HB 2116 -- Payday Loans

Sponsor: Still

This bill changes the laws regarding unsecured loans of $500 or less, commonly known as payday loans. In its main provisions, the bill:

(1) Prohibits repeated renewals of loans to circumvent interest rate restrictions;

(2) Prohibits lenders from making a loan to a person who currently has a payday loan or from lending to a person within two weeks of that person paying or otherwise satisfying in full a payday loan;

(3) Authorizes the Attorney General to issue cease and desist orders for certain violations by lenders;

(4) Allows the Attorney General to file a motion requesting a circuit court to issue an injunction, restraining order, or declaratory judgment; to impose a civil penalty of up to $1,000 per day; or to impose an order of rescission, restitution, or disgorgement against a person or entity who has violated any laws relating to consumer loans;

(5) Prohibits these loans from being facilitated, encouraged, solicited, advertised, or provided on the premises of any nursing home property or any residential care, assisted living, intermediate care, or skilled nursing facility;

(6) Specifies that these provisions apply to all lenders whether or not they are properly licensed pursuant to Chapter 408, RSMo; and

(7) Limits the loan set-up fee that may be charged on a loan to 5% of the loan up to a maximum of $25 and limits the interest at a simple annual rate not to exceed 36%. A lender must give a borrower a minimum of 90 days to repay a loan with payments required every two weeks so that the loan will fully amortize in 90 days. No other charges can be assessed except as provided in the bill including, but not limited to, late fees.