

**HOUSE** \_\_\_\_\_ **AMENDMENT NO.** \_\_\_\_\_

**Offered By**

AMEND House Committee Substitute for House Bill No. 1446, Section 408.380, Page 11, Line 20 by inserting after all of said Section, Page, and Line the following:

“408.500. 1. Lenders, other than banks, trust companies, credit unions, savings banks and savings and loan companies, in the business of making unsecured loans of five hundred dollars or less shall obtain a license from the director of the division of finance. An annual license fee of three hundred dollars per location shall be required. The license year shall commence on January first each year and the license fee may be prorated for expired months. The director may establish a biennial licensing arrangement but in no case shall the fees be payable for more than one year at a time. The provisions of this section shall not apply to pawnbroker loans, consumer credit loans as authorized under chapter 367, RSMo, nor to a check accepted and deposited or cashed by the payee business on the same or the following business day. The disclosures required by the federal Truth in Lending Act and regulation Z shall be provided on any loan, renewal or extension made pursuant to this section and the loan, renewal or extension documents shall be signed by the borrower.

2. Entities making loans pursuant to this section shall contract for and receive simple interest and fees in accordance with sections 408.100 and 408.140. Any contract evidencing any fee or charge of any kind whatsoever, except for bona fide clerical errors, in violation of this section shall be void. Any person, firm or corporation who receives or imposes a fee or charge in violation of this section shall be guilty of a class A misdemeanor.

3. Notwithstanding any other law to the contrary, cost of collection expenses, which include court costs and reasonable attorneys fees, awarded by the court in suit to recover on a bad check or breach of contract shall not be considered as a fee or charge for purposes of this section.

4. Lenders licensed pursuant to this section shall conspicuously post in the lobby of the office, in at least fourteen-point bold type, the maximum annual percentage rates such licensee is currently charging and the statement: NOTICE:

This lender offers short-term loans. Please read and understand the terms of the loan agreement before signing.

5. The lender shall provide the borrower with a notice in substantially the following form set forth in at least ten-point bold type, and receipt thereof shall be acknowledged by signature of the borrower:

1 (1) This lender offers short-term loans. Please read and understand the terms of the loan  
2 agreement before signing.

3 (2) You may cancel this loan without costs by returning the full principal balance to the  
4 lender by the close of the lender's next full business day.

5 6. The lender shall renew the loan upon the borrower's written request and the payment of  
6 any interest and fees due at the time of such renewal; however, upon the first renewal of the loan  
7 agreement, and each subsequent renewal thereafter, the borrower shall reduce the principal  
8 amount of the loan by not less than five percent of the original amount of the loan until such loan  
9 is paid in full. However, no loan may be renewed more than six times.

10 7. When making or negotiating loans, a licensee shall consider the financial ability of the  
11 borrower to reasonably repay the loan in the time and manner specified in the loan contract. All  
12 records shall be retained at least two years.

13 8. A licensee who ceases business pursuant to this section must notify the director to  
14 request an examination of all records within ten business days prior to cessation. All records must  
15 be retained at least two years.

16 9. Any lender licensed pursuant to this section who fails, refuses or neglects to comply  
17 with the provisions of this section, or any laws relating to consumer loans or commits any  
18 criminal act may have its license suspended or revoked by the director of finance after a hearing  
19 before the director on an order of the director to show cause why such order of suspension or  
20 revocation should not be entered specifying the grounds therefor which shall be served on the  
21 licensee at least ten days prior to the hearing.

22 10. Whenever it shall appear to the director that any lender licensed pursuant to this  
23 section is failing, refusing or neglecting to make a good faith effort to comply with the provisions  
24 of this section, or any laws relating to consumer loans, the director may issue an order to cease  
25 and desist which order may be enforceable by a civil penalty of not more than one thousand  
26 dollars per day for each day that the neglect, failure or refusal shall continue. The penalty shall be  
27 assessed and collected by the director. In determining the amount of the penalty, the director shall  
28 take into account the appropriateness of the penalty with respect to the gravity of the violation, the  
29 history of previous violations, and such other matters as justice may require.

30 11. It shall be unlawful to facilitate, encourage, solicit, advertise, or provide unsecured  
31 loans of five hundred dollars or less on the premises of any nursing home property or any  
32 residential care facility, assisted living facility, intermediate care facility, or skilled nursing  
33 facility, as defined in section 198.006.”; and

34  
35 Further amend said bill by amending the title, enacting clause, and intersectional references  
36 accordingly.