

By: Representative Akins (By Request)

To: Banking and Financial Services; Appropriations

HOUSE BILL NO. 720

1 AN ACT TO AMEND SECTION 75-67-413, MISSISSIPPI CODE OF 1972,
2 TO REVISE THE MAXIMUM AMOUNT OF THE SERVICE CHARGE THAT MAY BE
3 CONTRACTED FOR AND RECEIVED UNDER A TITLE PLEDGE AGREEMENT; AND
4 FOR RELATED PURPOSES.

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

6 **SECTION 1.** Section 75-67-413, Mississippi Code of 1972, is
7 amended as follows:

8 75-67-413. (1) A title pledge lender may contract for and
9 receive a title pledge service charge in lieu of interest or other
10 charges for all services, expenses, cost and losses of every
11 nature, not to exceed thirty-two percent (32%) of the principal
12 amount per annum, with an amount of the service charge for a
13 thirty-day period advanced in the title pledge transaction.

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

23 (3) By agreement of the parties, the maturity date of the
24 title pledge transaction may be extended or continued for
25 thirty-day periods, provided that the service charges as specified
26 in subsection (1) are not exceeded for any extensions. All
27 extensions or continuations of the title pledge transaction shall
28 be evidenced in writing. No accrued interest or service charge

29 shall be capitalized or added to the original principal of the
30 title pledge transaction during any extension or continuation.
31 Beginning with the first extension or continuation and at each
32 successive extension or continuation thereafter, the pledgor shall
33 be required to reduce the principal amount financed by at least
34 ten percent (10%) of the original principal amount of the title
35 pledge transaction. Notwithstanding any provision in this article
36 to the contrary, if the pledgor fails to pay at least ten percent
37 (10%) of the original principal amount at any such extension or
38 continuation, the title pledge lender may, at its option, either
39 (a) declare the outstanding principal and any service charges to
40 be immediately due and payable, or (b) allow the transaction to be
41 extended or continued, provided that the title pledge lender shall
42 reduce the principal amount of the loan by ten percent (10%) of
43 the original principal amount solely for the purposes of
44 calculating its service charge. This reduction in principal shall
45 continue to be owing by the pledgor in accordance with the title
46 pledge transaction, but that amount shall not be entitled to
47 accrue interest or service charges thereafter.

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

52 **SECTION 2.** The amendments to Section 75-67-413 in this act
53 shall not apply to any title pledge agreement entered into before
54 July 1, 2004.

55 **SECTION 3.** This act shall take effect and be in force from
56 and after July 1, 2005.