

By: Senator(s) Mettetal, Gordon, Chaney, Robertson, Michel, Burton, Moffatt, Hewes, Pickering, Walley, Dearing, Kirby, White, Thomas, Carmichael, King, Browning, Flowers, Jackson (15th), Jackson (32nd), Ross, Clarke, Doxey, Davis, Wilemon, Lee (35th), Brown, Morgan

To: Business and Financial Institutions

SENATE BILL NO. 2374  
(As Sent to Governor)

1 AN ACT TO AMEND SECTION 75-67-121, MISSISSIPPI CODE OF 1972,  
2 TO AUTHORIZE SMALL LOAN LICENSEES TO OFFER BORROWERS THE  
3 OPPORTUNITY TO PURCHASE AUTO CLUB MEMBERSHIPS AFTER THE LICENSEE  
4 HAS FULLY APPROVED THE LOAN TO THE BORROWER; TO REQUIRE THE  
5 LICENSEE TO INFORM THE BORROWER IN WRITING THAT THE PURCHASE OF AN  
6 AUTO CLUB MEMBERSHIP IS NOT REQUIRED AS A CONDITION OF RECEIVING  
7 THE LOAN, AND THAT FAILURE TO PURCHASE AN AUTO CLUB MEMBERSHIP  
8 WILL NOT AFFECT THE LICENSEE'S APPROVAL OF THE LOAN OR THE RECEIPT  
9 OF THE LOAN BY THE BORROWER; TO AUTHORIZE THE BORROWER TO CANCEL  
10 THE AUTO CLUB MEMBERSHIP FOR A FULL REFUND OF THE PURCHASE PRICE  
11 WITHIN 30 DAYS AFTER THE DATE OF PURCHASE; AND FOR RELATED  
12 PURPOSES.

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

14 **SECTION 1.** Section 75-67-121, Mississippi Code of 1972, is  
15 amended as follows:

16 75-67-121. Any licensee under this article may charge any  
17 borrower on loans of One Hundred Dollars (\$100.00) or more the  
18 actual cost of recording any instrument executed as security for a  
19 loan; any reasonable fee paid to an attorney for investigating the  
20 title to any property given as security for a loan; the actual  
21 cost of any premium paid for insurance upon any property given as  
22 security for a loan, such insurance to be placed with an insurance  
23 company agent of the borrower's selection so long as it is  
24 licensed to do business in the State of Mississippi; the actual  
25 cost of any premium paid for life, health and/or accident  
26 insurance on any borrower where the amount of insurance required  
27 is not in excess of the amount of the loan and the premium for the  
28 insurance is in keeping with that usually and customarily paid for  
29 like insurance.

30 In addition, after the licensee has fully approved the loan  
31 to the borrower, the licensee may offer the borrower the  
32 opportunity to purchase an auto club membership. The licensee

33 shall inform the borrower in writing that the purchase of an auto  
34 club membership is optional and is not required as a condition of  
35 receiving the loan, and that failure to purchase an auto club  
36 membership will not affect the licensee's approval of the loan or  
37 the receipt of the loan by the borrower. The notification shall  
38 be initialed by the borrower. If the borrower chooses to purchase  
39 an auto club membership, the licensee shall allow the borrower to  
40 pay the cost of the auto club membership using funds other than  
41 the proceeds of a loan or have the cost deducted from the proceeds  
42 of any loan obtained from the licensee. The borrower shall be  
43 allowed to cancel the auto club membership for a full refund of  
44 the purchase price at any time within thirty (30) days after the  
45 date of purchase from the licensee if the borrower has not used  
46 any of the services provided through the auto club membership.  
47 The commissioner shall monitor the number of loans made by  
48 licensees with which the borrower chooses to purchase an auto club  
49 membership, and shall report that information to the Chairmen of  
50 the House Banking and Financial Services Committee and the Senate  
51 Business and Financial Institutions Committee by January 1, 2007.  
52 This paragraph shall stand repealed on July 1, 2008.

53       Whenever he \* \* \* finds it necessary, the Commissioner of  
54 Banking and Consumer Finance shall have the power to adopt and  
55 enforce reasonable rules and regulations to prevent the abuse of  
56 this section and the making of excessive charges under this  
57 section.

58       **SECTION 2.** This act shall take effect and be in force from  
59 and after July 1, 2006.