



GOVERNOR OF MISSOURI

JEFFERSON CITY

65102

July 13, 2009

JEREMIAH W. (JAY) NIXON  
GOVERNOR

P.O. Box 720  
(573) 751-3222

TO THE SECRETARY OF STATE OF THE STATE OF MISSOURI

Herewith I return to you Senate Committee Substitute for Senate Bill No. 243 entitled:

AN ACT

To repeal section 408.140, 408.233, and 408.300, RSMo, and to enact in lieu thereof four new sections relating to the sale of deficiency waiver addendums and other similar products associated with certain loan transactions.

I disapprove of Senate Committee Substitute for Senate Bill No. 243. My reasons for disapproval are as follows:

Senate Committee Substitute for Senate Bill No. 243 permits the sale of a deficiency waiver addendum, guaranteed asset protection or similar product purchased as part of a loan transaction, provided the cost of the product is disclosed in the loan contract. This bill fails to include adequate consumer protections and will be harmful to Missourians.

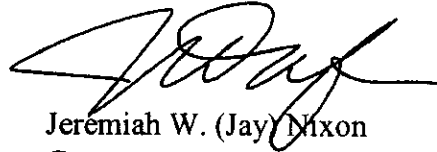
Senate Committee Substitute for Senate Bill No. 243 does not allow a consumer to cancel coverage or require a refund of premiums in the event the consumer pays off the underlying loan early. By contrast, federal regulations require national banks to refund to the customer any unearned fees paid. Federal regulations permit a national bank to offer a no refund contract only if the bank also offers that customer "a bona fide option to purchase a comparable contract that provides a refund." Senate Committee Substitute for Senate Bill No. 243 fails to incorporate any such consumer protection.

Senate Committee Substitute for Senate Bill No. 243 fails to provide the consumer a "free look" period during which the consumer may cancel the contract if the consumer determines that they do not need it or cannot afford it.

Senate Committee Substitute for Senate Bill No. 243 does not require that the consumer sign for the product acknowledging that they wish to purchase it. The failure to require this affirmative acknowledgment by the consumer heightens the chance that a consumer will unknowingly "purchase" the product.

In accordance with the above stated reasons for disapproval, I am returning Senate Committee Substitute for Senate Bill No. 243 without my approval.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jay Nixon", written in a cursive style.

Jeremiah W. (Jay) Nixon  
Governor