

HB 3187 -- CREDIT FAIRNESS & FINANCIAL OPPORTUNITY ACT

SPONSOR: Rush

This bill establishes the "Credit Fairness and Financial Opportunity Act" under the Division of Finance, within the Department of the Division of Commerce and Insurance, creating new requirements for lenders in Missouri when considering applications for consumer loans, which are defined as loans for personal, family, or household use, including car loans, credit cards, and installment loans.

The bill prohibits lenders from denying a loan application based solely on a numerical credit score without first conducting an individualized "ability-to-pay" analysis. This analysis requires lenders to document an applicant's verified income, debt-to-income ratio, payment history for recurring bills, any documented extenuating circumstances like medical hardship or temporary unemployment, and whether alternative loan terms could allow for approval.

The bill also prohibits lenders from using minimum credit score cutoffs as the sole denial reason, issuing automated denials without human review, penalizing medical debts under \$500, or penalizing isolated emergency related late payments.

Applicants denied a loan have the right to request a written explanation, submit additional information, request reconsideration, and file a complaint with the Division of Finance. The Director of Finance is empowered to enforce these provisions, with violations potentially leading to civil penalties of up to \$1,000 per violation, administrative fines, or disciplinary actions against the lender, such as suspending or revoking their authority for repeated or willful violations.

The bill also outlines the process for the Director to create necessary rules and regulations for its administration, with specific provisions for their effectiveness and review, and sets an effective date of January 1, 2027.