



General Assembly

January Session, 2015

***Raised Bill No. 923***

LCO No. 3353



Referred to Committee on BANKING

Introduced by:  
(BA)

***AN ACT CONCERNING REVISIONS TO THE SMALL LOAN ACT.***

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

1 Section 1. Section 36a-573 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) No person, except as authorized by the provisions of sections  
4 36a-555 to 36a-573, inclusive, shall, directly or indirectly, charge,  
5 contract for or receive any interest, charge or consideration greater  
6 than twelve per cent per annum upon the loan, use or forbearance of  
7 money or credit of the amount or value of (1) five thousand dollars or  
8 less for any such transaction entered into before October 1, 1997, and  
9 (2) fifteen thousand dollars or less for any such transaction entered  
10 into on and after October 1, 1997. The provisions of this section shall  
11 apply to any person who, as security for any such loan, use or  
12 forbearance of money or credit, makes a pretended purchase of  
13 property from any person and permits the owner or pledgor to retain  
14 the possession thereof, or who, by any device or pretense of charging  
15 for the person's services or otherwise, seeks to obtain a greater  
16 compensation than twelve per cent per annum. No loan for which a

17 greater rate of interest or charge than is allowed by the provisions of  
18 sections 36a-555 to 36a-573, inclusive, has been contracted for or  
19 received, wherever made, shall be enforced in this state, and any  
20 person in any way participating therein in this state shall be subject to  
21 the provisions of said sections, provided, a loan lawfully made after  
22 June 5, 1986, in compliance with a validly enacted licensed loan law of  
23 another state to a borrower who was not, at the time of the making of  
24 such loan, a resident of Connecticut but who has become a resident of  
25 Connecticut, may be acquired by a licensee and its interest provision  
26 shall be enforced in accordance with its terms.

27 (b) The provisions of subsection (a) of this section shall apply to any  
28 loan made or renewed in this state if the loan is made to a borrower  
29 who resides in or maintains a domicile in this state and such borrower  
30 (1) negotiates or agrees to the terms of the loan in person, by mail, by  
31 telephone or via the Internet while physically present in this state; (2)  
32 enters into or executes a loan agreement with the lender in person, by  
33 mail, by telephone or via the Internet while physically present in this  
34 state; or (3) makes a payment of the loan in this state. As used in this  
35 subsection, "payment of the loan" includes a debit on an account the  
36 borrower holds in a branch of a financial institution or the use of a  
37 negotiable instrument drawn on an account at a financial institution,  
38 and "financial institution" means any bank or credit union chartered or  
39 licensed under the laws of this state, any other state or the United  
40 States and having its main office or a branch office in this state.

41 (c) For transactions subject to the provisions of subsection (a) of this  
42 section, if any interest, consideration or charges in excess of those  
43 permitted are charged, contracted for or received, the contract of loan,  
44 use or forbearance of money or credit shall be void and no person shall  
45 have the right to collect or receive any principal, interest, charge or  
46 other consideration.

47 (d) No person shall, directly or indirectly, assist or aid and abet any  
48 person in conduct prohibited by sections 36a-555 to 36a-573, inclusive.

49        [(c)] (e) Whenever it appears to the commissioner that any person  
50        has violated the provisions of subsection (a) of this section or offered a  
51        loan that violates the provisions of subsection (a) of this section, the  
52        commissioner may investigate, take administrative action or assess  
53        civil penalties and restitution in accordance with the provisions of  
54        sections 36a-50 and 36a-52.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	36a-573

**Statement of Purpose:**

To clarify that loans made in violation of the Small Loan Act are void and to make it a violation for persons to assist or aid and abet any person in conduct prohibited by the Small Loan 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.]*