



STATE OF CONNECTICUT
DEPARTMENT OF BANKING
260 CONSTITUTION PLAZA – HARTFORD, CT 06103-1800



TESTIMONY SUBMITTED TO THE BANKING COMMITTEE
Matt Smith, Department of Banking

February 21, 2023

Supports:

S.B. No. 1033 An Act Concerning Various Revisions to the Banking Statutes.

Co-Chairs Miller and Doucette, Ranking Members Berthel and Delnicki and honorable members of the Banking Committee, my name is Matt Smith, Director of Government Relations and Consumer Affairs for the Connecticut Department of Banking. Thank you for the opportunity to testify before you today in support of SB 1033, An act concerning various revisions to the Banking Statutes.

S.B. No. 1033 An Act Concerning Various Revisions to the Banking Statutes.

This bill combines several agency proposals:

Sections 1-4 of this bill makes various changes to our small loan statutes. First, it raises the small loan limit from \$15,000 to \$50,000 which is intended to capture loans made at higher amounts, particularly for student borrowers who may enter into income-sharing agreements. The bill incorporates income sharing agreements within the definition of small loans. These extensions of credit are based on future income, which often results in excessively high effective APRs. This proposal would limit the interest to 25% on loans up to \$50,000. This proposal also clarifies the calculation of APR.

Section 5- 6 of the bill would raise the limit for sales finance company's installment contracts on vehicles and equipment. For vehicles it is raised from \$50,000 to \$75,000 and \$16,000 to \$25,000 for equipment. Raising these limits, which have remained unchanged for over two decades, captures more consumers as prices have increased (due to inflation).

Section 7 of the bill defines GAP waivers and allows consumers to cancel these agreements for full refunds or credits to balances owed upon cancellation.

Section 8 of the bill removes the requirement to have public deposit reports notarized if it is submitted electronically to the Department.

Sections 9 of this bill would prohibit licensed mortgage professionals from engaging in the services of unlicensed lead generators as well as prohibiting licensed mortgage professionals from assisting or aiding and abetting any person in the in the conduct of business as a lead generator unless they are licensed.

Thank you for your time today. The Commissioner and I are happy to answer any questions you may have.