

1                    **Senate Proposals of Amendment with Brief Summary**

2                    TO THE HONORABLE SENATE:

3                    The Committee on Finance to which was referred House Bill No. 182  
4                    entitled “An act relating to certain businesses regulated by the Department of  
5                    Financial Regulation” respectfully reports that it has considered the same and  
6                    recommends that the Senate propose to the House that the bill be amended as  
7                    follows:

8                    First: By striking out Sec. 14 (segregated accounts of money transmitters)  
9                    in its entirety and by inserting in lieu thereof a new Sec. 14 to read:

10                   Sec. 14. [DELETED.]

11                   Second: By striking out Sec. 15 (segregated accounts of money  
12                   transmitters) in its entirety and by inserting in lieu thereof a new Sec. 15 to  
13                   read:

14                   Sec. 15. [DELETED.]

15                   ***The Senate deleted Secs. 14 and 15. These sections would have***  
16                   ***required money servicers to keep segregated accounts for their***  
17                   ***permissible investments and not commingle such funds with personal***  
18                   ***or other business monies. The Department of Financial Regulation***  
19                   ***requested more time to consider this requirement to avoid unintended***  
20                   ***consequences.***

21                   Third: In Sec. 18, 8 V.S.A. § 2200, by striking out the newly renumbered  
22                   subdivision 17 (loan solicitation) in its entirety and by inserting in lieu thereof  
23                   a new subdivision 17 to read as follows:

1           ~~(15)~~(17)(A) “Loan solicitation” means, for compensation or gain or  
2 with the expectation of compensation or gain, to:

3           (i) offer, solicit, broker, directly or indirectly arrange, place, or  
4 find a loan for a prospective Vermont borrower;

5           (ii) engage in any activity intended to assist a prospective  
6 Vermont borrower in obtaining a loan, including lead generation;

7           (iii) arrange, in whole or in part, a loan through a third party,  
8 regardless of whether approval, acceptance, or ratification by the third party is  
9 necessary to create a legal obligation for the third party, through any method,  
10 including mail, telephone, Internet, or any electronic means; or

11           (iv) advertise or cause to be advertised in this State a loan or any  
12 of the services described in subdivisions (i)–(iii) of this subdivision (17)(A).

13           (B) As used in this subdivision (17), “loan solicitation” does not:

14           (i) apply to residential mortgage loans;

15           (ii) include a broker-dealer registered or exempt from registration  
16 under 9 V.S.A. § 5401 when the broker-dealer provides the services described  
17 in subdivision (A) of this subdivision (17) and the broker-dealer is not  
18 compensated by the consumer for those services;

19           (iii) include an agent registered or exempt from registration under  
20 9 V.S.A. § 5402 when the agent provides the services described in subdivision

1 (A) of this subdivision (17) and the individual agent is not compensated by the  
2 consumer for those services;

3 (iv) include an insurance producer licensed under 8 V.S.A. § 4800  
4 when the insurance producer provides the services described in subdivision (A)  
5 of this subdivision (17) and the individual insurance producer is not  
6 compensated by the consumer for those services;

7 (v) include a seller of goods or services that provides the services  
8 described in subdivision (A) of this subdivision (17) in connection with  
9 financing the sale or proposed sale of the seller’s goods or services and the  
10 seller is not compensated by the consumer for the services described in  
11 subdivision (A) of this subdivision (17); or

12 (vi) include other categories of loans or service providers as  
13 determined by the Commissioner by rule or order.

14 Fourth: In Sec. 19, 8 V.S.A. § 2201, in subdivision (a)(5) (loan  
15 solicitation), after “A person licensed as a lender” by inserting , sales finance  
16 company,

17 *The Senate proposed to further define who is required to be licensed as a*  
18 *loan solicitor. Specifically, someone who engages in loan solicitation “for*  
19 *compensation or gain or with the expectation of compensation or gain,”*  
20 *and who otherwise meets the statutory criteria, must obtain a license.*

21 *In addition, the proposed amendments exempt specific categories of*  
22 *persons from needing to obtain a license. Namely, persons who are*  
23 *otherwise licensed or regulated by DFR. For example, securities brokers*  
24 *and agents and insurance producers who fall under a different regulatory*  
25 *scheme are not also required to obtain a loan solicitation license. The*  
26 *amendments also exempt a seller of goods or services who refers a*

1            *customer to a third-party lender to finance the purchase of such goods or*  
2            *services. (For example, a Sears store that refers a customer to Discover*  
3            *Bank to finance the purchase of a snow blower.)*

4            *Finally, a person licensed as a sales finance company is not required to*  
5            *obtain a separate loan solicitation when acting on the person’s own*  
6            *behalf.*

7            Fifth: In Sec. 32 (effective dates), by striking out “14 (money transmitter  
8            segregated accounts).”

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