

FIRST REGULAR SESSION

SENATE BILL NO. 125

96TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR KEAVENY.

Read 1st time January 18, 2011, and ordered printed.

TERRY L. SPIELER, Secretary.

0791S.011

AN ACT

To repeal sections 367.503, 367.512, and 367.533, RSMo, and to enact in lieu thereof three new sections relating to title loans, with penalty provisions.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 367.503, 367.512, and 367.533, RSMo, are repealed

2 and three new sections enacted in lieu thereof, to be known as sections 367.503,
3 367.512, and 367.533, to read as follows:

367.503. 1. Sections 367.500 to 367.533 shall apply to:

2 (1) Loans by any person licensed or who should have been
3 licensed under sections 367.500 to 367.533;

4 (2) Any person that the division of finance determines has
5 entered into a transaction that, in substance, is a disguised title loan;
6 and

7 (3) Any person that the division of finance determines has
8 engaged in subterfuge for the purpose of evading the provisions of
9 sections 367.500 to 367.533.

10 2. The director shall administer and regulate sections 367.500 to
11 367.533. The director, deputy director, other assistants and examiners, and all
12 special agents and other employees shall keep all information concerning title
13 lenders confidential as required by sections 361.070 and 361.080.

14 [2.] 3. No employee of the division of finance shall have any ownership
15 or interest in any title loan business or receive directly or indirectly any payment
16 or gratuity from any such entity.

17 [3.] 4. The director shall issue as many title loan licenses as may be
18 applied for by qualified applicants.

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

19 [4.] 5. No rule or portion of a rule promulgated pursuant to the authority
20 of sections 367.500 to 367.533 shall become effective unless it has been
21 promulgated pursuant to the provisions of chapter 536.

367.512. 1. Every title loan, and each extension or renewal of such title
2 loan, shall be in writing, signed by the borrower and shall provide that:

3 (1) The title lender agrees to make a loan to the borrower, and the
4 borrower agrees to give the title lender a security interest in unencumbered titled
5 personal property;

6 (2) Whether the borrower consents to the title lender keeping possession
7 of the certificate of title;

8 (3) The borrower shall have the right to redeem the certificate of title by
9 repaying the loan in full and by complying with the title loan agreement which
10 may be for any agreed period of time not less than thirty **nor more than forty-**
11 **five** days;

12 (4) The title lender shall renew the title loan agreement upon the
13 borrower's written request and the payment by the borrower of any interest due
14 at the time of such renewal. However, upon the third renewal of any title loan
15 agreement, and any subsequent renewal, the borrower shall reduce the principal
16 by ten percent until such loan is paid in full;

17 (5) When the loan is satisfied, the title lender shall release its lien and
18 return the title to the borrower;

19 (6) If the borrower defaults, the title lender shall be allowed to take
20 possession of the titled personal property after compliance with chapter 400,
21 sections 408.551 to 408.557, and sections 408.560 to 408.562;

22 (7) Upon obtaining possession of the titled personal property in
23 accordance with chapter 400, sections 408.551 to 408.557, and sections 408.560
24 to 408.562, the title lender shall be authorized to sell the titled personal property
25 in accordance with chapter 400, sections 408.551 to 408.557, and sections 408.560
26 to 408.562, and to convey to the buyer thereof good title thereto.

27 2. Any borrower who obtains a title loan under false pretenses by hiding
28 or not disclosing the existence of a valid prior lien or security interest affecting
29 the titled personal property shall be personally liable to the title lender for the
30 full amount stated in the title loan agreement.

367.533. 1. No [business] **person** licensed pursuant to sections 367.500
2 to 367.530 shall use the terms "pawn" or "pawnbroker" in its title, business name
3 or advertising.

4 **2. No person may in its title, business name, or advertising use**
5 **the term "title loans", "title lending", or any other word or combination**
6 **of words that suggest that the person is engaged in title lending unless**
7 **the person has a license issued under sections 367.500 to 367.533.**

8 **3. In addition to any other penalty, any person who violates this**
9 **section shall be deemed guilty of an unlawful merchandising practice**
10 **under chapter 407.**

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