

By: Representative Fleming

To: Banking and Financial
Services

HOUSE BILL NO. 51

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:

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

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

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

45 (d) The date of the transaction.

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

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

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

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

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

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

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

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

67 75-67-407. (1) The following information shall also be
68 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

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

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

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

111 75-67-413. (1) A title pledge lender may contract for and
112 receive a title pledge service charge in lieu of interest or other
113 charges for all services, expenses, cost and losses of every
114 nature not to exceed twenty percent (20%) of the principal amount,
115 per month, advanced in the title pledge transaction.

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

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

135 be required to reduce the principal amount financed by at least
136 ten percent (10%) of the original principal amount of the title
137 pledge transaction. Notwithstanding any provision in this article
138 to the contrary, if the pledgor fails to pay at least ten percent
139 (10%) of the original principal amount at any such extension or
140 continuation, the title pledge lender may, at its option, either
141 (a) declare the outstanding principal and any service charges to
142 be immediately due and payable, or (b) allow the transaction to be
143 extended or continued, provided that the title pledge lender shall
144 reduce the principal amount of the loan by ten percent (10%) of
145 the original principal amount solely for the purposes of
146 calculating its service charge. This reduction in principal shall
147 continue to be owing by the pledgor in accordance with the title
148 pledge transaction, but that amount shall not be entitled to
149 accrue interest or service charges thereafter.

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

154 **SECTION 4.** This act shall take effect and be in force from
155 and after July 1, 2006.