

By Representatives Sublette, Livingston and Culp

1 A bill to be entitled
2 An act relating to title loan transactions;
3 creating the "Florida Title Loan Act";
4 providing definitions; providing legislative
5 intent; requiring licensure by the Department
6 of Banking and Finance to be in the business as
7 a title loan lender; providing for eligibility
8 for licensure; providing for application;
9 providing for suspension or revocation of
10 license; providing for a title loan
11 transaction form; providing for recordkeeping
12 and reporting and safekeeping of property;
13 providing for title loan charges; providing a
14 holding period when there is a failure to
15 redeem; providing for the disposal of pledged
16 property; providing for disposition of excess
17 proceeds; prohibiting certain acts; providing
18 for the right to redeem; providing for lost
19 title loan transaction forms; providing for a
20 title loan lenders lien; providing for criminal
21 penalties; providing for certain records from
22 the Department of Law Enforcement; providing
23 for subpoenas, enforcement of actions, and
24 rules; providing a fine; providing for
25 investigations and complaints; amending ss.
26 538.03 and 538.16, F.S.; deleting provisions
27 relating to title loan transactions; providing
28 an appropriation; repealing ss. 538.03(1)(i),
29 538.06(5), and 538.15(4) and (5), F.S.,
30 relating to title loan transactions by
31 secondhand dealers; providing effective dates.

1 Be It Enacted by the Legislature of the State of Florida:

2
3 Section 1. Short title.--This act may be cited as the
4 "Florida Title Loan Act."

5 Section 2. Legislative intent.--It is the intent of
6 the Legislature that title loans shall be regulated by the
7 provisions of this act. The provisions of this act shall
8 supersede any other provisions of law affecting title loans to
9 the extent of any conflict.

10 Section 3. Definitions.--As used in this act, unless
11 the context otherwise requires:

12 (1) "Department" means the Department of Banking and
13 Finance.

14 (2) "Commercially reasonable" means a sale or disposal
15 which occurs and can be construed as an arms' length
16 transaction. Nonpublic sales or disposal of personal property
17 between licensees and business affiliates or family members
18 are sales and disposal that are presumed not to be in a
19 commercially reasonable fashion.

20 (3) "Executive officer" means the president, chief
21 executive officer, chief financial officer, chief operating
22 officer, executive vice president, senior vice president,
23 secretary, and treasurer.

24 (4) "Identification" means a government issued
25 photographic identification.

26 (5) "Interest" means the cost of obtaining a title
27 loan and includes any profit or advantage of any kind
28 whatsoever that a title loan lender may charge, contract for,
29 collect, receive, or in any way obtain, including, by means of
30 any collateral sale, purchase, or agreement, as a condition of
31 the title loan.

- 1 (6) "Licensee" means a person who is licensed pursuant
2 to the provisions of this act.
- 3 (7) "License" means a permit issued under this chapter
4 to make and collect title loans in accordance with this
5 chapter at a single place of business.
- 6 (8) "Loan property" means any motor vehicle
7 certificate of title that is deposited with a title loan
8 lender in the course of the title loan lender's business and
9 is the subject of a title loan agreement.
- 10 (9) "Motor vehicle" means an automobile, motorcycle,
11 truck, trailer, semi-trailer, truck tractor and semitrailer
12 combination, or any other vehicle operated on the public
13 highways and streets of this state, used to transport persons
14 or property, and propelled by power other than muscular power,
15 but excluding vehicles which run only upon a track.
- 16 (10) "Title loan" means a loan of money secured by
17 bailment of a certificate of title to a motor vehicle.
- 18 (11) "Title loan agreement" means a written agreement
19 whereby a title loan lender agrees to make a loan of a
20 specific sum of money to a pledgor, and the pledgor agrees to
21 give the title loan lender a security interest in an
22 unencumbered motor vehicle certificate of title owned by the
23 pledgor.
- 24 (12) "Title loan lender" means any person who is
25 engaged in the business of making title loans or engaging in
26 title loan agreements with pledgors.
- 27 (13) "Title loan office" means the location at which,
28 or premises from which, a title loan lender regularly conducts
29 business.
- 30 (14) "Title loan transaction" means any title loan of
31 a motor vehicle from lender to borrower for money.

