

House of Representatives, March 19, 1998. The Committee on Banks reported through REP. MCCA VANAGH, 12th DIST., Chairman of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING SMALL LOAN LENDERS.

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

1 Section 36a-555 of the general statutes, as
2 amended by section 1 of public act 97-13, is
3 repealed and the following is substituted in lieu
4 thereof:

5 No person shall engage in the business of
6 making loans of money or credit in the amount or
7 to the value of fifteen thousand dollars or less
8 for loans made under section 36a-563, as amended
9 by section 2 of [this act] PUBLIC ACT 97-13, or
10 section 36a-565, and charge, contract for or
11 receive a greater rate of interest, charge or
12 consideration than twelve per cent per annum
13 therefor, except (1) a bank, (2) an out-of-state
14 bank, (3) a Connecticut credit union, (4) a
15 federal credit union, (5) an out-of-state credit
16 union, (6) a savings and loan association wholly
17 owned subsidiary service corporation, (7) a person
18 to the extent that such person makes loans for
19 agricultural, commercial, industrial or
20 governmental use or extends credit through an
21 open-end credit plan, as defined in subdivision
22 (8) of section 36a-676, for the retail purchase of
23 consumer goods or services, (8) A NONDEPOSITORY

24 FIRST MORTGAGE LENDER LICENSED PURSUANT TO
25 SECTIONS 36a-485 TO 36a-498, INCLUSIVE, (9) A
26 SECONDARY MORTGAGE LENDER LICENSED PURSUANT TO
27 SECTIONS 36a-510 TO 36a-524, INCLUSIVE, or (10) a
28 licensed pawnbroker, unless licensed to do so by
29 the commissioner as provided in sections 36a-555
30 to 36a-573, inclusive, as amended by [this act]
31 PUBLIC ACT 97-13.

32 BA COMMITTEE VOTE: YEA 18 NAY 0 JF

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"THE FOLLOWING FISCAL IMPACT STATEMENT AND BILL ANALYSIS ARE PREPARED FOR THE BENEFIT OF MEMBERS OF THE GENERAL ASSEMBLY, SOLELY FOR PURPOSES OF INFORMATION, SUMMARIZATION AND EXPLANATION AND DO NOT REPRESENT THE INTENT OF THE GENERAL ASSEMBLY OR EITHER HOUSE THEREOF FOR ANY PURPOSE."

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FISCAL IMPACT STATEMENT - BILL NUMBER HB 5429

STATE IMPACT None, see explanation below

MUNICIPAL IMPACT None

STATE AGENCY(S) Department of Banking

EXPLANATION OF ESTIMATES:

There is no fiscal impact for the Department of Banking as a result of the passage of this bill. The bill makes a technical correction to the licensing requirements for first and second mortgage lenders. There is no loss of revenue since these entities are licensed as first and second mortgage lenders at the present time.

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OLR BILL ANALYSIS

HB 5429

AN ACT CONCERNING SMALL LOAN LENDERS

SUMMARY: This bill specifically exempts licensed first and second mortgage lenders from having to obtain a license as a small loan lender. By law, small loan companies are licensed to make consumer loans up to \$15,000. Banks, credit unions, and certain other lenders do not have to obtain this license. PA 97-13 increased the maximum loan amount for small loan companies from \$5,000 to \$15,000. Licensed mortgage lenders do not make mortgage loans under the prior \$5,000 limit, but they do make them between \$5,000 and \$15,000 as well as larger loans.

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File No. 74

EFFECTIVE DATE: October 1, 1998

COMMITTEE ACTION

Banks Committee

Joint Favorable Report
Yea 18 Nay 0