

## Pending Title Lending Legislation<sup>1</sup>

Current as of April 2005

State	Bill	Description
Alabama	H.B. 560	Authorizes licensed pawnbrokers to sell memberships in an automobile club in conjunction with title loans under certain circumstances and provides that the sale of automobile club memberships is not deemed to be the sale of insurance.
California	S.B. 120	Amends §§ 22303 and 22304 of Financial Code by raising the amount for excepted loans from \$2,500 to \$10,000. Adds § 22343 to Financial Code, which prohibits licensees from taking title as security for a consumer loan unless disclosures are made and the annual interest rate is below an as-yet unspecified threshold.
Georgia	H.B. 675	Amends criminal usury statute to include “title pawn transactions” and changes laws governing pawnbrokers with respect to “title pawn transactions” (e.g., to require notice and provide for civil and criminal penalties).
	S.B. 198	Amends Ga. Code Ann. § 44-12-131(a)(4) to limit the interest rate on pawn transactions involving a motor vehicle or motor vehicle certificate of title to 5% per month (i.e., a 60% annual rate).
Idaho	S.B. 1031	Adds a new section to the Idaho Code relating to “Short-Term Vehicle Equity Loans” that, <i>inter alia</i> , provides that such loans are regulated consumer credit transactions and sets out lender licensing requirements.
Illinois	H.B. 427 <sup>2</sup>	Amends the Consumer Installment Loan Act and provides that a short-term lender may not impose fees (other than interest) of more than 25% of the principal amount of a short-term or title-secured loan during the 30-day period beginning with the date the loan is commenced.
	H.B. 600 <sup>2</sup>	Creates the Short-Term Loan Act, which <i>inter alia</i> limits interest to 24% per annum on loans of \$1,000 or less with a term of less than 93 days and requires licensing, examination, and reporting.

<sup>1</sup> This table may not be a comprehensive list. The descriptions provided also are not intended to provide a complete summary of any pending legislation.

<sup>2</sup> Illinois H.B. 427, H.B. 600, and H.B. 2360 were re-referred to the Rules Committee on March 10, 2005 per Rule 19(a).

Pending Title Lending Legislation (as of April 2005)

State	Bill	Description
Illinois	H.B. 2360 <sup>2</sup>	Creates the Payday and Title Loan Credit Reporting Act, requiring any lender who provides a payday or title loan to an Illinois resident to furnish the borrower's repayment history and other relevant credit information to at least one consumer reporting agency.
	S.B. 2069	As amended, contains only a short title provision for the Short-Term Loan Act.
Iowa	H.F. 307	Regulates title loans by, <i>inter alia</i> , capping interest rates at 21% per annum, requiring licensing, consideration of ability to repay, and a \$20,000 bond or irrevocable letter of credit per title loan office, imposing civil and criminal penalties, giving the Superintendent rulemaking authority, and prohibiting mandatory arbitration clauses in title loan contracts.
	S.F. 217	Prohibits a lender from receiving a finance charge that exceeds 21% per annum on the unpaid balance of a loan for money that is secured by a certificate of title to a motor vehicle. Provides that an attempt to avoid application of the maximum finance charge on a loan secured by a certificate of title to a motor vehicle by structuring the transaction as a sale, sale and repurchase, sale and lease, pawn, rental purchase, or lease with the intent to avoid the maximum finance charge shall be considered a consumer fraud subject to civil penalties.
Missouri	H.B. 566	Provides that title lenders may not charge more than double the average rate charged by credit unions in Missouri.
Nevada	A.B. 384	Makes various changes related to certain short-term, high-interest loans, including title loans. Includes specific provisions governing title loans in sections 78-86, which, <i>inter alia</i> , require lender licensing and consideration of ability to repay.
Tennessee	H.B. 1327 / S.B. 1544	Permits title pledge lenders to charge up to 2% monthly interest on the original principal amount plus an additional 20% in fees for each 30-day period (i.e., a 264% annual rate). Requires licensing by the department of financial institutions and a bond, certificate of deposit, or irrevocable letter of credit. Requires 1-2 examinations every 24 months (or more frequently under certain circumstances), but renders examination reports confidential. Includes other provisions, including a requirement that lenders return surplus.

Pending Title Lending Legislation (as of April 2005)

State	Bill	Description
Tennessee	H.B. 1631 / S.B. 1016	Amends Tenn. Code Ann. § 45-15-111(a) by changing the amount that title pledge lenders can charge in monthly interest from 2% to 1% and the additional fees that lenders can charge from 20% to 10% per month (yielding a 132% annual rate). Also adds the word “reasonable” before “repossession charge” in Tenn. Code Ann. § 45-15-111(b).
	H.B. 1670 / S.B. 1793	Limits the interest that title pledge lenders can charge to 36% per annum and contains related provisions.
	H.B. 1672 / S.B. 1794	Limits the interest that title pledge lenders can charge to 3% a month (i.e., a 36% annual rate), including all fees other than those expenses specifically identified in the statute. Requires licensing by the department of financial institutions and a bond, certificate of deposit, or irrevocable letter of credit. Requires 1-2 examinations every 24 months (or more frequently under certain circumstances), but renders examination reports confidential. Includes other requirements, including that lenders return surplus and that any violation of the title pledge provisions be construed as an unfair or deceptive act or practice subject to the penalties and remedies of the Tennessee Consumer Protection Act.
	H.B. 1784 / S.B. 2025	Deletes and/or replaces many existing provisions of the Title Pledge Act in their entirety. Does not change Tenn. Code Ann. § 45-15-111(b), which permits annual rates of up to 264%.
	H.B. 1786 / S.B. 2054	Requires licensing by the department of financial institutions and announces the policy of the state to provide for the examination and regulation of title pledge lenders by the department.