

By: Representative Fleming

To: Banking and Financial  
Services

## HOUSE BILL NO. 26

1 AN ACT TO AMEND SECTION 75-67-405, MISSISSIPPI CODE OF 1972,  
2 TO DIRECT THE COMMISSIONER OF BANKING AND CONSUMER FINANCE TO  
3 ENSURE THAT ALL TITLE PLEDGE TRANSACTION FORMS ARE WRITTEN IN  
4 CLEAR, CONCISE AND NONTECHNICAL LANGUAGE THAT CAN BE READILY  
5 UNDERSTOOD BY LAYPERSONS, AND THAT THE PROVISIONS OF THE TITLE  
6 PLEDGE AGREEMENT ON THE TRANSACTION FORMS ARE IN A FORMAT THAT IS  
7 EASILY READABLE; TO REQUIRE CERTAIN INFORMATION ON THE TRANSACTION  
8 FORMS TO BE PROMINENTLY DISPLAYED IN RED COLOR, WITH A BOLDED FONT  
9 AND A LETTER SIZE THAT IS SIGNIFICANTLY LARGER THAN OTHER  
10 PROVISIONS ON THE FORM; TO AMEND SECTION 75-67-407, MISSISSIPPI  
11 CODE OF 1972, TO REQUIRE THE TRANSACTION FORMS TO CONTAIN LANGUAGE  
12 NEAR THE CENTER OF THE FORM IN RED COLOR, WITH A BOLDED FONT AND  
13 THE LARGEST LETTER SIZE USED ON THE FORM, WARNING THE PLEDGOR THAT  
14 IF HE DOES NOT REPAY THE FULL AMOUNT THAT HE OWES WITHIN THE TIME  
15 ALLOWED, HE WILL RISK LOSING THE OWNERSHIP OF HIS CAR; TO AMEND  
16 SECTION 75-67-413, MISSISSIPPI CODE OF 1972, TO REDUCE THE AMOUNT  
17 OF THE TITLE PLEDGE SERVICE CHARGE FROM 25% TO 20% PER MONTH; AND  
18 FOR RELATED PURPOSES.

19 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

20 **SECTION 1.** Section 75-67-405, Mississippi Code of 1972, is  
21 amended as follows:

22 75-67-405. (1) At the time the title pledge lender enters  
23 into each title pledge agreement, the title pledge lender shall  
24 complete a consecutively numbered title pledge transaction form  
25 for such transaction, and the pledgor shall sign the completed  
26 form. The commissioner shall approve the design and format of the  
27 title pledge transaction form, which shall elicit the information  
28 required under this section. The commissioner shall ensure that  
29 all title pledge transaction forms are written in clear, concise  
30 and nontechnical language that can be readily understood by  
31 laypersons, and that the provisions of the title pledge agreement  
32 on the transaction forms are in a format that is easily readable.  
33 In completing the title pledge transaction form, the title pledge  
34 lender shall record the following information, which shall be  
35 typed or written indelibly and legibly in English:

(a) The make, model and year of the titled personal property to which the pledged property relates.

(b) The vehicle identification number, or other comparable identification number, along with the license plate number, if applicable, of the titled personal property to which the pledged property relates.

(c) The name, address, date of birth, physical description, social security number of the pledgor and one (1) photo identification.

(d) The date of the transaction.

(e) The identification number and the type of identification (including the issuing agency) accepted from the pledgor.

(f) The amount of money advanced, which shall be designated as the "amount financed."

(g) The maturity date of the title pledge agreement, which shall be thirty (30) days after the date of the transaction.

(h) The total title pledge service charge payable on the maturity date, designated as the "finance charge."

(i) The total amount (amount financed plus finance charge) which must be paid to redeem the pledged property on the maturity date, designated as the "total of payments."

(j) The annual percentage rate, computed in accordance with the regulations adopted by the Federal Reserve Board pursuant to the federal Truth in Lending Act.

(2) The information required in paragraphs (f) through (j) of subsection (1) shall be prominently displayed in red color on the form, with a bolded font and a letter size that is significantly larger than other provisions on the form.

**SECTION 2.** Section 75-67-407, Mississippi Code of 1972, is amended as follows:

75-67-407. (1) The following information shall also be printed on all title pledge transaction forms:

69                   (a) The name and address of the title pledge office.

