

HB 571 -- CONSUMER LOANS

SPONSOR: Owen

CONTRACTS FOR MOTOR VEHICLE TIME SALES (Sections 365.070, 365.100, and 365.140, RSMo)

This bill removes a requirement that a retail installment contract for a motor vehicle time sale be signed by both the buyer and the seller. The bill updates a statutory reference for the allowance of a fee for a check with insufficient funds, from repealed Section 408.653 to Section 570.120, which allows a charge of \$25 plus the amount actually charged by the bank for the bounced check. The bill states that if a retail installment contract is paid in full, the buyer must be given proof of payment in full.

INTEREST AND FEES FOR LOANS (Sections 408.035, 408.100, 408.140, and 408.178)

Current statute allows the parties to a loan to agree in writing to the interest rate and fees on a business loan of \$5,000 or more. This bill removes such loans from statute and instead adds loans that are an extension of credit primarily for agricultural, business, or commercial purposes.

Current statute allows the parties to a small loan to contract for the interest rate as agreed by the parties, except that it excludes loans that are secured by a lien on nonprocessed farm products, livestock, farm machinery, or crops or loans to corporations. This bill removes that exclusion.

This bill allows a small loan to charge the reasonable and bona fide third-party fees incurred in filing or recording an instrument to secure a loan. Under current statute, the loan can charge up to \$25 for a bounced check. This bill instead allows the charge to be up to \$23 plus the amount actually charged by the bank for the bounced check.

Current statute allows a small loan lender to collect a fee in advance in exchange for deferring up to three loan payments; this bill allows this only during any one 12 month period. The bill removes a provision that there cannot be more than one deferral in a 12 month period on any one loan.

Current statute allows a lender to collect certain fees for deferring loan payments on loans that are originally \$600 or more. This bill removes the requirement that the loan be \$600 or more.

SECOND MORTGAGE LOANS (Sections 408.233 and 408.234)

This bill removes a prohibition on lenders from making a second mortgage loan in an amount of less than \$2,500.

RETAIL CREDIT SALES (Section 408.250)

This bill allows fees for retail credit sales to include fees incurred by the lender or a bona fide third-party for remote electronic filing or recording.

DEFAULTS (Sections 408.553 and 408.554)

Current statute allows a lender, upon default, to recover the amount the borrower would have been required to pay upon prepayment, with interest. The bill instead allows a lender to collect the amount due and accrued under the agreement, including interest and penalties. After a judgment, the bill additionally allows the lender to recover simple interest, as applied to the amount of the judgment until the day the judgment is paid.

The bill removes a provision that in the event of a second default on a small loan or retail credit sale loan or a third default on a second mortgage loan, the borrower will have no right to cure the default.