

SECOND REGULAR SESSION

[PERFECTED]

HOUSE COMMITTEE SUBSTITUTE FOR

HOUSE BILL NO. 1446

95TH GENERAL ASSEMBLY

3372L.03P

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 67.085, 362.111, 408.052, 408.140, 408.233, and 408.300, RSMo, and to enact in lieu thereof seven new sections relating to financial transactions, with penalty provisions.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 67.085, 362.111, 408.052, 408.140, 408.233, and 408.300, RSMo, are repealed and seven new sections enacted in lieu thereof, to be known as sections 67.085, 362.111, 408.052, 408.140, 408.233, 408.300, and 408.380, to read as follows:

67.085. **1.** Notwithstanding any law to the contrary, any political subdivision of the state and any other public entity in Missouri may invest funds of the public entity not immediately needed for the purpose to which such funds or any of them may be applicable provided each public entity meets the requirements for separate deposit insurance of public funds permitted by federal deposit insurance and in accordance with the following conditions:

(1) The public funds are invested through a financial institution which has been selected as a depository of the funds in accordance with the applicable provisions of the statutes of Missouri relating to the selection of depositories and such financial institution enters into a written agreement with the public entity;

(2) The selected financial institution arranges for the deposit of the public funds in certificates of deposit in one or more financial institutions wherever located in the United States, for the account of the public entity;

(3) Each such certificate of deposit issued by financial institutions as provided in subdivision (2) of this section is insured by federal deposit insurance for one hundred percent of the principal and accrued interest of the certificate of deposit;

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.

16 (4) The selected financial institution acts as custodian for the public entity with respect
17 to the certificate of deposit issued for its account; and

18 (5) At the same time that the public funds are deposited and the certificates of deposit
19 are issued, the selected financial institution receives an amount of deposits from customers of
20 other financial institutions equal to the amount of the public funds initially invested by the public
21 entity through the selected financial institution.

22 **2. Notwithstanding any law to the contrary, any political subdivision of the state**
23 **and any other public entity in Missouri may invest funds of the public entity not**
24 **immediately needed for the purpose to which such funds or any of them may be applicable**
25 **provided each public entity meets the requirements for separate deposit insurance of**
26 **public funds permitted by federal deposit insurance and in accordance with the following**
27 **conditions:**

28 (1) **The public entity deposits the funds in a deposit account in a financial**
29 **institution which has been selected as a depository of the funds in accordance with the**
30 **applicable provisions of the statutes of Missouri relating to the selection of depositories and**
31 **authorizes the financial institution to arrange for the redeposit of the money through a**
32 **deposit placement program that meets the conditions set forth in subdivisions (2) to (5) of**
33 **this subsection;**

34 (2) **On or after the date that the public entity funds are received, the selected**
35 **financial institution:**

36 (a) **Arranges for the redeposit of the funds into deposit accounts in one or more**
37 **financial institutions wherever located in the United States; and**

38 (b) **Serves as custodian for the public entity with respect to the funds redeposited**
39 **into such accounts;**

40 (3) **Public entity funds deposited in a selected financial institution in accordance**
41 **with this subsection and held at the close of business in the selected financial institution in**
42 **excess of the amount insured by the Federal Deposit Insurance Corporation shall be**
43 **secured in accordance with law;**

44 (4) **The full amount of the public entity funds redeposited by the selected financial**
45 **institution into deposit accounts in financial institutions (plus accrued interest, if any) shall**
46 **be insured by the Federal Deposit Insurance Corporation;**

47 (5) **On the same date that the funds of the public entity are redeposited under this**
48 **subsection, the selected financial institution receives an amount of deposits from customers**
49 **of other financial institutions under the deposit placement program that are equal to the**
50 **amount of the public entity's funds redeposited by the selected financial institution.**

362.111. 1. A bank or trust company may impose fees or service charges on deposit accounts; however, such fees or service charges are subject to such conditions or requirements that may be fixed by regulations pursuant to section 361.105, RSMo, by the director of the division of finance and the state banking board. Notwithstanding any law to the contrary, no such condition or requirement shall be more restrictive than the fees or service charges on deposit accounts or similar accounts permitted any federally chartered depository institution.

