

SECOND REGULAR SESSION

# HOUSE BILL NO. 2730

100TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE TRENT.

5736H.011

DANA RADEMAN MILLER, Chief Clerk

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## AN ACT

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

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*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Section A. Section 408.512, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 408.512, to read as follows: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 sections 367.100 to 367.200 or 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 lender who makes loans payable in equal installments over more than ninety days is permitted; or

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

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EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

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

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

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

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

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

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

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

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

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

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

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

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

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

46 **5. Traditional installment loan lenders may charge, in addition to any other**  
47 **contractual fees, a convenience fee or surcharge for payments made by a debit or credit**  
48 **card in an amount not to exceed any third-party charge.**

49 **6. Any traditional installment loan lender who prevails against a political**  
50 **subdivision in an action to enforce this section or in defending an action using this section**  
51 **as a defense shall receive from the political subdivision costs actually incurred including,**  
52 **but not limited to, attorney's fees.**

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