1 (15) "Title loan transaction form" means the
2 instrument on which a title loan lender records title loan
3 agreements.

4 (16) "Titled personal property" means a motor vehicle
5 that has as evidence of ownership a state-issued certificate
6 of title except for a mobile home that is the primary
7 residence of the pledgor.

8 (17) "Ultimate equitable owner" means a natural person
9 who, directly or indirectly, owns or controls an ownership
10 interest in a corporation, a foreign corporation, an alien
11 business organization, or any other form of business
12 organization, regardless of whether such natural person owns
13 or controls such ownership interest through one or more
14 natural persons or one or more proxies, powers of attorney,
15 nominees, corporations, associations, partnerships, trusts,
16 joint stock companies, or other entities or devices, or any
17 combination thereof.

18 Section 4. License required; license fees.--

19 (1) A person may not engage in business as a title
20 loan lender unless the person has a valid license issued by
21 the department authorizing the engagement in the business. A
22 separate license is required for each physical location of a
23 title loan office. The department shall issue more than one
24 license to a person who complies with the requirements of this
25 act for each license.

26 (2) An application for a license pursuant to this act
27 shall be submitted to the department on such forms as the
28 department prescribes by rule. If the department determines
29 that an application should be granted, the department shall
30 issue the license for a period not to exceed 2 years. A
31 nonrefundable license fee not to exceed \$500 and a

1 nonrefundable investigation fee of \$200 shall accompany an
2 initial application for each title loan location. The revenue
3 from such fees is intended to reasonably reflect the actual
4 cost of regulation.

5 (3) A license shall be renewed biannually and shall be
6 accompanied by a nonrefundable fee not to exceed \$500. A
7 license that is not renewed by its expiration date shall
8 automatically expire and revert to inactive status. Such
9 inactive license may be reactivated within 3 months after the
10 expiration date upon submission of a completed reactivation
11 form and payment of a reactivation fee of \$250. A license that
12 is not reactivated within 3 months after becoming inactive may
13 not be reactivated.

14 (4) Each license must specify the location for which
15 the license is issued and must be conspicuously displayed at
16 that location. When a licensee wishes to move a title loan
17 office to another location, the licensee shall give 30 days'
18 prior written notice to the department by certified or
19 registered mail, return receipt requested, and the department
20 shall then amend the license accordingly. A license issued
21 pursuant to this act is not transferable or assignable.

22 (5) The department may deny an initial application for
23 a license if the applicant or any person with power to direct
24 the management or policies of the applicant is the subject of
25 a pending criminal prosecution or governmental civil
26 enforcement action, in any jurisdiction, until conclusion of
27 such criminal prosecution or enforcement action.

28 (6) Each licensee shall designate and maintain an
29 agent in this state for service of process.

30 (7) A person shall apply to the department for a new
31 license upon the change of any person owning 25 percent or

1 greater interest in any title loan office and shall pay the
2 nonrefundable license and investigation fees.

3 (8) All moneys collected by the department under this
4 act shall be deposited into the Regulatory Trust Fund of the
5 Department of Banking and Finance for the sole purpose of
6 implementing this act.

7 Section 5. Eligibility for license.--

8 (1) To be eligible for a title loan lending license,
9 an applicant must:

10 (a) Be of good moral character.

11 (b) File with the department a bond, in the amount of
12 \$100,000 for each license, with a surety company qualified to
13 do business in this state. In lieu of the bond, the applicant
14 may establish a certificate of deposit or an irrevocable
15 letter of credit in a financial institution, as defined in s.
16 655.005, in the amount of the bond. The original bond,
17 certificate of deposit, or letter of credit shall be filed
18 with the department, and the department shall be the
19 beneficiary to that document. The bond, certificate of
20 deposit, or letter of credit shall be in favor of the
21 department for the use and benefit of any consumer who is
22 injured pursuant to a title loan transaction by the fraud,
23 misrepresentation, breach of contract, financial failure, or
24 violation of any provision of this act by the title loan
25 lender. Such liability may be enforced either by proceeding in
26 an administrative action or by filing a judicial suit at law
27 in a court of competent jurisdiction. However, in such court
28 suit, the bond, certificate of deposit, or letter of credit
29 posted with the department shall not be amenable or subject to
30 any judgment or other legal process issuing out of or from
31 such court in connection with such lawsuit, but such bond,