2. **An agreement to operate or share an automated teller machine shall not prohibit an owner or operator of the automated teller machine from imposing, on an individual who conducts a transaction using a foreign account, an access fee or surcharge that is not otherwise prohibited under federal or state law.**

3. **As used in this section, the following terms mean:**

(1) **"Automated teller machine", any electronic device, wherever located, through which a consumer may initiate an electronic funds transfer or may order, instruct, or authorize a financial institution to debit or credit an account and includes any machine or device which may be used to carry out electronic banking business. "Automated teller machine" does not include point of sale terminals or telephones or personal computers operated by a consumer;**

(2) **"Foreign account", an account with a financial institution located outside the United States.**

408.052. 1. No lender shall charge, require or receive, on any residential real estate loan, any points or other fees of any nature whatsoever, excepting insurance, including insurance for involuntary unemployment coverage, and a one-percent origination fee, whether from the buyer or the seller or any other person, except that the lender may charge bona fide expenses paid by the lender to any other person or entity except to an officer, employee, or director of the lender or to any business in which any officer, employee or director of the lender owns any substantial interest for services actually performed in connection with a loan. In addition to the foregoing, if the loan is for the construction, repair, or improvement of residential real estate, the lender may charge a fee not to exceed one percent of the loan amount for inspection and disbursement of the proceeds of the loan to third parties. Notwithstanding the foregoing, the parties may contract for a default charge for any installment not paid in full within fifteen days of its scheduled due date. The restrictions of this section shall not apply:

(1) To any loan which is insured or covered by guarantee made by any department, board, bureau, commission, agency or establishment of the United States, pursuant to the authority of any act of Congress heretofore or hereafter adopted; and

(2) To any loan for which an offer or commitment or agreement to purchase has been received from and which is made with the intention of reselling such loan to the Federal Housing

18 Administration, Farmers Home Administration, Federal National Mortgage Association,
19 Government National Mortgage Association, Federal Home Loan Mortgage Corporation, or to
20 any successor to the above-mentioned organizations, to any other state or federal governmental
21 or quasi-governmental organization; and

22 (3) Provided that the 1994 reenactment of this section shall not be construed to be action
23 taken in accordance with Public Law 96-221, Section 501(b)(4). Any points or fees received in
24 excess of those permitted under this section shall be returned to the person from whom received
25 upon demand.

26 2. Notwithstanding the language in subsection 1 of this section, a lender may pay to an
27 officer, employee or director of the lender, or to any business in which such person has an
28 interest, bona fide fees for services actually and necessarily performed in good faith in
29 connection with a residential real estate loan, provided:

30 (1) Such services are individually listed by amount and payee on the loan-closing
31 documents; and

32 (2) Such lender may use the preemption of Public Law 96-221, Section 501 with respect
33 to the residential real estate loan in question. When fees charged need not be disclosed in the
34 annual percentage rate required by Title 15, U.S.C. Sections 1601, et seq., and regulations
35 thereunder because such fees are de minimis amounts or for other reasons, such fees need not
36 be included in the annual percentage rate for state examination purposes.

37 3. The lender may charge and collect bona fide fees for services actually and necessarily
38 performed in good faith in connection with a residential real estate loan as provided in subsection
39 2 of this section; however, the lender's board of directors shall determine whether such bona fide
40 fees shall be paid to the lender or businesses related to the lender in subsection 2 of this section,
41 but may allow current contractual relationships to continue for up to two years.

