

By: Representative Fillingane

To: Banking and Financial Services

HOUSE BILL NO. 1283

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 forty percent (40%) of the principal amount  
12 per annum, with an amount of the service charge for a thirty-day  
13 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.