



General Assembly

Amendment

January Session, 2025

LCO No. 9722



Offered by:

SEN. MILLER P., 27th Dist.
REP. DOUCETTE, 13th Dist.
SEN. BERTHEL, 32nd Dist.
REP. DELNICKI, 14th Dist.

To: Senate Bill No. 1339

File No. 183

Cal. No. 148

"AN ACT CONCERNING THE ASSIGNMENT OF CERTAIN LIENS."

1 Strike everything after the enacting clause and substitute the
2 following in lieu thereof:

3 "Section 1. Section 12-195h of the general statutes is repealed and the
4 following is substituted in lieu thereof (*Effective October 1, 2025*):

5 (a) Any municipality, by resolution of its legislative body, as defined
6 in section 1-1, may assign, for consideration, any and all liens filed by
7 the tax collector to secure unpaid taxes on real property as provided
8 under the provisions of this chapter. The consideration received by the
9 municipality shall be negotiated between the municipality and the
10 assignee.

11 (b) The assignee or assignees of such liens shall have and possess the
12 same powers and rights at law or in equity that such municipality and

13 municipality's tax collector would have had if the lien had not been
14 assigned with regard to the precedence and priority of such lien, the
15 accrual of interest and the fees and expenses of collection and of
16 preparing and recording the assignment, except that any such assignee
17 (1) shall be treated as a consumer collection agency, as defined in section
18 36a-800, as amended by this act, (2) shall not charge the owner of the
19 real property that is the subject of the assignment any post-charge-off
20 charge or fee for cost of collection, as set forth in subdivision (11) of
21 subsection (a) of section 36a-805, as amended by this act, (3) shall not be
22 insulated from liability for its conduct by virtue of the provisions of
23 section 42-110c, and [(2)] (4) shall be obligated to provide a payoff
24 statement, as defined in section 49-8a, in the same manner as a
25 mortgagee in accordance with the requirements of section 49-10a. The
26 assignee shall have the same rights to enforce such liens as any private
27 party holding a lien on real property including, but not limited to,
28 foreclosure and a suit on the debt.

29 (c) No such assignment executed on or after July 1, 2022, shall be valid
30 or enforceable unless memorialized in a contract executed by the
31 municipality and the assignee that is in writing and provides: (1) The
32 manner in which the assignee will provide to the owner of the real
33 property that is the subject of the assignment one or more addresses and
34 telephone numbers that may be used for correspondence with the
35 assignee about the debt and payment thereof; (2) the earliest and latest
36 dates by which the assignee shall commence any foreclosure or suit on
37 the debt or the manner for determining such dates, except as may be
38 impacted by any payment arrangement, bankruptcy petition or other
39 circumstance, provided in no event shall the assignee commence a
40 foreclosure suit before one year has elapsed since the assignee's
41 purchase of the lien; (3) the structure and rates of attorney's fees that the
42 assignee may claim against the owner or owners of such real property
43 in any foreclosure, suit on the debt or otherwise, and a prohibition from
44 using as foreclosure counsel any attorney or law office that is owned by,
45 employs or contracts with any person having an interest in such
46 assignee; (4) confirmation that the owner of the real property for which

47 the lien has been filed shall be a third-party beneficiary entitled to
48 enforce the covenants and responsibilities of the assignee as contained
49 in the contract; (5) a prohibition on the assignee assigning the lien
50 without the municipality's prior written consent; (6) the detail and
51 frequency of reports provided to the municipality's tax collector
52 regarding the status of the assigned liens; (7) confirmation that the
53 assignee is not ineligible, pursuant to section 31-57b, to be assigned the
54 lien because of occupational safety and health law violations; (8)
55 disclosure of (A) all resolved and pending arbitrations and litigation
56 matters in which the assignee or any of its principals have been involved
57 within the last ten years, except foreclosure actions involving liens
58 purchased from or assigned by governmental entities, (B) all criminal
59 proceedings that the assignee or any of its principals has ever been the
60 subject, (C) any interest in the subject property held by the assignee or
61 any of its principals, officers or agents, and (D) each instance in which
62 the assignee or any of its principals was found to have violated any state
63 or local ethics law, regulation, ordinance, code, policy or standard, or to
64 have committed any other offense arising out of the submission of
65 proposals or bids or the performance of work on public contract; and (9)
66 such additional terms to which the municipality and the assignee
67 mutually agree, consistent with applicable law.

68 (d) The assignee, or any subsequent assignee, shall provide written
69 notice of an assignment, not later than sixty days after the date of such
70 assignment, to the owner and any holder of a mortgage, on the real
71 property that is the subject of the assignment, provided such owner or
72 holder is of record as of the date of such assignment. Such notice shall
73 include information sufficient to identify (1) the property that is subject
74 to the lien and in which the holder has an interest, (2) the name and
75 addresses of the assignee, and (3) the amount of unpaid taxes, interest
76 and fees being assigned relative to the subject property as of the date of
77 the assignment, which amount shall not include any post-charge-off
78 charge or fee for cost of collection.