42 4. **The lender may offer, sell, and finance automobile club memberships, home and**
43 **auto security plans, and other plans and services that provide a benefit to the borrower**
44 **provided:**

45 (1) **The cost of the product is disclosed separate from the loan contract;**

46 (2) **Lenders shall not require the purchase of the plan as a condition for approval**
47 **of the loan;**

48 (3) **Purchasers of the plans shall be entitled to cancel the transaction and receive**
49 **a refund within thirty days of the purchase;**

50 (4) **Purchasers of the plans shall provide, separate and apart from the loan**
51 **document, a written acknowledgment of their intent to purchase the plan;**

52 (5) **That no plan shall include reimbursement for a deductible on a property**
53 **insurance claim; and**

54 **(6) All optional products other than the loan contract shall be clearly identified as**
55 **optional and not a required purchase.**

56 **5.** If any points or fees are charged, required or received, which are in excess of those
57 permitted by this section, or which are not returned upon demand when required by this section,
58 then the person paying the same points or fees or his or her legal representative may recover
59 twice the amount paid together with costs of the suit and reasonable attorney's fees, provided that
60 the action is brought within five years of such payment.

61 **[5.] 6.** Any lender who knowingly violates the provisions of this section is guilty of a
62 class B misdemeanor.

 408.140. 1. No further or other charge or amount whatsoever shall be directly or
2 indirectly charged, contracted for or received for interest, service charges or other fees as an
3 incident to any such extension of credit except as provided and regulated by sections 367.100 to
4 367.200, RSMo, and except:

5 (1) On loans for thirty days or longer which are other than "open-end credit" as such term
6 is defined in the federal Consumer Credit Protection Act and regulations thereunder, a fee, not
7 to exceed five percent of the principal amount loaned not to exceed seventy-five dollars may be
8 charged by the lender; however, no such fee shall be permitted on any extension, refinance,
9 restructure or renewal of any such loan, unless any investigation is made on the application to
10 extend, refinance, restructure or renew the loan;

11 (2) The lawful fees actually and necessarily paid out by the lender to any public officer
12 for filing, recording, or releasing in any public office any instrument securing the loan, which
13 fees may be collected when the loan is made or at any time thereafter; however, premiums for
14 insurance in lieu of perfecting a security interest required by the lender may be charged if the
15 premium does not exceed the fees which would otherwise be payable;

16 (3) If the contract so provides, a charge for late payment on each installment or minimum
17 payment in default for a period of not less than fifteen days in an amount not to exceed five
18 percent of each installment due or the minimum payment due or fifteen dollars, whichever is
19 greater, not to exceed fifty dollars. If the contract so provides, a charge for late payment on each
20 twenty-five dollars or less installment in default for a period of not less than fifteen days shall
21 not exceed five dollars;

22 (4) If the contract so provides, a charge for late payment for a single payment note in
23 default for a period of not less than fifteen days in an amount not to exceed five percent of the
24 payment due; provided that, the late charge for a single payment note shall not exceed fifty
25 dollars;

26 (5) Charges or premiums for insurance written in connection with any loan against loss
27 of or damage to property or against liability arising out of ownership or use of property as

28 provided in section 367.170, RSMo; however, notwithstanding any other provision of law, with
29 the consent of the borrower, such insurance may cover property all or part of which is pledged
30 as security for the loan, and charges or premiums for insurance providing life, health, accident,
31 or involuntary unemployment coverage;

32 (6) Reasonable towing costs and expenses of retaking, holding, preparing for sale, and
33 selling any personal property in accordance with section 400.9, RSMo;

34 (7) Charges assessed by any institution for processing a refused instrument plus a
35 handling fee of not more than twenty-five dollars;

36 (8) If the contract or promissory note, signed by the borrower, provides for attorney fees,
37 and if it is necessary to bring suit, such attorney fees may not exceed fifteen percent of the
38 amount due and payable under such contract or promissory note, together with any court costs
39 assessed. The attorney fees shall only be applicable where the contract or promissory note is
40 referred for collection to an attorney, and is not handled by a salaried employee of the holder of
41 the contract;

