

By: Representative Sullivan

To: Banking and Financial Services

HOUSE BILL NO. 1333

1 AN ACT TO PROVIDE THAT IF MINERAL RIGHTS IN PROPERTY HAVE  
2 BEEN PLEDGED AS COLLATERAL FOR A LOAN, AND THERE IS A SHOWING OF  
3 PROOF THAT THE LOAN HAS BEEN REPAID, THEN THE FINANCIAL  
4 INSTITUTION OR PERSON ACCEPTING SUCH COLLATERAL SHALL REVEST IN  
5 THE BORROWER, OR HIS HEIRS; AND FOR RELATED PURPOSES.

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

7 **SECTION 1.** (1) If mineral rights in property have been  
8 pledged as collateral for a loan, and there is a showing of proof  
9 that the loan has been repaid, then the financial institution or  
10 person accepting such collateral shall revest the title to the  
11 mineral rights in the borrower or his heirs.

12 (2) Proof that the loan has been repaid may be rebutted by  
13 the lender if the lender provides the borrower or his heirs with:

14 (a) The original contract or agreement that contains  
15 the pledge of mineral rights as collateral for the loan; and

16 (b) Proof of failure of the borrower to repay the loan  
17 or to meet any conditions of the contract or agreement.

18 (3) This section shall not apply to security agreements  
19 executed under the Mississippi Uniform Commercial Code or to  
20 security interests created by such security agreements.

21 (4) This section shall not apply to a mortgage or deed of  
22 trust which states on its face that it secures a line of credit;  
23 or to one which secures a line of credit and, under prior law, was  
24 not required to state on its face that it secures a line of  
25 credit. As used in this section, the term "line of credit" means  
26 any loan, extension of credit or financing arrangement where the  
27 lender has agreed to make additional or future advances.

28           **SECTION 2.** This act shall take effect and be in force from  
29 and after July 1, 2007.