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**Rules of  
Department of Commerce and  
Insurance**

**Division 1140—Division of Finance  
Chapter 4—Motor Vehicle Time Sales**

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**Title 20—DEPARTMENT OF  
COMMERCE AND INSURANCE  
Division 1140—Division of  
Finance  
Chapter 4—Motor Vehicle Time Sales**

**20 CSR 1140-4.020 Recordkeeping**

*PURPOSE: The Division of Finance, Department of Commerce and Insurance has the authority to promulgate rules necessary to enforce the laws pertaining to motor vehicle time sales. The purpose of this rule is to establish minimum recordkeeping requirements to facilitate examination by the Division of Finance.*

(1) Books and Records. No special system of records is required by the commissioner of finance. The records of a sales finance company will be considered sufficient if they include a cash journal, double entry general ledger or a comparable record and an individual account ledger. The records of the business of each registered office shall be maintained so that the assets, liabilities, income and expenses may be readily segregated.

(2) Cash Journal. A cash book or cash journal shall contain a chronological record of the receipt and disbursement of all funds including refunds, title transfer fees and all other items of receipt or expenditure incidental to the granting or collection of a retail installment contract and replevin, repossession or sale of collateral.

(3) General Ledger. The general ledger shall be posted at least monthly. A trial balance sheet and a profit and loss statement shall be available to the examiner. Where the general ledger is kept at a central office other than the location of the registered office, the central office shall provide information required by this section.

(4) Account Ledger. The individual ledger, preferably individual account card, shall be kept for each individual contract. Such ledger card or sheet shall set forth not less than the following items:

- (A) Brief description of security pledged on contract, year model and whether new or used;
- (B) Account number;
- (C) Name and address of the buyer;
- (D) Date of the contract;
- (E) Date of first and subsequent payments;
- (F) Number of installments;

- (G) Amount of installments;
- (H) Date payments received;
- (I) The aggregate amount for all insurance, if a separate charge is made, on the motor vehicle against loss or damage of the motor vehicle, specifying the types of coverage and period;

(J) The aggregate amount for all insurance, if a separate charge is made, covering bodily injury and property damage to the person or property of others, specifying the types of coverage and period;

(K) The amount of charge for life insurance and accident and health insurance, if sold in connection with the contract, specifying type, period and amount of coverage;

- (L) The amount of official fees;
- (M) The principal amount of the contract;
- (N) The time price differential;
- (O) The total of principal and time price differential;

- (P) The unpaid balance of the account; and
- (Q) The date and amount of any additional interest collected on default or deferment.

(5) Index. The holder of a retail installment contract shall maintain a file which shall index alphabetically each retail buyer and contain not less than the following information: name of retail buyer, address of retail buyer, date of contract, account number and date paid in full. A separate index shall be kept on open contracts and those paid in full.

(6) Account Number. Each contract shall bear a number which corresponds to the account number.

(7) Records Available. All books, records and papers, including the contracts, applications, assignments, bills of sale, mortgages, motor vehicle titles, record of all insurance policies issued by or through the holder or seller as agent or broker in connection with the contract, shall be kept in the office of the holder and made available to the examiner of the Division of Finance for examination at any time without previous notice. When contracts are hypothecated or deposited with a financial institution or parties in connection with a loan or credit, access must be provided for the examiner when the institution holding those contracts is situated in Missouri. When the institution or person holding those contracts is not so situated or access is not provided, the holder shall obtain from such institution or person either a monthly list of contracts held or a copy of the lists of contracts deposited and withdrawn; such lists to show date, original amount, name or number of account and bear authorized signature of the institution or person. In the event any con-

tract is transferred to another office or company, the transfer or holder shall maintain in his files a copy of the original ledger card noting deposition of the contracts.

(8) Handling of Errors. When an error is made on the individual ledger or general ledger, a single thin line, preferably in red, shall be drawn through the improper entry and the correct entry made on the following line. No erasures whatsoever shall be made in any account of record.

(9) Preservation of Records. The holder of a retail installment contract shall keep all records on contracts or agreements available for examination for a period of two (2) years from the date of final payment.

(10) Contracts Paid in Full. When a contract is paid in full it shall be the responsibility of the holder to mark the original contract paid in full and return it to the buyer.