79 (e) Not less than sixty days prior to commencing an action to foreclose

80 a lien under this section, the assignee shall provide a written notice, by
81 first-class mail, to the holders of all first or second security interests on
82 the property subject to the lien that were recorded before the date the
83 assessment the lien sought to be enforced became delinquent. Such
84 notice shall set forth: (1) The amount of unpaid debt owed to the
85 assignee as of the date of the notice; (2) the amount of any attorney's fees
86 and costs incurred by the assignee in the enforcement of the lien as of
87 the date of the notice, which amount shall not include any post-charge-
88 off charge or fee for cost of collection; (3) a statement of the assignee's
89 intention to foreclose the lien if the amounts set forth pursuant to
90 subdivisions (1) and (2) of this subsection are not paid to the assignee
91 on or before sixty days after the date the notice is provided; (4) the
92 assignee's contact information, including, but not limited to, the
93 assignee's name, mailing address, telephone number and electronic mail
94 address, if any; and (5) instructions concerning the acceptable means of
95 making a payment on the amounts owed to the assignee as set forth
96 pursuant to subdivisions (1) and (2) of this subsection. Any notice
97 required under this subsection shall be effective upon the date such
98 notice is provided.

99 (f) When providing the written notice required under subsection (e)
100 of this section, the assignee may rely on the last recorded security
101 interest of record in identifying the name and mailing address of the
102 holder of such interest, unless the holder of such interest is the plaintiff
103 in an action pending in Superior Court to enforce such interest, in which
104 case the assignee shall provide the written notice to the attorney
105 appearing on behalf of the plaintiff.

106 (g) Each aspect of a foreclosure, sale or other disposition under this
107 section, including, but not limited to, the costs, attorney fees, method,
108 advertising, time, date, place and terms, shall be commercially
109 reasonable.

110 Sec. 2. Section 36a-800 of the general statutes is repealed and the
111 following is substituted in lieu thereof (*Effective October 1, 2025*):

112 As used in this section and sections 36a-801 to 36a-814, inclusive,
113 unless the context otherwise requires:

114 (1) "Advertise" or "advertising" has the same meaning as provided in
115 section 36a-485;

116 (2) "Branch office" means a location other than the main office at
117 which a licensee or any person on behalf of a licensee acts as a consumer
118 collection agency;

119 (3) "Consumer collection agency" means any person (A) engaged as a
120 third party in the business of collecting or receiving payment for others
121 on any account, bill or other indebtedness from a consumer debtor, (B)
122 engaged in the business of debt buying, including, but not limited to,
123 buying property tax debt in accordance with section 12-195h, as
124 amended by this act, or (C) engaged in the business of collecting or
125 receiving tax payments, including, but not limited to, property tax and
126 federal income tax payments, from a property tax debtor or federal
127 income tax debtor on behalf of a municipality or the United States
128 Department of the Treasury, including, but not limited to, any person
129 who, by any device, subterfuge or pretense, makes a pretended
130 purchase or takes a pretended assignment of accounts from any other
131 person, municipality or taxing authority of such indebtedness for the
132 purpose of evading the provisions of this section and sections 36a-801
133 to 36a-814, inclusive. "Consumer collection agency" includes persons
134 who furnish collection systems carrying a name which simulates the
135 name of a consumer collection agency and who supply forms or form
136 letters to be used by the creditor, even though such forms direct the
137 consumer debtor, property tax debtor or federal income tax debtor to
138 make payments directly to the creditor rather than to such fictitious
139 agency. "Consumer collection agency" further includes any person who,
140 in attempting to collect or in collecting such person's own accounts or
141 claims from a consumer debtor, uses a fictitious name or any name other
142 than such person's own name which would indicate to the consumer
143 debtor that a third person is collecting or attempting to collect such
144 account or claim. "Consumer collection agency" does not include (i) an

145 individual employed on the staff of a licensed consumer collection
146 agency, or by a creditor who is exempt from licensing, when attempting
147 to collect on behalf of such consumer collection agency, (ii) persons not
148 primarily engaged in the collection of debts from consumer debtors who
149 receive funds in escrow for subsequent distribution to others, including,
150 but not limited to, real estate brokers and lenders holding funds of
151 borrowers for payment of taxes or insurance, (iii) any public officer or a
152 person acting under the order of any court, (iv) any member of the bar
153 of this state, (v) a person who services loans or accounts for the owners
154 thereof when the arrangement includes, in addition to requesting
155 payment from delinquent consumer debtors, the providing of other
156 services such as receipt of payment, accounting, record-keeping, data
157 processing services and remitting, for loans or accounts which are
158 current as well as those which are delinquent, (vi) a bank or out-of-state
159 bank, as defined in section 36a-2, and (vii) a subsidiary or affiliate of a
160 bank or out-of-state bank, provided such affiliate or subsidiary is not
161 primarily engaged in the business of purchasing and collecting upon
162 delinquent debt, other than delinquent debt secured by real property.
163 Any person not included in the definition contained in this subdivision
164 is, for purposes of sections 36a-645 to 36a-647, inclusive, a "creditor", as
165 defined in section 36a-645;