42 (9) Provided the debtor agrees in writing, the lender may collect a fee in advance for
43 allowing the debtor to defer up to three monthly loan payments, so long as the fee is no more
44 than the lesser of fifty dollars or ten percent of the loan payments deferred, no extensions are
45 made until the first loan payment is collected and no more than one deferral in a twelve-month
46 period is agreed to and collected on any one loan; this subdivision applies to nonprecomputed
47 loans only and does not affect any other subdivision;

48 (10) If the open-end credit contract is tied to a transaction account in a depository
49 institution, such account is in the institution's assets and such contract provides for loans of
50 thirty-one days or longer which are "open-end credit", as such term is defined in the federal
51 Consumer Credit Protection Act and regulations thereunder, the creditor may charge a credit
52 advance fee of the lesser of twenty-five dollars or five percent of the credit advanced from time
53 to time from the line of credit; such credit advance fee may be added to the open-end credit
54 outstanding along with any interest, and shall not be considered the unlawful compounding of
55 interest as that term is defined in section 408.120;

56 **(11) A lender may offer, sell, and finance automobile club memberships, home and**
57 **auto security plans, and other plans and services that provide a benefit to the borrower**
58 **provided:**

59 (a) The cost of the product is disclosed separate from the loan contract;

60 (b) Lenders shall not require the purchase of the plan as a condition for approval
61 of the loan;

62 (c) Purchasers of the plans shall be entitled to cancel the transaction and receive
63 a refund within thirty days of the purchase;

64 (d) **Purchasers of the plans shall provide, separate from the loan document, a**
65 **written acknowledgment of their intent to purchase the plan;**

66 (e) **That no plan shall include reimbursement for a deductible on a property**
67 **insurance claim; and**

68 (f) **All optional products other than the loan contract shall be clearly identified as**
69 **optional and not a required purchase;**

70 (12) **A deficiency waiver addendum, guaranteed asset protection, or a similar**
71 **product purchased as part of a loan transaction with collateral and at the borrower's**
72 **consent, provided the cost of the product is disclosed in the loan contract, is reasonable,**
73 **and the requirements of section 408.380 are met.**

74 2. Other provisions of law to the contrary notwithstanding, an open-end credit contract
75 under which a credit card is issued by a company, financial institution, savings and loan or other
76 credit issuing company whose credit card operations are located in Missouri may charge an
77 annual fee, provided that no finance charge shall be assessed on new purchases other than cash
78 advances if such purchases are paid for within twenty-five days of the date of the periodic
79 statement therefor.

80 3. Notwithstanding any other provision of law to the contrary, in addition to charges
81 allowed pursuant to section 408.100, an open-end credit contract provided by a company,
82 financial institution, savings and loan or other credit issuing company which is regulated
83 pursuant to this chapter may charge an annual fee not to exceed fifty dollars.

 408.233. 1. No charge other than that permitted by section 408.232 shall be directly or
2 indirectly charged, contracted for or received in connection with any second mortgage loan,
3 except as provided in this section:

4 (1) Fees and charges prescribed by law actually and necessarily paid to public officials
5 for perfecting, releasing, or satisfying a security interest related to the second mortgage loan;

6 (2) Taxes;

7 (3) Bona fide closing costs paid to third parties, which shall include:

8 (a) Fees or premiums for title examination, title insurance, or similar purposes including
9 survey;

10 (b) Fees for preparation of a deed, settlement statement, or other documents;

11 (c) Fees for notarizing deeds and other documents;

12 (d) Appraisal fees; and

13 (e) Fees for credit reports;

14 (4) Charges for insurance as described in subsection 2 of this section;

15 (5) Nonrefundable [fee] **fees** not to exceed **in total** five percent of the principal which
16 may be used by the lender to reduce the rate on a second mortgage loan;

17 (6) Any amounts paid to the lender by any person, corporation or entity, other than the
18 borrower, to reduce the rate on a second mortgage loan or to assist the borrower in qualifying for
19 the loan;

20 (7) For revolving loans, an annual fee not to exceed fifty dollars may be assessed.

