

SENATE SUBSTITUTE

FOR

SENATE BILL NO. 866

AN ACT

To amend chapter 408, RSMo, by adding thereto one new section relating to installment loan lenders.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF MISSOURI, AS FOLLOWS:

1 Section A. Chapter 408, RSMo, is amended by adding thereto  
2 one new section, to be known as section 408.512, to read as  
3 follows:

4 408.512. 1. Any traditional installment loan lender  
5 licensed under sections 367.100 to 367.200 or section 408.510  
6 shall be permitted to make loans and charge fees and interest as  
7 authorized under sections 408.100, 408.140, and 408.170.

8 2. No charter provision, ordinance, rule, order, permit,  
9 policy, guideline, or other governmental action of any political  
10 subdivision of the state, local government, city, county, or any  
11 agency, authority, board, commission, department, or officer  
12 thereof shall:

13 (1) Prevent, restrict, or discourage traditional  
14 installment loan lenders from lending under sections 408.100,  
15 408.140, and 408.170;

16 (2) Prevent, restrict, or discourage traditional  
17 installment loan lenders from operating in any location where any  
18 lender who makes loans payable in equal installments over more  
19 than ninety days is permitted; or

1       (3) Create disincentives for any traditional installment  
2 loan lender from engaging in lending under sections 408.100,  
3 408.140, and 408.170.

4  
5 The provisions of this subsection shall not apply where a charter  
6 provision or valid ordinance as of August 28, 2014, expressly  
7 applies to traditional installment loan lenders.

8       3. As used in this section, the following terms shall mean:

9       (1) "Fully-amortized", the principal, defined as amount  
10 financed under the federal Truth in Lending Act, and the  
11 scheduled interest, defined as finance charge under the federal  
12 Truth in Lending Act, are repaid in substantially equal multiple  
13 installments at fixed intervals to fulfill the consumer's  
14 obligation;

15       (2) "Traditional installment loan", fixed rate,  
16 fully-amortized closed-end extensions of direct consumer loans.  
17 However, if any of the following are true, the transaction is not  
18 a traditional installment loan:

19       (a) The transaction has a repayment term of one hundred  
20 eighty-one days or fewer and is secured by the title to the  
21 borrower's motor vehicle or auto;

22       (b) The transaction requires that the full amount of the  
23 credit extended together with all fees and charges for the credit  
24 be repaid in ninety-one days or fewer;

25       (c) The transaction's scheduled repayment plan contains one  
26 or more interest-only payments or a payment that is more than ten  
27 percent greater than the average of all other scheduled payment  
28 amounts;

1        (d) The transaction, at origination, requires the borrower:

2        a. To agree to a pre-authorized automatic withdrawal in the  
3 form of a bank draft, a preapproved automated clearing house or  
4 its equivalent;

5        b. To agree to an allotment or an agreement to defer  
6 presentment of one or more contemporaneously-dated or postdated  
7 checks; or

8        c. To repay the loan in full at a borrower's next payday or  
9 other recurring deposit cycle, where the repayment is connected  
10 with a bank account;

11        (3) "Traditional installment loan lender", a licensee under  
12 sections 367.100 to 367.200 or section 408.510 whose direct  
13 consumer loans are limited only to traditional installment loans.