

SECOND REGULAR SESSION

SENATE BILL NO. 1087

100TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR WIELAND.

Read 1st time February 27, 2020, and ordered printed.

ADRIANE D. CROUSE, Secretary.

5726S.011

AN ACT

To repeal section 408.512, RSMo, and to enact in lieu thereof one new section relating to traditional installment loan lenders.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Section 408.512, RSMo, is repealed and one new section
2 enacted in lieu thereof, to be known as section 408.512, to read as follows:

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

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

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

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

14 (3) Create **any** disincentives for any traditional installment loan lender
15 from engaging in lending under sections 408.100, 408.140, and 408.170. **Any fee**
16 **charged to any traditional installment loan lender, which is not**
17 **charged to all lenders licensed or regulated by the division of finance,**
18 **shall be a disincentive in violation of this section.**

19 The provisions of this subsection shall not apply where a charter provision or
20 valid ordinance as of August 28, 2014, expressly applies to traditional installment

21 loan lenders.

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

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

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

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

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

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

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

39 a. To agree to a preauthorized automatic withdrawal in the form of a bank
40 draft, a preapproved automated clearing house or its equivalent;

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

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

45 (3) "Traditional installment loan lender", a licensee under sections
46 367.100 to 367.200 or section 408.510 whose direct consumer loans are limited
47 only to traditional installment loans.

48 4. Nothing in this section shall apply to or preempt any ordinance
49 governing installment lenders, or any amendment to any such ordinance, in a
50 home rule city with more than four hundred thousand inhabitants and located in
51 more than one county.

52 **5. Traditional installment loan lenders may charge, in addition**
53 **to any other contractual fees, a convenience fee or surcharge for**
54 **payments made by a debit or credit card.**

55 **6. Any traditional installment loan lender who prevails against**
56 **a political subdivision in:**

57 **(1) An action to enforce this section; or**
58 **(2) Defending an action using this section as a defense;**
59 **shall receive its actually incurred costs, including attorney fees, from**
60 **such political subdivision.**

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