21 2. An additional charge may be made for insurance written in connection with the loan,
22 including insurance protecting the lender against the borrower's default or other credit loss, and:

23 (1) For insurance against loss of or damage to property where no such coverage already
24 exists; and

25 (2) For insurance providing life, accident, health or involuntary unemployment coverage.

26 3. The cost of any insurance shall not exceed the rates filed with the department of
27 insurance, financial institutions and professional registration, and the insurance shall be obtained
28 from an insurance company duly authorized to conduct business in this state. Any person or
29 entity making second mortgage loans, or any of its employees, may be licensed to sell insurance
30 permitted in this section.

31 4. On any second mortgage loan, a default charge may be contracted for and received for
32 any installment or minimum payment not paid in full within fifteen days of its scheduled due
33 date equal to five percent of the amount or fifteen dollars, whichever is greater, not to exceed
34 fifty dollars. A default charge may be collected only once on an installment or a payment due
35 however long it remains in default. A default charge may be collected at the time it accrues or
36 at any time thereafter and for purposes of subsection 3 of section 408.234 a default charge shall
37 be treated as a payment. No default charge may be collected on an installment or a payment due
38 which is paid in full within fifteen days of its scheduled due date even though an earlier
39 installment or payment or a default charge on earlier installment or payments may not have been
40 paid in full.

41 5. The lender shall, in addition to the charge authorized by subsection 4 of this section,
42 be allowed to assess the borrower or other maker of refused instrument the actual charge made
43 by any institution for processing the negotiable instrument, plus a handling fee of not more than
44 twenty-five dollars; and, if the contract or promissory note, signed by the borrower, provides for
45 attorney fees, and if it is necessary to bring suit, such attorney fees may not exceed fifteen
46 percent of the amount due and payable under such contract or promissory note, together with any
47 court costs assessed. The attorney fees shall only be applicable where the contract or promissory
48 note is referred for collection to an attorney, and are not handled by a salaried employee of the
49 holder of the contract or note.

50 **6. The lender may offer, sell, and finance automobile club memberships, home and**
51 **auto security plans, and other plans and services that provide a benefit to the borrower**
52 **provided:**

- 53 **(1) The cost of the product is disclosed separate from the loan contract;**
54 **(2) Lenders shall not require the purchase of the plan as a condition for approval**
55 **of the loan;**
56 **(3) Purchasers of the plans shall be entitled to cancel the transaction and receive**
57 **a refund within thirty days of the purchase;**
58 **(4) Purchasers of the plans shall provide, separate and apart from the loan**
59 **document, a written acknowledgment of their intent to purchase the plan;**
60 **(5) That no plan shall include reimbursement for a deductible on a property**
61 **insurance claim; and**
62 **(6) All optional products other than the loan contract shall be clearly identified as**
63 **optional and not a required purchase.**
64 **7. No provision of this section shall be construed to prohibit the sale of a deficiency**
65 **waiver addendum, guaranteed asset protection, or a similar product purchased as part of**
66 **a loan transaction with collateral and at the borrower's consent, provided the cost of the**
67 **product is disclosed in the loan contract, is reasonable, and the requirements of section**
68 **408.380 are met.**