(11) Contracts Paid in Full Before Maturity. When a contract is paid in full before maturity the individual ledger shall show not less than the following information:

- (A) The date paid in full;
- (B) The amount of interest refunded; and
- (C) The amount of each type of insurance refund, if sold in connection with the contract, shall be shown separately.

(12) Contracts Paid in Full by Life Insurance. If a contract is paid upon the death of the buyer by credit life insurance sold in connection with the contract a death claim file shall be maintained containing not less than the following information:

- (A) The individual ledger;
- (B) Copy of the insurance policy or certificate;
- (C) Copy of the contract;
- (D) Copy of the death certificate;
- (E) Copy of all checks issued by the insurance company;
- (F) Copy of all checks issued by the holder in connection with the claim; and
- (G) All refunds shall be calculated as of the date of death of the buyer.

*AUTHORITY: section 365.060, RSMo 1986. \* This rule originally filed as 4 CSR 140-4.020. Original rule filed Jan. 14, 1977, effective April 15, 1977. Moved to 20 CSR 1140-4.020, effective Aug. 28, 2006. Non-substantive change filed June 11, 2021, published July 31, 2021.*

*\*Original authority: 365.060, RSMo 1963, amended 1993, 1995.*



20 CSR 1140-4.030 Licensing

PURPOSE: The Division of Finance, Department of Commerce and Insurance has the authority to promulgate rules necessary to enforce the laws pertaining to motor vehicle time sales. The purpose of this rule is to establish guidelines for required licensing.

(1) Any location at which a sales finance company permits any person to accept or execute any forms or documents relating to motor vehicle time sales other than the place of business recited in the sales finance company registration certificate shall be deemed to be a place of business of the sales finance company and shall require a separate certificate of registration; provided, however, that no merchant dealing with motor vehicle time sales contracts issued to finance such merchant's own sales from inventory shall be considered to be doing business in behalf of said sales finance company.

AUTHORITY: section 365.060, RSMo 1986.\* This rule originally filed as 4 CSR 140-4.030. Original rule filed Jan. 14, 1977, effective April 15, 1977. Moved to 20 CSR 1140-4.030, effective Aug. 28, 2006. Non-substantive change filed June 11, 2021, published July 31, 2021.

\*Original authority: 365.060, RSMo 1963, amended 1993, 1995.

20 CSR 1140-4.040 Extension Fees

PURPOSE: This rule is designed to provide a simple extension fee formula which is equitable for both the financing institution and the dealer.

(1) Extensions on precomputed contracts made pursuant to the Motor Vehicle Time Sales Act shall be calculated according to the following formula:

UNIT CHARGE (UC) = Total Finance Charge / Sum of the Digits in the Original term that is 1 + 2 + 3, etc.

Extension fee=UC times NUMBER OF FULL REMAINING INSTALLMENTS. Example: Consider a twenty-four (24)-month contract of \$1,925.25 with finance charges of \$474.75, monthly payments of \$100 and APR of 22.13%.

UC = 474.75 / 300 = 1.5825

If an extension is taken with twenty-two (22) installments remaining, the extension fee

would be 22 times 1.5825 or \$34.81. Considerations within the act necessitate the following limitations on extensions:

(A) No extension fee shall be collected more than one (1) month prior to the due date of the earliest installment being deferred:

(B) No extension shall be collected for any partial payment, however, two dollars (\$2) or less shall not be considered a partial payment;

(C) A minimum extension fee of one dollar (\$1) will be allowed;

(D) Any principal payment collected on the same day as an extension shall be applied before calculating the extension fee; and

(E) In the event of prepayment in full of the note or contract, the extensions shall be counted as months and the rule of seventy-eight's (78's) factor, based on this total, applied to all of the finance charges contracted for plus the extension fees collected.

AUTHORITY: section 365.060, RSMo 1986.\* This rule originally filed as 4 CSR 140-4.040. Original rule filed Feb. 13, 1980, effective June 12, 1980. Moved to 20 CSR 1140-4.040, effective Aug. 28, 2006.

\*Original authority: 365.060, RSMo 1963, amended 1993, 1995.