

HB 1975 -- FINANCIAL INSTITUTIONS

SPONSOR: Cunningham (145)

COMMITTEE ACTION: Voted "do pass" by the Committee on Financial Institutions by a vote of 14 to 0.

Currently, applicants for a license to sell travelers checks or money orders must include a corporate surety bond in an amount of \$25,000. This bill increases that amount to \$100,000. The bond will be used to secure the faithful performance of the obligations of the applicant and to pay the costs incurred by the Division of Finance within the Department of Economic Development to remedy any breach of the obligations of the applicant or to pay examination costs of the division that have not been paid.

Upon license renewal, the bond amount will be either five times the highest outstanding balance or five times the greatest amount transmitted in a single day from the previous year with a minimum bond amount of \$100,000 and a maximum of \$1 million. The division director will be authorized to perform an examination of any person licensed under the bill if necessary.

The bill changes reporting requirements of past due loan amounts that the board of directors of every bank and trust company must provide at their monthly meetings and allows lenders to accelerate maturity of an unpaid balance, take possession of the property, or enforce a security interest on a loan if a borrower has defaulted on a second mortgage three times.

FISCAL NOTE: No impact on state funds in FY 2007, FY 2008, and FY 2009.

PROPOSERS: Supporters say that the bill increases consumer protections regarding money service businesses. The bill will also reduce the regulatory burden on banks and will clarify confusion on the reporting requirements of financial institutions.

Testifying for the bill were Representative Cunningham (145); Division of Finance, Department of Economic Development; Missouri Bankers Association; Mortgage Bankers Association of Missouri; and Missouri Financial Services Association.

OPPOSERS: There was no opposition voiced to the committee.

Marc Webb, Legislative Analyst