208.300. 1. Notwithstanding the provisions of any other law, the seller or other holder
2 under a retail time contract may charge, receive and collect a time charge, which shall be in lieu
3 of any interest charges, except such as may arise under the terms of sections 408.250 to 408.370
4 after maturity of the time contract and which charge shall not exceed the amount agreed to by
5 the parties to the retail time contract. The time charge under this subsection shall be computed
6 on the principal balance of each transaction, as determined under subsection 5 of section
7 408.260, on contracts payable in successive monthly payments substantially equal in amount
8 from the date of the contract to the maturity of the final payment, notwithstanding that the total
9 time balance thereof is required to be paid in one or more deferred payments, or if goods are
10 delivered or services performed more than ten days after that date, with the date of
11 commencement of delivery of goods or performance of services to the maturity of the final
12 payment. When a retail time contract provides for payment other than in substantially equal
13 successive monthly payments, the time charge shall not exceed the amount which will provide
14 the same return as is permitted on substantially equal monthly payment contracts. Each day may
15 be counted as one-thirtieth of a month. In lieu of any other charge, a minimum time charge of
16 twelve dollars may be charged, received, and collected on each such contract.

17 2. Notwithstanding the provisions of any other law, the seller and assignee under a retail
18 charge agreement may charge, receive and collect a time charge which shall not exceed the
19 amount agreed to by the parties to the retail charge agreement. The time charge under this
20 subsection shall be computed on an amount not exceeding the greater of either:

21 (1) The average daily balance of the account in the billing cycle for which the charge is
22 made, which is the sum of the amount unpaid each day during that cycle divided by the number
23 of days in that cycle; amount unpaid on a day is determined by adding to any balance unpaid as
24 of the beginning of that day all purchases and other debits and deducting all payments and other
25 credits made or received as of that day; or

26 (2) The unpaid balance of the account on the last day of the billing cycle after first
27 deducting all payments, credits and refunds during the billing cycle; or for all unpaid balances
28 within a range of not in excess of ten dollars on the basis of the median amount within such
29 range, if as so computed such time charge is applied to all unpaid balances within such range.
30 A minimum time charge not in excess of seventy cents per month may be charged, received and
31 collected.

32 3. The time charge shall include all charges incident to investigating and making any
33 retail time transaction. No fee, expense, delinquency charge, collection charge, or other charge
34 whatsoever, shall be charged, received, or collected except as provided in sections 408.250 to
35 408.370.

36 **4. No provision of this section shall be construed to prohibit the sale of a deficiency**
37 **waiver addendum, guaranteed asset protection, or a similar product purchased as part of**
38 **a loan transaction with collateral and at the borrower's consent, provided the cost of the**
39 **product is disclosed in the loan contract, is reasonable, and the requirements of section**
40 **408.380 are met.**

408.380. 1. Notwithstanding any provision of sections 408.140, 408.233, 408.300,
2 **or any other law to the contrary, no provision of such sections shall be construed to**
3 **prohibit the sale of a deficiency waiver addendum, guaranteed asset protection, or a similar**
4 **product purchased as part of a loan transaction with collateral and at the borrower's**
5 **consent, provided the cost of the product is reasonable and is disclosed in the loan contract.**
6 **The borrower's consent to the purchase of the deficiency waiver addendum, guaranteed**
7 **asset protection, or a similar product shall be in writing and acknowledge receipt of the**
8 **required disclosures by the borrower. The creditor shall retain a copy for the file.**

9 **2. Each deficiency waiver addendum, guaranteed asset protection, or other similar**
10 **product shall provide that in the event of termination of the product prior to the scheduled**
11 **maturity date of the indebtedness, any refund of an amount paid by the debtor for such**
12 **product shall be paid or credited promptly to the person entitled thereto; provided,**
13 **however, that no refund of less than one dollar need be made. The formula to be used in**
14 **computing the refund shall be the pro rata method.**

15 **3. Any debtor may cancel a deficiency waiver addendum, guaranteed asset**
16 **protection, or other similar product within fifteen days of its purchase and shall receive a**

17 **complete refund or credit of premium. This right shall be set forth in the loan contract,**
18 **or by separate written disclosure. This right shall be disclosed at the time the debt is**
19 **incurred in ten-point type and in a manner reasonably calculated to inform the debtor of**
20 **this right.**

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