



General Assembly

February Session, 2012

Raised Bill No. 362

LCO No. 1404

01404_____BA_

Referred to Committee on Banks

Introduced by:
(BA)

AN ACT CONCERNING DEBT NEGOTIATORS.

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

1 Section 1. Section 36a-671b of the general statutes is repealed and
2 the following is substituted in lieu thereof (*Effective October 1, 2012*):

3 (a) A debt negotiator shall provide to each debtor a contract that
4 shall include a complete, detailed list of services to be performed, the
5 costs of such services and the results to be achieved. Each debt
6 negotiation service contract shall contain (1) a statement certifying that
7 the person offering debt negotiation services has reviewed the
8 consumer's debt, and (2) an individualized evaluation of the likelihood
9 that the proposed debt negotiation services would reduce the
10 consumer's debt or debt service or, if appropriate, prevent the
11 consumer's residential home from being foreclosed. Each contract shall
12 allow the consumer to cancel or rescind such contract within three
13 business days after the date on which the consumer signed the
14 contract. Such contract shall contain a clear and conspicuous caption
15 that shall read, "Debtor's three-day right to cancel", along with the
16 following statement: "If you wish to cancel this contract, you may

17 cancel by mailing a written notice by certified or registered mail to the
18 address specified below. The notice shall state that you do not wish to
19 be bound by this contract and must be delivered or mailed before
20 midnight of the third business day after you sign this contract." As
21 used in this section, "business day" shall have the same meaning as in
22 section 42-134a.

23 (b) No person offering debt negotiation services may receive a fee,
24 commission or other valuable consideration for the performance of any
25 service the person offering debt negotiation services has agreed to
26 perform for any consumer until the person offering debt negotiation
27 services has fully performed such service. A person offering debt
28 negotiation services may receive reasonable periodic payments as
29 services are rendered, provided such payments are clearly stated in the
30 contract. The commissioner may establish a schedule of maximum fees
31 that a debt negotiator may charge for specific services, provided a debt
32 negotiator may charge a maximum fee of thirty per cent of the amount
33 by which such debt negotiator reduces a consumer's debt.

34 (c) Any contract that does not comply with the provisions of this
35 section shall be voidable by the consumer.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2012</i>	36a-671b

Statement of Purpose:

To permit a debt negotiator to charge a maximum of thirty per cent of the amount by which such debt negotiator reduces a consumer's debt.

[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.]