

# SENATE BILL NO. 974

101ST GENERAL ASSEMBLY

INTRODUCED BY SENATOR SCHUPP.

4510S.01I

ADRIANE D. CROUSE, Secretary

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Section A. Section 408.512, RSMo, is repealed and one new  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

408.512. 1. Any traditional installment loan lender  
2 licensed under sections 367.100 to 367.200 or section  
3 408.510 shall be permitted to make loans and charge fees and  
4 interest as authorized under sections 408.100, 408.140, and  
5 408.170.

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

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

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

18 (3) Create **[any]** disincentives for any traditional  
19 installment loan lender from engaging in lending under  
20 sections 408.100, 408.140, and 408.170. **[Any fee charged to**

**EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

21 any traditional installment loan lender that is not charged  
22 to all lenders licensed or regulated by the division of  
23 finance shall be a disincentive in violation of this  
24 section.]

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

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

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

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

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

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

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

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

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

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

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

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

65 4. Nothing in this section shall apply to or preempt  
66 any ordinance governing installment lenders, or any  
67 amendment to any such ordinance, in a home rule city with  
68 more than four hundred thousand inhabitants and located in  
69 more than one county.

70 [5. Traditional installment loan lenders may charge,  
71 in addition to any other contractual fees, a convenience fee  
72 or surcharge for payments made by a debit or credit card in  
73 an amount not to exceed any third-party charge.

74 6. Any traditional installment loan lender who  
75 prevails against a political subdivision in an action to  
76 enforce this section or in defending an action using this  
77 section as a defense shall receive from the political  
78 subdivision costs actually incurred including, but not  
79 limited to, attorney's fees.]

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