

# HOUSE BILL NO. 1681

## 97TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVES DUGGER (Sponsor), CRAWFORD AND MAY (Co-sponsors).

5721H.011

D. ADAM CRUMBLISS, Chief Clerk

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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 408.191, to read as follows:

**408.191. 1. Any traditional loan lender licensed under 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 other commercial activity 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.**

**3. (1) "Traditional installment loan" means fixed rate, fully-amortized closed-end extensions of direct consumer loans. Fully-amortized means that the principal, defined as amount financed under the federal Truth in Lending Act, and the scheduled interest, defined as finance charge under the federal Truth in Lending Act, are repaid in substantially equal multiple installments at fixed intervals to fulfill the consumer's**

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.

18 obligation. However, if any of the following are true, the transaction is not a traditional  
19 installment loan:

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

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

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

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

28 (i) To agree to a pre-authorized automatic withdrawal in the form of a bank draft,  
29 a preapproved automated clearing house or its equivalent;

30 (ii) To agree to an allotment or an agreement to defer presentment of one or more  
31 contemporaneously-dated or postdated checks; or

32 (iii) To repay the loan in full at a borrower's next payday or other recurring deposit  
33 cycle, where the repayment is connected with a bank account.

34 (2) "Traditional installment loan lender" is a licensee under section 408.510 whose  
35 direct consumer loans are limited only to traditional installment loans.

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