1 certificate of deposit, or letter of credit shall be amenable
2 to and enforceable only by and through administrative
3 proceedings before the department. It is the intent of the
4 Legislature that such bond, certificate of deposit, or letter
5 of credit shall be applicable and liable only for the payment
6 of claims duly adjudicated by order of the department. The
7 bond, certificate of deposit, or letter of credit shall be
8 payable on a pro-rata basis as determined by the department,
9 but the aggregate amount may not exceed the amount of the
10 bond, certificate of deposit, or letter of credit.

11 (c) Not have been convicted of a felony within the
12 last 10 years or be acting as an ultimate equitable owner for
13 someone who has been convicted of a felony within the last 10
14 years.

15 (d) Not have been convicted, and not be acting as an
16 ultimate equitable owner for someone who has been convicted,
17 of a crime that the department finds directly relates to the
18 duties and responsibilities of a title loan lender within the
19 last 10 years.

20 (2) If an applicant for a title loan lending license
21 is other than a corporation, the eligibility requirements of
22 this section apply to each direct or ultimate equitable owner.

23 (3) If an applicant for a title loan lending license
24 is a corporation, the eligibility requirements of this section
25 apply to each direct or ultimate equitable owner of a least 25
26 percent of the outstanding equity interest of such corporation
27 and to each director and executive officer.

28 Section 6. Application for license.--

29 (1) Application for a license to make title loans
30 under this act shall be in writing, under oath, and in the
31 form prescribed by department rule, and shall:

1 (a) Contain the name and the residence and business
2 addresses of the applicant and, if the applicant is a
3 partnership or association, of every member of such
4 partnership or association and, if a corporation, of each
5 executive officer and director and ultimate equitable owner of
6 at least 25 percent of such corporation.

7 (b) State whether any of the above has, within the
8 last 10 years, been arrested for or convicted of, or is under
9 indictment or information for, a felony or crime that directly
10 relates to the duties and responsibilities of a title loan
11 lender and, if so, the nature of such felony or crime.

12 (c) Identify the county and municipality with the
13 street and number or location where the business is to be
14 conducted.

15 (d) Contain such further relevant information as the
16 department requires pursuant to rule.

17
18 At the time of making such application the applicant shall pay
19 to the department a nonrefundable license fee not to exceed
20 \$500. Applications, except for applications to renew or
21 reactivate a license, must be accompanied by a nonrefundable
22 investigation fee of \$200.

23 (2) Notwithstanding subsection (1), the application
24 need not state the full name and address of each officer,
25 director, and shareholder if the applicant is owned directly
26 or beneficially by a person who as an issuer has a class of
27 securities registered pursuant to section 12 of the Securities
28 Exchange Act of 1934 or, pursuant to section 15(d) of such
29 act, is an issuer of securities which is required to file
30 reports with the Securities and Exchange Commission, if the
31 person files with the department any information, documents,

1 and reports required by such act to be filed with the
2 Securities and Exchange Commission.

3 (3) Upon the filing of an application for a license
4 and payment of all applicable fees, unless the application is
5 to renew or reactivate an existing license, the department
6 shall investigate the facts concerning the applicant's
7 proposed activities. The department shall investigate the
8 facts, and shall approve an application and issue to the
9 applicant a license that will evidence the authority to do
10 business under the provisions of this act if the department
11 finds that the eligibility requirements for the license are
12 satisfied. The license must be prominently displayed at the
13 front desk or counter at the title loan office.

14 (4) A license that is not renewed by its expiration
15 date shall automatically revert to inactive status. An
16 inactive license may be reactivated upon submission of a
17 completed reactivation application, payment of the biannual
18 license fee, and payment of a reactivation fee of \$250. A
19 license expires on the date on which it has been inactive for
20 3 months.

