

HOUSE BILL NO. 3187

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE RUSH.

6325H.011

JOSEPH ENGLER, Chief Clerk

AN ACT

To amend chapter 408, RSMo, by adding thereto one new section relating to consumer loans, with penalty provisions.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Chapter 408, RSMo, is amended by adding thereto one new section, to be
2 known as section 408.900, to read as follows:

**408.900. 1. This section shall be known and may be cited as the "Credit Fairness
2 and Financial Opportunity Act".**

3 2. For purposes of this section, the following terms mean:

**4 (1) "Ability-to-pay factors", information demonstrating a consumer's capacity
5 to repay including, but not limited to:**

6 (a) Verified income;

7 (b) Employment history;

8 (c) Debt-to-income ratio;

9 (d) Rental, utility, insurance, and other payment history;

10 (e) Explanation of negative credit events; and

**11 (f) Extenuating circumstances such as medical hardship, temporary
12 unemployment, divorce, or natural disaster;**

**13 (2) "Consumer loan", any loan primarily used for personal, family, or household
14 use including, but not limited to:**

15 (a) Automobile loan;

16 (b) Credit card loan or loans;

17 (c) Installment loans;

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in bold-face type in the above bill is proposed language.

- 18 **(d) Retail financing;**
19 **(e) Lines of credit; and**
20 **(f) Financial products offered by the banks, credit unions, and lenders licensed**
21 **in this state;**
- 22 **(3) "Credit score", any numerical expression used by lenders to predict**
23 **creditworthiness;**
- 24 **(4) "Director", or "Director of Finance", as defined under section 361.010;**
25 **(5) "Division", the division of finance of the department of commerce and**
26 **insurance;**
- 27 **(6) "Lender", as defined in section 408.015. The term "lender" includes**
28 **consumer installment lenders defined under section 408.510 and any person engaged in**
29 **the business of making consumer credit loans under section 367.100.**
- 30 **3. No lender operating in this state shall deny a consumer loan application based**
31 **solely on a numerical credit score without first conducting an individualized ability-to-**
32 **pay analysis under subsection 4 of this section.**
- 33 **4. Before denying a consumer loan, a lender shall document:**
- 34 **(1) An applicant's verified monthly income;**
35 **(2) An applicant's debt-to income ratio;**
36 **(3) An applicant's payment history for recurring obligations;**
37 **(4) Any documented extenuating circumstances; and**
38 **(5) Whether alternate terms, such as longer repayment, lower loan amount, or**
39 **posting of security, would reasonably allow approval for a loan.**
- 40 **5. A lender is prohibited from engaging in the following practices:**
- 41 **(1) Using minimum credit score cutoffs as the sole basis for denying a consumer**
42 **loan;**
- 43 **(2) Issuing automated denials for a consumer loan without any human review;**
44 **(3) Penalizing customers for medical debts under the amount of five hundred**
45 **dollars;**
- 46 **(4) Penalizing customers for isolated emergency-related delinquencies; or**
47 **(5) Failing to consider ability-to-pay factors provided by a customer.**
- 48 **6. An applicant who is denied a consumer loan under this section shall have the**
49 **right to the following action or actions against a lender:**
- 50 **(1) Requesting a written explanation that identifies the factors used in the**
51 **decision to deny a consumer loan;**
- 52 **(2) Submitting additional information demonstrating his or her ability to repay**
53 **the consumer loan;**

54 **(3) Requesting a reconsideration of the decision to deny the consumer loan based**
55 **upon additional or supplemental documentation given to the lender; and**

56 **(4) Filing a complaint with the division for alleged violation or violations**
57 **committed by the lender.**

58 **7. The division is hereby vested with the necessary powers and duties prescribed**
59 **by law to enforce the provisions of this section including, but not limited to, taking**
60 **appropriate action against a lender for violation or violations committed under this**
61 **section.**

62 **8. Any violation or violations committed by a lender under this section may**
63 **result in the director assessing a civil penalty in an amount not to exceed one thousand**
64 **dollars per violation, in addition to the costs and expenses for the investigation and**
65 **prosecution of the matter, including reasonable attorney's fees. In lieu of a civil penalty,**
66 **the director may assess administrative fines as determined by rule.**

67 **9. Subject to the applicable federal and state laws governing lenders, the director**
68 **may take disciplinary action such as a mandatory corrective action or suspending or**
69 **revoking a lender's authority for repeated or willful violations committed under this**
70 **section.**

71 **10. The director may promulgate all necessary rules and regulations for the**
72 **administration of this section. Any rule or portion of a rule, as that term is defined in**
73 **section 536.010, that is created under the authority delegated in this section shall**
74 **become effective only if it complies with and is subject to all of the provisions of chapter**
75 **536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable**
76 **and if any of the powers vested with the general assembly pursuant to chapter 536 to**
77 **review, to delay the effective date, or to disapprove and annul a rule are subsequently**
78 **held unconstitutional, then the grant of rulemaking authority and any rule proposed or**
79 **adopted after August 28, 2026, shall be invalid and void.**

80 **11. This section shall become effective on January 1, 2027.**

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