

*Be it resolved by the people of the state of Missouri that the Constitution be amended:*

By amending Section 44 of Article III of the Constitution of Missouri to read as follows:

Section 44. 1. It is the intent of the people of Missouri to prevent lenders, such as those who make what are commonly known as payday loans, car title loans, and installment loans, from charging excessive fees and interest rates that can lead families into a cycle of debt, while also bolstering state oversight of lenders and preserving Missouri families' access to affordable credit. The people of Missouri aim to accomplish this intent by:

- (1) Reducing the annual percentage rate for payday, title, installment, and other high cost consumer credit and small loans from an average of over four hundred fifty percent, as calculated in the 2013 biannual report of the division of finance, and from a maximum allowable rate of approximately one thousand nine hundred fifty percent per year, to a maximum of four hundred percent per year;
- (2) Increasing license fees paid by payday and other lenders to generate more money for the division of finance to oversee them and protect borrowers; and
- (3) Preserving fair lending by prohibiting lenders from structuring other transactions to avoid the rate limit through subterfuge.

2. Lenders may contract for and receive interest on loans at rates agreed to by the parties provided that the interest, fees, and finance charges on a loan shall not exceed an annual percentage rate of four hundred percent.

3. The division of finance or such other successor agency as may be provided by law is hereby authorized to collect from lenders a license fee of no less than \$400 per annum per location, which amount may be increased by law and which shall be collected as provided by law.

4. A lender shall not engage in any device or subterfuge intended to evade the requirements of this section through any method, including:

- (1) offering, making, assisting a borrower to obtain, or brokering a loan at an annual percentage rate prohibited by this section, making loans disguised as personal property sales and leaseback transactions, or disguising loan proceeds as cash rebates for the pretextual installment sale of goods or services;
- (2) making, assisting a borrower to obtain, or brokering an offer of credit, or in whole or in part, from a third party, or acting as an agent for a third party, regardless of whether the third party is exempt from licensing under this article or whether approval, acceptance, or ratification by the third party is necessary to create a legal obligation for the third party; or
- (3) charging any application fee for the provision of credit or any fee for participation in a credit plan, if such a fee is authorized under any applicable section of Missouri law, without including the fees in the calculation of the annual percentage rate of the credit in accordance with the allowable rate set forth in this section.

5. For purposes of this section 44, a "lender" consists of the following types of persons or businesses as recognized in the 2012 Supplement to the Revised Missouri Statutes or any amendments thereto: a person in the business of making consumer credit loans; a title lender; a consumer installment lender; or a person in the business of making unsecured loans of five hundred dollars or less for a period of between fourteen and thirty-one days, commonly called payday loans.

6. No law shall be valid fixing rates of interest or return for the loan or use of money, or the service or other charges made or imposed in connection therewith, for any particular group or class engaged in lending money. The rates of interest fixed by law shall be applicable generally and to all lenders without regard to the type or classification of their business.