

# Banking Committee JOINT FAVORABLE REPORT

**Bill No.:** SB-1257

AN ACT CONCERNING CONSUMER CREDIT AND COMMERCIAL

**Title:** FINANCING.

**Vote Date:** 3/6/2025

**Vote Action:** Joint Favorable

**PH Date:** 2/13/2025

**File No.:**

**Disclaimer:** *The following JOINT FAVORABLE Report is prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose.*

## SPONSORS OF BILL:

The Banking Committee

## REASONS FOR BILL:

Regulatory change can mean the difference between adapting to a new financial environment and protecting individuals within it or stagnating to the point of irrelevance. This bill introduces changes aimed at improving the efficiency of the Department of Banking, reducing its regulatory burden, and clarifying provisions to strengthen enforcement. These changes include the cancellation of certain surety bonds, modifications to current procedures, the establishment of new procedures, the redefinition and introduction of terms, the creation of specific requirements, the prohibition of certain fees, the enactment of new statutes, and amendments to existing statutes.

## RESPONSE FROM ADMINISTRATION/AGENCY:

[Matthew Smith, Department of Banking, Director of Government Relations:](#) He proposed several changes to the written legislation. First, he recommended that Sections 1–5 increase licensing requirements through the Nationwide Multistate Licensing System (NMLS), and suggested changes to Section 6 so that electronic bonds no longer need to include a physical address on NMLS. He also proposed updates to Section 12 to require licensure for any payments made on retail finance installment contracts. Additionally, he recommended revisions to Sections 13–14 to create a new registration type called “exempt mortgage servicer registration.” He further requested changes to Section 15 that would make it easier for cosigners on student loans to be released from their obligations. In Section 16, he recommended extending suspension, revocation, and refusal rights to apply to registrations as well. For Section 17, he proposed that any payment on small loans should require licensure, while Section 18 would establish that payments on mortgage loans also require

licensure. He also described technical edits to student loan servicing statutes in Section 19 and elaborated on changes in Section 20, which would align registration renewal timelines with those of the department's existing licensees.

#### **NATURE AND SOURCES OF SUPPORT:**

[Ed McFadden, Coalition for Home Equity Partnership, President:](#) He stated that section 25 will increase well-informed homeowners, as well as appreciation for Connecticut for establishing legislation to ensure homeowners are fully informed, as well as creating an established framework and bringing regulation to the SAA industry.

[Halle Lisette Pierce:](#) She expressed support for sections 1-29 of the bill and urged the committee to pass it out of committee.

#### **NATURE AND SOURCES OF OPPOSITION:**

None Expressed

**Reported by: Tucker Carroll**

**Date: 03/19/2025**