

HCS HB 540 -- LENDING INSTITUTION SERVICES

SPONSOR: Jones (89)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on General Laws by a vote of 13 to 1.

This substitute allows lending institutions to sell deficiency waiver addendums, guaranteed asset protections, or similar products purchased as part of a loan transaction with collateral at the borrower's option if the cost of the product is disclosed in the loan contract.

Lenders may offer, sell, and finance automobile club memberships, home and auto security plans, and other plans and services that benefit a borrower.

FISCAL NOTE: No impact on state funds in FY 2010, FY 2011, and FY 2012.

PROPOSERS: Supporters say that the bill allows borrowers to add gap insurance to a single financing plan and finance the cost of the insurance together with the item purchased. Banks will be able to offer a simplified way to purchase car insurance at the same time they finance the car purchase.

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

OPPOSERS: There was no opposition voiced to the committee.