

SECOND REGULAR SESSION  
[TRULY AGREED TO AND FINALLY PASSED]  
SENATE SUBSTITUTE FOR

# SENATE BILL NO. 866

97TH GENERAL ASSEMBLY

2014

5808S.02T

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## AN ACT

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

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*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 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 disincentives for any traditional installment loan lender from engaging in lending under sections 408.100, 408.140, and 408.170.**

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

20 traditional installment loan lenders.

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

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

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

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

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

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

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

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

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

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

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

53 4. Nothing in this section shall apply to or preempt any  
54 ordinance governing installment lenders, or any amendment to any  
55 such ordinance, in a home rule city with more than four hundred

56 **thousand inhabitants and located in more than one county.**

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