

1 S.223

2 Introduced by Senator Mullin

3 Referred to Committee on Finance

4 Date: January 7, 2014

5 Subject: Banking and insurance; licensed lenders

6 Statement of purpose of bill as introduced: This bill proposes to regulate the  
7 making of pension loans.

8 An act relating to regulating the making of pension loans

9 It is hereby enacted by the General Assembly of the State of Vermont:

10 ~~Sec. 1. 8 V.S.A. § 2200(28) is added to read:~~

11 (28) "Pension loan" means any agreement under which a person  
12 acquires for consideration the right to receive a pension or pension payments,  
13 an annuity or annuity payments, or retirement benefits as defined in 32 V.S.A.  
14 § 622(4) that another person is entitled to receive. The manner of receiving  
15 payments includes deposit into a joint account.

16 Sec. 2. 8 V.S.A. § 2201 is amended to read:

17 § 2201. LICENSES REQUIRED

18 (a) No person shall without first obtaining a license under this chapter from  
19 ~~the Commissioner:~~

1 ~~(1) engage in the business of making loans of money, credit, goods, or~~  
2 ~~things in action and charge, contract for or receive on any such loan interest, a~~  
3 ~~finance charge, discount or consideration ~~therefore~~ therefor;~~

4 (2) act as a mortgage broker;

5 (3) engage in the business of a mortgage loan originator; ~~or~~

6 (4) act as a sales finance company; ~~or~~

7 (5) engage in the business of making pension loans.

8 \* \* \*

9 Sec. 3. EFFECTIVE DATE

10 ~~This act shall take effect on July 1, 2014.~~

*Sec. 1. FINDINGS*

*It is the intent of the Vermont General Assembly to prohibit unlawful and predatory lending practices that target retirement pension proceeds. The General Assembly intends to ensure that practices which unfairly disrupt or interfere with retirees' abilities to manage their pension income will be treated as unlawful lending and will be subject to applicable Vermont State laws.*

*Sec. 2. 8 V.S.A. § 2245 is added to read:*

*§ 2245. PENSION LOANS*

*Any person who engages in the business of offering consideration in exchange for a secured interest in all or part of pension proceeds in the possession of a participant, beneficiary, or member of a pension plan, program, or system shall be deemed to be engaged in the business of making loans pursuant to subdivision 2201(a)(1) of this chapter and shall be subject to 9 V.S.A. chapters 4 and 63.*

*Sec. 3. EFFECTIVE DATE*

*This act shall take effect on July 1, 2014.*