

HB 1789 -- NONRECOURSE CONSUMER LEGAL LENDING ACT

SPONSOR: Haahr

This bill establishes the Missouri Nonrecourse Consumer Legal Lending Act. In its main provisions the bill;

- (1) Specifies the requirements all consumer legal lending contracts presented to a consumer must contain including any disclosures, notice of cancellation, the business address, an acknowledgment by the consumer and the attorney representing the consumer that they have reviewed the contract;
- (2) Allows a consumer to cancel a contract within five days of the lending date if the full loan amount is returned;
- (3) Requires a full contract be provided at the time it is signed reflecting the actual terms, conditions, fees, and repayment schedule;
- (4) Allows any party seeking relief from a consumer legal lending contract to bring suit in a court of competent jurisdiction;
- (5) Allows a consumer legal lending company the contingent right to receive the potential proceeds of a consumer's legal claim;
- (6) Specifies that certain liens attached to the consumer's legal claim take priority over any lien of the consumer legal lending company;
- (7) Prohibits a consumer legal lending company from reporting a consumer to any credit reporting agency if insufficient proceeds remain to pay the consumer legal lending company;
- (8) Allows consumer legal lending companies to charge an origination or delivery fee for processing a consumer's application, but prohibits assessing any additional fees beyond 1095 days from the original lending date. Fees may compound semi-annually, and must be computed based on the loan amount actually received;
- (9) Prohibits any practicing attorneys in this state from having a direct interest in a consumer legal lending company that engages in nonrecourse consumer legal lending transactions with their own clients or from receiving referral fees;
- (10) Prohibits consumer legal lending companies from engaging in certain practices as provided;



(11) Requires all such companies, beginning June 1, 2015, to apply and register annually with the Department of Insurance, Financial Institutions, and Professional Registration. The application fee is \$200 for calendar years 2015 and 2016 and will vary thereafter depending on administration costs;

(12) Requires applications to be public record, contain information allowing the department to evaluate the company and allows the department to request certain documents during the application process;

(13) Requires the department report annually to the General Assembly beginning January 1, 2017, regarding the status of consumer legal lending transactions in the state; and

(14) Provides that any person or consumer legal lending company violating these provisions of law will be guilty of a class B misdemeanor for the first offense, a class A misdemeanor for the second offense, and a class D felony for all subsequent offenses.