70                   (b) The statement that:

71                   (i) The pledgor is not obligated to redeem the  
72 pledged certificate of title;

73                   (ii) If the pledgor does not redeem the pledged  
74 certificate of title on or before the maturity date of the title  
75 pledge agreement, the title pledge lender may take possession of  
76 the titled personal property to which the certificate of title  
77 relates;

78                   (iii) If the pledgor does not redeem the pledged  
79 property within thirty (30) days of the maturity date by paying  
80 all outstanding principal, interest and other fees, then the  
81 pledgor forfeits all right, title and interest in and to the  
82 titled personal property and the pledged property to the title  
83 pledge lender, who shall thereby acquire an absolute right of  
84 title and ownership to the titled personal property; and

85                   (iv) If this title pledge transaction form is  
86 lost, destroyed or stolen, the pledgor shall immediately advise  
87 the issuing title pledge lender.

88                   (c) The statement that "The pledgor represents and  
89 warrants that the titled personal property to which the pledged  
90 property relates is not stolen, it has no liens or encumbrances  
91 against it, and the pledgor has the right to enter into this  
92 transaction."

93                   (d) Immediately above the signature of the pledgor or  
94 seller, the statement that "I, the pledgor declare under penalty  
95 of perjury that I have read the foregoing document and that, to  
96 the best of my knowledge and belief, the facts contained in it are  
97 true and correct."

98                   (e) A blank line for the signature of the pledgor.

99                   (2) In addition to the statement required in subsection  
100 (1)(b), the form shall contain the following language near the  
101 center of the form, which shall be in red color, with a bolded

font and the largest letter size used on the form: "WARNING: IF YOU DO NOT REPAY THE FULL AMOUNT THAT YOU OWE WITHIN THE TIME ALLOWED, YOU WILL RISK LOSING THE OWNERSHIP OF YOUR CAR (OR OTHER PROPERTY PLEDGED)."

(3) At the time of the transaction, the title pledge lender shall deliver to the pledgor a copy of the completed title pledge transaction form.

**SECTION 3.** Section 75-67-413, Mississippi Code of 1972, is amended as follows:

75-67-413. (1) A title pledge lender may contract for and receive a title pledge service charge in lieu of interest or other charges for all services, expenses, cost and losses of every nature not to exceed twenty percent (20%) of the principal amount, per month, advanced in the title pledge transaction.

(2) Any interest, charge or fees contracted for or received, directly or indirectly, in excess of the amount permitted under subsection (1) of this section shall be uncollectible and the title pledge transaction shall be void. The title pledge service charge allowed under subsection (1) of this section shall be deemed earned, due and owing as of the date of the title pledge transaction and a like sum shall be deemed earned, due and owing on the thirty-first day from the date of the transaction and on every thirtieth day thereafter.

(3) By agreement of the parties, the maturity date of the title pledge transaction may be extended or continued for thirty-day periods, provided that the service charges as specified in subsection (1) are not exceeded for any extensions. All extensions or continuations of the title pledge transaction shall be evidenced in writing. No accrued interest or service charge shall be capitalized or added to the original principal of the title pledge transaction during any extension or continuation. Beginning with the first extension or continuation and at each successive extension or continuation thereafter, the pledgor shall

be required to reduce the principal amount financed by at least ten percent (10%) of the original principal amount of the title pledge transaction. Notwithstanding any provision in this article to the contrary, if the pledgor fails to pay at least ten percent (10%) of the original principal amount at any such extension or continuation, the title pledge lender may, at its option, either (a) declare the outstanding principal and any service charges to be immediately due and payable, or (b) allow the transaction to be extended or continued, provided that the title pledge lender shall reduce the principal amount of the loan by ten percent (10%) of the original principal amount solely for the purposes of calculating its service charge. This reduction in principal shall continue to be owing by the pledgor in accordance with the title pledge transaction, but that amount shall not be entitled to accrue interest or service charges thereafter.

(4) Any additional payment of funds on the same pledged property must be evidenced by a separate title pledge agreement. A title pledge lender shall not advance funds to a pledgor to pay off an existing title pledge agreement.

**SECTION 4.** This act shall take effect and be in force from and after July 1, 2004.