

HCS HB 2130 -- OPEN-END CREDIT PLANS

SPONSOR: Dugger

COMMITTEE ACTION: Voted "Do Pass" by the Committee on Financial Institutions by a vote of 17 to 0.

This bill changes the laws regarding open-end credit plans. In its main provisions, the bill:

- (1) Defines "open-end credit" to mean credit extended by lenders, other than banks, trust companies, credit unions, savings banks, savings and loan companies, and payday loan lenders, to borrowers where it is assumed there will be repeated transactions, finance charges on outstanding unpaid balances, and maximum available credit limits;
- (2) Specifies the creditor may contract for and receive simple interest and fees as agreed to by the parties and allowed by law;
- (3) Requires lenders to consider the financial ability of the borrower to reasonably make payments and requires records retention for at least two years;
- (4) Subjects lenders to the credit transaction default provisions of Sections 408.551 through 408.562, RSMo; and
- (5) Allows lenders to collect an annual fee not to exceed \$50; a credit advance fee up to the lesser of \$75 or 10% of the credit advanced; a minimum charge for each scheduled billing period; a late payment charge if contracted as provided; a returned payment charge; a filing, recording or releasing fee charge; reasonable towing costs and expenses of retaking, holding, preparing for sale, and selling any personal property in accordance with Section 400.9; and attorney fees as permitted under these provisions.

PROPONENTS: Supporters say that this bill will codify open-end credit contracts to better help consumers understand these types of contracts. Open-end credit contracts are non-secured contracts that are not handled through banks that work like a credit card, except without the card. Consumers can go on-line to request funds from their credit line which will be deposited directly into their bank account.

Testifying for the bill were Representative Dugger and Online Lenders Alliance.

OPPONENTS: There was no opposition voiced to the committee.