166 (4) "Consumer debtor" means any natural person, not an
167 organization, who has incurred indebtedness or owes a debt for
168 personal, family or household purposes, including current or past due
169 child support, who has incurred indebtedness or owes a debt to a
170 municipality due to a levy by such municipality of a property tax or who
171 has incurred indebtedness or owes a debt to the United States
172 Department of the Treasury under the Internal Revenue Code of 1986,
173 or any subsequent corresponding internal revenue code of the United
174 States, as amended from time to time;

175 (5) "Control person" has the same meaning as provided in section 36a-
176 485;

177 (6) "Creditor" means a person, including, but not limited to, a

178 municipality or the United States Department of the Treasury, that
179 retains, hires, or engages the services of a consumer collection agency;

180 (7) "Debt buying" means collecting or receiving payment on any
181 account, bill or other indebtedness, including, but not limited to,
182 property tax debt, from a consumer debtor for such person's own
183 account if the indebtedness was acquired from another person,
184 including, but not limited to, a municipality, and if the indebtedness
185 was either delinquent or in default at the time it was acquired;

186 (8) "Federal income tax" means all federal taxes levied on the income
187 of a natural person or organization by the United States Department of
188 the Treasury under the Internal Revenue Code of 1986, or any
189 subsequent corresponding internal revenue code of the United States,
190 as amended from time to time;

191 (9) "Federal income tax debtor" means any natural person or
192 organization who owes a debt to the United States Department of the
193 Treasury;

194 (10) "Main office" means the main address designated on the system;

195 (11) "Municipality" means any town, city or borough, consolidated
196 town and city, consolidated town and borough, district as defined in
197 section 7-324 or municipal special services district established under
198 chapter 105a;

199 (12) "Organization" means a corporation, partnership, association,
200 trust or any other legal entity or an individual operating under a trade
201 name or a name having appended to it a commercial, occupational or
202 professional designation;

203 (13) "Property tax" has the meaning given to the term in section 7-560;

204 (14) "Property tax debtor" means any natural person or organization
205 who has incurred indebtedness or owes a debt to a municipality due to
206 a levy by such municipality of a property tax; and

207 (15) "Unique identifier" has the same meaning as provided in section
208 36a-485.

209 Sec. 3. Section 36a-805 of the general statutes is repealed and the
210 following is substituted in lieu thereof (*Effective October 1, 2025*):

211 (a) No consumer collection agency or control person shall: (1) Furnish
212 legal advice or perform legal services or represent that it is competent
213 to do so, or institute judicial proceedings on behalf of others; (2)
214 communicate with consumer debtors, property tax debtors or federal
215 income tax debtors in the name of an attorney or upon the stationery of
216 an attorney, or prepare any forms or instruments which only attorneys
217 are authorized to prepare; (3) [receive assignments as a third party of
218 claims for the purpose of collection or institute suit thereon in any court;
219 (4)] assume authority on behalf of a creditor to employ or terminate the
220 services of an attorney unless such creditor has authorized such agency
221 in writing to act as such creditor's agent in the selection of an attorney
222 to collect the creditor's accounts; [(5)] (4) demand or obtain in any
223 manner a share of the proper compensation for services performed by
224 an attorney in collecting a claim, whether or not such agency has
225 previously attempted collection thereof; [(6)] (5) solicit claims for
226 collection under an ambiguous or deceptive contract; [(7)] (6) refuse to
227 return any claim or claims upon written request of the creditor, claimant
228 or forwarder, which claims are not in the process of collection after the
229 tender of such amounts, if any, as may be due and owing to the agency;
230 [(8)] (7) advertise or threaten to advertise for sale any claim as a means
231 of forcing payment thereof, unless such agency is acting as the assignee
232 for the benefit of creditors; [(9)] (8) refuse or fail to account for and remit
233 to its clients all money collected which is not in dispute within sixty days
234 from the last day of the month in which said money is collected; [(10)]
235 (9) refuse or intentionally fail to return to the creditor all valuable papers
236 deposited with a claim when such claim is returned; [(11)] (10) refuse or
237 fail to furnish at intervals of not less than ninety days, upon the written
238 request of the creditor, claimant or forwarder, a written report upon
239 claims received from such creditor, claimant or forwarder; [(12)] (11)

