

COMMITTEE OF ORIGIN: Special Committee on General Laws

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 as a condition 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 and not a required purchase;

(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 or surcharge to an individual conducting a transaction using a foreign bank account. Currently, foreign banks may charge fees, but domestic ones cannot; and

(4) Authorizes the sale of a deficiency waiver addendum, guaranteed asset protection, or a similar product purchased as part of a loan transaction with collateral and at the borrower's consent if the cost of the product is disclosed in the loan contract, is reasonable, and meets specified requirements. A debtor may cancel an addendum, protection, or other similar product within 15 days of its purchase and must receive a full refund.

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