

HCS HB 1446 -- FINANCIAL TRANSACTIONS

SPONSOR: Jones (89)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on General Laws by a vote of 12 to 1.

This substitute changes the laws regarding financial transactions. In its main provisions, the substitute:

(1) Allows lending institutions to offer, sell, and finance automobile club memberships, home and auto security plans, and other plans and services providing a benefit to the borrower if the cost is disclosed in the loan contract, the lender does not require the purchase of the plan for the approval of the loan, the plan can be canceled within 30 days and a refund received, and the plan has a written acknowledgment of the intent to purchase the plan by the purchaser. However, no plan may include reimbursement for a deductible on a property insurance claim, and all optional products must be clearly identified as optional;

(2) Allows public entities and political subdivisions to deposit funds and earn interest based on short-term sweeps of accounts and the redeposit of funds. These cash sweeps into higher interest bearing certificates of deposit will only be undertaken at certain financial institutions that are properly insured;

(3) Allows an owner or operator of an automated teller machine (ATM) to charge an access fee to an individual conducting a transaction using a foreign bank account. Currently, foreign banks may charge fees, but domestic ones cannot;

(4) Exempts a trustee or third-party agent of a trust from being personally liable for any default on a mortgage loan or a sale of mortgage loan products that are present within a trust. This provision applies to all judicial proceedings including those commenced before and pending as well as those commenced after the substitute's effective date; and

(5) Authorizes the sale of deficiency waiver addendums and guaranteed asset protection products with respect to certain loans and credit sales.

FISCAL NOTE: No impact on state funds in FY 2011, FY 2012, and FY 2013.

PROPOSERS: Supporters say that the bill simplifies current practice with regard to the sale of gap insurance while also providing consumer protections. It also makes several necessary changes to banking laws including revising the provisions

regarding foreign and domestic banks so that they are consistent.

Testifying for the bill were Representative Jones (89); Missouri Bankers Association; Missouri Financial Services Association; and FIMC.

OPPONENTS: There was no opposition voiced to the committee.