

HB 1681 -- INSTALLMENT LOAN LENDERS

SPONSOR: Dugger

This bill changes the laws regarding traditional installment loan lenders. In its main provisions, the bill:

(1) Requires any licensed traditional loan lender to be permitted to make loans and charge fees and interest as authorized under specified provisions of law;

(2) Prohibits any 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 from;

(a) Preventing, restricting, or discouraging traditional installment loan lenders licensed under Section 408.510, RSMo, from lending under the provisions of Sections 408.100, 408.140, and 408.170 as they relate to small loans or from operating in any location where any other commercial activity is permitted; or

(b) Creating disincentives for any traditional installment loan lender from engaging in lending under Sections 408.100, 408.140, and 408.170;

(3) Defines a "traditional installment loan" as a fixed rate, fully-amortized closed-end extension of direct consumer loan where the principal and interest are repaid in substantially equal multiple installments at fixed intervals to fulfill the consumer's obligation. The transaction is not considered a traditional installment loan if the transaction;

(a) Requires a repayment term of 181 days or fewer and is secured by the borrower's motor vehicle title;

(b) Requires that the full amount of the credit extended, including all fees and charges, be repaid in 91 days or fewer;

(c) Requires the scheduled repayment plan to contain one or more interest-only payments or a payment that is more than 10% greater than the average of all other scheduled payment amounts; or

(d) Requires the borrower at origination to agree to a pre-authorized automatic withdrawal in the form of a bank draft, a preapproved automated clearing house or its equivalent; to agree to an allotment or an agreement to defer presentment of one or more contemporaneously-dated or postdated checks; or to repay the loan

in full at a borrower's next payday or other recurring deposit cycle, where the repayment is connected with a bank account.