



MISSOURI SENATE

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Senator Days proposes greater payday lender protections, more state authority

JEFFERSON CITY – Saying borrowers need greater protection from payday lenders, State Senator Rita Heard Days, D-St. Louis County, has introduced Senate Bill 96 to restrict interest rates, prevent automatic renewals, and give greater authority to the Office of the Attorney General in dealing with lenders.

While current law allows for interest and fees of up to 75 percent of the value of the loan, the bill filed by Senator Days would limit the interest and fees charged to \$15 for the first \$100 of principal for the first 30 days of the loan, and not more than 3 percent per month thereafter, which is an annual percentage rate of approximately 36 percent.

“There are serious price-gouging issues in the payday lender community,” Senator Days. “This bill addresses some of those issues and ensures our citizens are properly treated when they find themselves short of money.”

Furthermore, Senate Bill 96 would not allow renewals. “Payday loans are not a long-term solution for a temporary cash-flow crisis,” said Senator Days. “They should not be so easy to renew by the lender or the borrower.”

In addition, current law only allows the Missouri Division of Finance to issue a cease and desist order when lenders fail to make a good faith effort to comply with laws relating to consumer loans. Senator Days’ bill would give the Office of the Attorney General the same authority as well as the authority to file a civil action with a state circuit court to enjoin a lender, impose a civil penalty, or seek restitution.

“This gives the lender laws some teeth,” said Senator Days. “If a payday lender is already ignoring the law, they are probably going to ignore a cease and desist order from the Division of Finance. This bill would allow the Attorney General to seek court orders as well as punitive and compensatory damages.”

Senate Bill 96 also requires the Division of Finance to make annual reports as to the licensing of payday lenders. Currently, the division is only required to make a report every other year.

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