240 add any post-charge-off charge or fee for cost of collection, unless such
241 cost is a court cost, to the amount of any claim which it receives for
242 collection, including, but not limited to, a claim received pursuant to an
243 assignment for the collection of property tax, or knowingly accept for
244 collection any claim to which any such charge or fee has already been
245 added to the amount of the claim unless (A) the consumer debtor is
246 legally liable for such charge or fee as determined by [the] a contract or
247 other evidence of an agreement between the consumer debtor and
248 creditor, a copy of which shall be obtained by or available to the
249 consumer collection agency from the creditor and maintained as part of
250 the records of the consumer collection agency or the creditor, or both,
251 and (B) the total charge or fee for cost of collection does not exceed
252 fifteen per cent of the total amount actually collected and accepted as
253 payment in full satisfaction of the debt. ~~[(13)]~~ As used in this
254 subdivision, "post-charge-off charge or fee for cost of collection" does
255 not include costs or attorney's fees to the extent allowed under section
256 52-249; (12) use or attempt to use or make reference to the term "bonded
257 by the state of Connecticut", "bonded" or "bonded collection agency" or
258 any combination of such terms or words, except the word "bonded" may
259 be used on the stationery of any such agency in type not larger than
260 twelve-point; ~~[(14)]~~ (13) when the debt is beyond the statute of
261 limitations, fail to provide the following disclosure in type not less than
262 ten-point informing the consumer debtor in its initial communication
263 with such consumer debtor that (A) when collecting on debt that is not
264 past the date for obsolescence provided for in Section 605(a) of the Fair
265 Credit Reporting Act, 15 USC 1681c: "The law limits how long you can
266 be sued on a debt. Because of the age of your debt, (INSERT OWNER
267 NAME) will not sue you for it. If you do not pay the debt, (INSERT
268 OWNER NAME) may report or continue to report it to the credit
269 reporting agencies as unpaid"; and (B) when collecting on debt that is
270 past the date for obsolescence provided for in Section 605(a) of the Fair
271 Credit Reporting Act, 15 USC 1681c: "The law limits how long you can
272 be sued on a debt. Because of the age of your debt, (INSERT OWNER
273 NAME) will not sue you for it and (INSERT OWNER NAME) will not
274 report it to any credit reporting agencies."; ~~[(15)]~~ (14) engage in any

activities prohibited by sections 36a-800 to 36a-814, inclusive, as amended by this act; or [(16)] (15) fail to establish, enforce and maintain policies and procedures for supervising employees, agents and office operations that are reasonably designed to achieve compliance with applicable consumer collection laws and regulations.

(b) No consumer collection agency shall impose a charge or fee for any child support payments collected through the efforts of a governmental agency. If the imposition of a charge or fee is permitted under section 36a-801b, no consumer collection agency shall impose a charge or fee for the collection of any child support overdue at the time of the contract in excess of twenty-five per cent of overdue support actually collected.

(c) (1) No consumer collection agency shall receive any property tax on behalf of a creditor that is a municipality, unless the consumer collection agency has procured from an insurer authorized to transact business in this state an insurance policy providing coverage against loss of money, securities or other property, including loss arising from any fraudulent or dishonest act of any employee, officer or director of the consumer collection agency, with limits of at least two million dollars. It shall be the obligation of the municipality to ensure compliance with the requirements of this subdivision.

(2) A municipality that enters into an agreement with a consumer collection agency to collect and receive for payment property tax on behalf of the municipality may also require such consumer collection agency to file a bond with the municipality in an amount not exceeding the total amount of the property tax to be collected on behalf of the municipality. Such bond, the form of which shall be approved by the municipality, shall be written by a surety authorized to write bonds in this state and shall contain a provision requiring the surety to provide the municipality with written notice of cancellation of such bond. Such notice shall be sent by certified mail to the municipality at least thirty days prior to the date of cancellation. The bond shall be conditioned that such consumer collection agency shall well, truly and faithfully account

308 for all funds collected and received by the consumer collection agency
309 for the municipality pursuant to such agreement. If the municipality is
310 damaged by the wrongful conversion of any property tax debtor funds
311 received by the consumer collection agency, the municipality may
312 proceed on such bond against the principal or surety on the bond, or
313 both, to recover damages. The proceeds of the bond, even if commingled
314 with the other assets of the consumer collection agency, shall be deemed
315 by operation of law to be held in trust for the benefit of the municipality
316 in the event of bankruptcy of the consumer collection agency and shall
317 be immune from attachment by creditors and judgment creditors."

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2025</i>	12-195h
Sec. 2	<i>October 1, 2025</i>	36a-800
Sec. 3	<i>October 1, 2025</i>	36a-805

Section 1	<i>October 1, 2025</i>	12-195h
Sec. 2	<i>October 1, 2025</i>	36a-800
Sec. 3	<i>October 1, 2025</i>	36a-805