



General Assembly

Substitute Bill No. 362

February Session, 2012

* _____SB00362BA_____032012_____*

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 Section 36a-671b of the general statutes is repealed and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) For purposes of this section:

4 (1) "Enrolled debt" means an individual debt for which a debtor
5 requests debt negotiation services pursuant to a debt negotiation
6 service contract provided pursuant to subsection (b) of this section;

7 (2) "Amount saved" means the difference between the amount of a
8 debtor's debt when such debtor enters into a contract with a debt
9 negotiator to provide debt negotiation services with regard to such
10 debt and the total amount of money required to satisfy such debt; and

11 (3) "Individual debt amount" and "entire debt amount" means the
12 debt amounts owed at the time the debtor enters into a contract with a
13 debt negotiator to provide debt negotiation services with regard to
14 such debts.

15 [(a)] (b) A debt negotiator shall provide to each debtor a contract
16 that shall include a complete, detailed list of services to be performed,
17 the costs of such services and a good faith estimate of the results to be
18 achieved. Each debt negotiation service contract shall contain (1) a

19 statement certifying that the person offering debt negotiation services
20 has reviewed the consumer's debt, and (2) an individualized
21 evaluation of the likelihood that the proposed debt negotiation
22 services would reduce the consumer's debt or debt service or, if
23 appropriate, prevent the consumer's residential home from being
24 foreclosed. Each contract shall allow the consumer to cancel or rescind
25 such contract within three business days after the date on which the
26 consumer signed the contract. Such contract shall contain a clear and
27 conspicuous caption that shall read, "Debtor's three-day right to
28 cancel", along with the following statement: "If you wish to cancel this
29 contract, you may cancel by mailing a written notice by certified or
30 registered mail to the address specified below. The notice shall state
31 that you do not wish to be bound by this contract and must be
32 delivered or mailed before midnight of the third business day after
33 you sign this contract." As used in this section, "business day" shall
34 have the same meaning as in section 42-134a.

35 [(b)] (c) No person offering debt negotiation services may receive a
36 fee, commission or other valuable consideration for the performance of
37 any service the person offering debt negotiation services has agreed to
38 perform for any consumer [until the person offering debt negotiation
39 services has fully performed such service. A person offering debt
40 negotiation services may receive reasonable periodic payments as
41 services are rendered, provided such payments are clearly stated in the
42 contract. The commissioner may establish a schedule of maximum fees
43 that a debt negotiator may charge for specific services.] unless:

44 (1) The debt negotiator has renegotiated, settled, reduced or
45 otherwise altered the terms of an enrolled debt;

46 (2) The debtor has made at least one payment toward the settlement
47 of such enrolled debt; and

48 (3) The fee or consideration charged for such renegotiation,
49 settlement, reduction or other alteration of terms either:

50 (A) Bears the same proportional relationship to the total fee for

51 renegotiating, settling, reducing or altering the terms of the entire debt
52 balance as the individual debt amount of such enrolled debt bears to
53 the entire debt amount; or

54 (B) Is a percentage of the amount saved as a result of such
55 renegotiation, settlement, reduction or alteration, provided the
56 percentage charged shall not change from one individual enrolled debt
57 to another.

58 [(c)] (d) Any contract that does not comply with the provisions of
59 this section shall be voidable by the consumer.

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

BA *Joint Favorable Subst.*