

## RETAIL CREDIT FINANCING INSTITUTIONS

### Introduction & Overview

The primary governing authority for retail credit transactions is found in two different chapters of the law. Chapter 364, which is basically a licensing act, and portions of Chapter 408, which has most of the substantive language. The regulations relating to retail credit financing are found beginning in 20 CSR 140-3.020.

Retail credit normally involves a third party in the credit transaction. This is usually a merchant who is often referred to as the dealer. The dealer actually generates the credit contract that is in turn sold to a lender, i.e. a bank or finance company. There are distinct differences between retail credit transactions and direct loans. Automobile financing is covered by a different section of law.

There are two types of retail credit transactions. Closed-end contracts are single transactions that have a specific payment schedule and a definite term. Open-end contracts are revolving accounts that may have repeated transactions.

The following is a quick reference guide for each section of chapter 364, pertinent sections of chapter 408, and the various related regulations.

364.010	Cites the chapter as the Missouri Financing Institution Law.
364.020	Defines the terms used in the chapter.
364.030	Requires any person who purchases retail time contracts to be licensed, details the application process, and requires the license to be conspicuously displayed.
364.040	Allows the commissioner to deny, suspend, or revoke a license subject to the requirement of a hearing.
364.050	Allows the commissioner to examine any financing institution and to investigate complaints.
364.060	Allows the commissioner to draft rules and regulations, issue subpoenas, and provides enforcement authority.
364.070	Establishes penalties for violation of this act.
408.250	Defines the terms used in 408.250 to 408.375.
408.260	Establishes requirements for the contents of a retail time contract, requires a notice to the buyer, and requires a copy of the contract be provided the buyer.
408.270	Creates special provisions for contracts negotiated by mail.
408.280	Permits the sale of credit insurance on retail time contracts or retail charge agreements within certain guidelines.
408.290	Establishes requirements for the contents of a retail charge agreement.
408.300	Permits interest as the parties may agree on retail time contracts and retail charge agreements, describes acceptable methods of computation, and prohibits certain fees and charges.
408.310	Permits the reassignment of retail time contracts and retail charge agreements.
408.320	Requires refunds be calculated by the actuarial method. Effective July 1, 2003.
408.330	Defines the permissible charges and fees.
408.360	Defines 408.250 to 408.375 as the "Missouri Retail Credit Sales Law."
408.365	Sets forth certain unenforceable contract provisions.
408.370	Provides penalties for violation of the act.
408.375	Defines when a retail installment agreement is accepted.

<b>The Following Regulations Pertain to Retail Credit Sales</b>	
20 CSR 1140-3.020 (1)	Establishes minimum record keeping requirements.
20 CSR 1140-3.020 (2)	Requires the licensee to maintain a cash journal.
20 CSR 1140-3.020 (3)	Requires the licensee to maintain a general ledger.
20 CSR 1140-3.020 (4)	Requires the licensee to maintain an individual ledger.
20 CSR 1140-3.020 (5)	Requires the licensee to maintain an alphabetical index.
20 CSR 1140-3.020 (6)	Requires each retail time contract and retail charge agreement to have an account number.
20 CSR 1140-3.020 (7)	Establishes certain record maintenance requirements and permits examiner access to records.
20 CSR 1140-3.020 (8)	Prohibits erasures on individual ledgers.
20 CSR 1140-3.020 (9)	Establishes a record retention requirement.
20 CSR 1140-3.020 (10)	Requires paid contracts to be returned to the buyer.
20 CSR 1140-3.020 (11)	Requires certain ledger information for contracts paid in full before maturity.
20 CSR 1140-3.020 (12)	Requires the licensee to maintain a death claim file containing certain information. Refer to the Credit Insurance chapter for details.
20 CSR 1140-3.030 (1)	Establishes guidelines for required licensing.
20 CSR 1140-3.040 (1)	Establishes the formula for calculating extension fees on pre-computed retail credit sales contracts.

The following is a cross-reference guide to some of the more fundamental sections.

Additional Charges & Fees	408.330-1
Credit Insurance	408.280
Definitions	408.250
Examination Authority	364.050
Home-solicited Sales	407.700 to 407.720
License Display	364.030-4
Notice to The Buyer	408.260-2
Refunds	408.320