestead of the exemptioner to the value of seventy-five
1254 thousand dollars, or, in the case of a money judgment arising out of
1255 services provided at a hospital, to the value of one hundred twenty-

1256 five thousand dollars, provided value shall be determined as the fair
1257 market value of the real property less the amount of any statutory or
1258 consensual lien which encumbers it; and

1259 (u) Irrevocable transfers of money to an account held by a bona fide
1260 nonprofit [debt adjuster licensed] entity providing debt-management
1261 services registered pursuant to sections [36a-655 to 36a-665] 4 to 11,
1262 inclusive, of this act, for the benefit of creditors of the exemptioner.

1263 Sec. 43. Subsection (c) of section 36a-65 of the general statutes is
1264 repealed and the following is substituted in lieu thereof (*Effective*
1265 *October 1, 2009*):

1266 (c) (1) The fee for an examination of a trust department of a
1267 Connecticut bank shall be the actual cost of the examination, as such
1268 cost is determined by the commissioner.

1269 (2) The fee for an examination of a trust bank shall be the actual cost
1270 of the examination, as such cost is determined by the commissioner.

1271 (3) The fee for an examination of a Connecticut credit union service
1272 organization is the actual cost of the examination, as such cost is
1273 determined by the commissioner.

1274 (4) The fee for an examination of an out-of-state branch of a
1275 Connecticut bank or a branch in this state of an out-of-state bank shall
1276 be the actual cost of the examination, as such cost is determined by the
1277 commissioner, and the commissioner may share any such fee with
1278 other banking regulators in accordance with agreements entered into
1279 by the commissioner pursuant to subsection (j) of section 36a-145 and
1280 subdivision (5) of subsection (a) and subsection (b) of section 36a-412.

1281 (5) The fee for an examination of an out-of-state branch of a
1282 Connecticut credit union or a branch in this state of an out-of-state
1283 credit union shall be the actual cost of the examination, as such cost is
1284 determined by the commissioner, and the commissioner may share
1285 any such fee with other state or federal credit union regulators in

1286 accordance with agreements entered into by the commissioner
1287 pursuant to subsection (f) of section 36a-462a and subsection (b) of
1288 section 36a-462b.

1289 (6) A licensee under section 36a-489, 36a-541, 36a-556, 36a-581, 36a-
1290 600, 36a-628 [, 36a-656] or 36a-801 shall pay to the commissioner the
1291 actual cost of any examination of the licensee, as such cost is
1292 determined by the commissioner. If the licensee fails to pay such cost
1293 not later than sixty days after receipt of demand from the
1294 commissioner, the commissioner may suspend the license until such
1295 costs are paid.

1296 Sec. 44. Sections 36a-655 to 36a-665, inclusive, of the general statutes
1297 are repealed. (*Effective October 1, 2009*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2009</i>	New section
Sec. 2	<i>October 1, 2009</i>	New section
Sec. 3	<i>October 1, 2009</i>	New section
Sec. 4	<i>October 1, 2009</i>	New section
Sec. 5	<i>October 1, 2009</i>	New section
Sec. 6	<i>October 1, 2009</i>	New section
Sec. 7	<i>October 1, 2009</i>	New section
Sec. 8	<i>October 1, 2009</i>	New section
Sec. 9	<i>October 1, 2009</i>	New section
Sec. 10	<i>October 1, 2009</i>	New section
Sec. 11	<i>October 1, 2009</i>	New section
Sec. 12	<i>October 1, 2009</i>	New section
Sec. 13	<i>October 1, 2009</i>	New section
Sec. 14	<i>October 1, 2009</i>	New section
Sec. 15	<i>October 1, 2009</i>	New section
Sec. 16	<i>October 1, 2009</i>	New section
Sec. 17	<i>October 1, 2009</i>	New section
Sec. 18	<i>October 1, 2009</i>	New section
Sec. 19	<i>October 1, 2009</i>	New section
Sec. 20	<i>October 1, 2009</i>	New section

Sec. 21	<i>October 1, 2009</i>	New section
Sec. 22	<i>October 1, 2009</i>	New section
Sec. 23	<i>October 1, 2009</i>	New section
Sec. 24	<i>October 1, 2009</i>	New section
Sec. 25	<i>October 1, 2009</i>	New section
Sec. 26	<i>October 1, 2009</i>	New section
Sec. 27	<i>October 1, 2009</i>	New section
Sec. 28	<i>October 1, 2009</i>	New section
Sec. 29	<i>October 1, 2009</i>	New section
Sec. 30	<i>October 1, 2009</i>	New section
Sec. 31	<i>October 1, 2009</i>	New section
Sec. 32	<i>October 1, 2009</i>	New section
Sec. 33	<i>October 1, 2009</i>	New section
Sec. 34	<i>October 1, 2009</i>	New section
Sec. 35	<i>October 1, 2009</i>	New section
Sec. 36	<i>October 1, 2009</i>	New section
Sec. 37	<i>October 1, 2009</i>	New section
Sec. 38	<i>October 1, 2009</i>	New section
Sec. 39	<i>October 1, 2009</i>	New section
Sec. 40	<i>October 1, 2009</i>	New section
Sec. 41	<i>October 1, 2009</i>	36a-3
□Sec.	<i>October 1, 2009</i>	52-352b
Sec. 43	<i>October 1, 2009</i>	36a-65(c)
Sec. 44	<i>October 1, 2009</i>	Repealer section

Statement of Purpose:

To adopt the Uniform Debt-Management Services Act.

[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.]