

HB 1172 -- Payday Loans

Sponsor: Burnett

This bill changes the laws regarding unsecured loans of \$500 or less. The bill:

(1) Requires lenders of unsecured loans under \$500 to be registered with the Director of the Division of Finance upon payment of an annual fee of \$300. Lenders are required to file a rate schedule with the director, who will approve rates comparable to those charged in the marketplace in Missouri and contiguous states and review the rates semiannually. If the director takes no action within 30 days after the filing of a rate schedule, the rates are deemed approved. The director may promulgate rules regarding the computation and payment of interest, contract statements, payment receipts, and advertising for loans;

(2) Repeals Section 408.505, RSMo, pertaining to payday loans, persons determined to have entered into a transaction disguised as a loan, persons determined to have engaged in subterfuge to avoid this provision, and loan terms;

(3) Repeals Section 408.506 which required the division to make a report to the General Assembly every two years containing information about the number of payday loan licenses issued, the number of loans issued by licensees, the average face value of the loans, the average number of times that the loans are renewed, the default rate for the loans, the number and nature of complaints made to the division, the average interest and fees charged, and a comparison of the interest and fees charged in this state and adjoining states; and

(4) Repeals Section 408.510 defining "consumer installment loan" and "consumer installment lender" to mean loans, and persons making the loans, of any amount that is paid in no less than four installments over no less than 120 days and requires consumer installment lenders to follow the licensure, interest and fees, notice, opportunity to cure, and collection procedures established for other lenders.