

SECOND REGULAR SESSION

SENATE BILL NO. 866

97TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR WASSON.

Read 1st time February 13, 2014, and ordered printed.

TERRY L. SPIELER, Secretary.

5808S.011

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:

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

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

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

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

(2) Prevent, restrict, or discourage traditional installment loan lenders from operating in any location where any other commercial activity is permitted; or

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

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

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

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

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

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

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

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

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

39 b. To agree to an allotment or an agreement to defer
40 presentment of one or more contemporaneously-dated or postdated
41 checks; or

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

45 (3) "Traditional installment loan lender", a licensee under section
46 408.510 whose direct consumer loans are limited only to traditional
47 installment loans.

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