

SECOND REGULAR SESSION  
SENATE COMMITTEE SUBSTITUTE FOR

# SENATE BILL NO. 884

## 91ST GENERAL ASSEMBLY

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Reported from the Committee on Financial and Governmental Organization, Veterans' Affairs and Elections, February 25, 2002, with recommendation that the Senate Committee Substitute do pass.

3555S.02C

TERRY L. SPIELER, Secretary.

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### AN ACT

To amend chapter 408, RSMo, by adding thereto one new section relating to payday loans.

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*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 known as section 408.505, to read as follows:

**408.505. 1. This section shall apply to unsecured consumer loan transactions in which cash is advanced:**

- (1) With an original term of thirty days or less;**
- (2) A single payment repayment is anticipated; and**
- (3) Such cash advance is equal to or less than five hundred dollars;**

**2. A lender may charge the following amounts with respect to loans subject to this section:**

**(1) Not more than fifteen dollars per one hundred dollars of principal amount of the loan for the first thirty days of the loan; and**

**(2) Not more than three percent per month of the outstanding loan balance for any loan continued or extended after the thirtieth day after the original date of the loan, whether made by the original lender or offered, made, or arranged by any person or entity on behalf of the original lender or any person or entity affiliated with the lender.**

**No other charges of any nature shall be permitted except as provided by this section, including any charges for cashing the loan proceeds if they are given in check form.**

**3. A lender, person, or entity affiliated with the lender shall not have more than two loans made under this section outstanding to the same borrower at any one time.**

**4. Any loan made under this section shall not be repaid by the proceeds of another loan made under this section by the same lender or any person or entity affiliated with the lender. The proceeds from any loan made under this section shall not be applied to any other loan from the same lender or any person or entity affiliated with the lender.**

**5. On a consumer loan transaction where cash is advanced in exchange for a personal check, a return check charge may be charged in the amounts provided by section 408.653 and 408.654, as applicable.**

**6. No state or public employee or official, including a prosecuting attorney or judge of any court of this state, shall enforce the provisions of any contract for payment of money subject to this section against any natural person when the contract provides for payment of money in connection with a contract in excess of that allowed by this section.**

**7. This section shall apply to any creditor involved in any way in a contract for payment of money as described in subsection 1 of this section and shall also apply to any person or entity who negotiates, arranges, aides, or assists a borrower or lender in procuring a loan subject to this section, or who for a fee, service charge, or other consideration accepts a check or other negotiable instrument drawn on a bank and payable on demand at maturity of the deferred deposit loan, dated on the date it was written and agrees to hold the check or instrument for a period of days prior to deposit or presentment, or who for a fee, service charge, or other consideration, accepts a check or other negotiable instrument drawn on a bank and payable on demand at maturity of the deferred deposit loan, dated subsequent to the date it was written and agrees to hold the check or instrument for deposit until the date written or to be written on the check.**

**8. The provisions of this section shall not supercede any other provision of law governing certain contracts providing for payment of money that specify a lower rate or amount of loan charges than that specified by this section.**