21 (5) A licensee may not change the place of business
22 maintained under a license without prior notice to the
23 department. When a licensee wishes to change a place of
24 business, the licensee shall give written notice of such
25 change to the department.

26 (6) A licensee may not conduct the business of making
27 loans under this act within a place of business in which other
28 business is solicited or engaged in, unless the department
29 finds that the conduct of such other business by the licensee
30 does not result in either the evasion of this act or the
31 combining of such other business activities does not result in

1 practices that are detrimental, misleading, or unfair to
2 consumers. Upon such a finding, the department may authorize
3 the combining of such other business activities. However, no
4 license shall be granted to or renewed for any person or
5 organization engaged in the pawnbroking business.

6 (7) Licenses are not transferable or assignable. A
7 licensee may invalidate any license by delivering the license
8 to the department with written notice of its surrender by
9 certified or registered mail, return receipt requested, but
10 such delivery does not affect any civil or criminal liability
11 or the authority to enforce this act for acts committed in
12 violation thereof.

13 Section 7. Suspension, revocation of license.--

14 (1) The following acts are violations of this act and
15 constitute grounds for the disciplinary actions specified in
16 subsection (2):

17 (a) Failure to comply with any provision of this act,
18 any rule or order adopted pursuant to this act, or any written
19 agreement entered into with the department.

20 (b) Fraud, misrepresentation, deceit, or gross
21 negligence in any title loan transaction, regardless of
22 reliance by or damage to the pledgor.

23 (c) Fraudulent misrepresentation, circumvention, or
24 concealment of any matter required to be stated or furnished
25 to a pledgor pursuant to this act, regardless of reliance by
26 or damage to the pledgor.

27 (d) Willful imposition of illegal or excessive charges
28 in any title loan transaction.

29 (e) False, deceptive, or misleading advertising by a
30 title loan lender.

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1 (f) Failure to maintain, preserve, and keep available
2 for examination, all books, accounts, or other documents
3 required by this act, by any rule or order adopted pursuant to
4 this act, or by any agreement entered into with the
5 department.

6 (g) The title loan lender has aided, abetted, or
7 conspired with an individual or person to circumvent or
8 violate any of the requirements of this act.

9 (h) Refusal to permit inspection of books and records
10 in an investigation or examination by the department or
11 refusal to comply with a subpoena issued by the department.

12 (i) Criminal conduct in the course of a person's
13 business as a title loan lender.

14 (2) Upon a finding by the department that any person
15 has committed any of the acts set forth in subsection (1), the
16 department may enter an order taking any of the following
17 actions:

18 (a) Issuing a notice of noncompliance pursuant to s.
19 120.695, Florida Statutes;

20 (b) Denying an application for a license pursuant to
21 this act;

22 (c) Revoking or suspending a license previously
23 granted pursuant to this act;

24 (d) Placing a licensee or an applicant for a license
25 on probation for a period of time and subject to such
26 conditions as the department specifies;

27 (e) Placing permanent restrictions or conditions upon
28 issuance or maintenance of a license pursuant to this act;

29 (f) Issuing a reprimand; or

30 (g) Imposing an administrative fine not to exceed
31 \$5,000 for each such act or violation.

1 (3) In addition to the acts specified in subsection
2 (1), the following shall be grounds for denial of a license
3 pursuant to this act, or for revocation, suspension, or
4 restriction of a license previously granted:
5 (a) A material misstatement of fact in an initial or
6 renewal application for a license.
7 (b) Having a license, registration, or the equivalent,
8 to practice any profession or occupation denied, suspended,
9 revoked, or otherwise acted against by a licensing authority
10 in any jurisdiction for fraud, dishonest dealing, or any act
11 of moral turpitude.
12 (c) Having been convicted or found guilty of a crime
13 involving fraud, dishonest dealing, or any act of moral
14 turpitude.
15 (d) Being insolvent or having demonstrated a lack of
16 honesty or financial responsibility.
17 (e) A fact or condition exists which, if it had
18 existed or had been known to exist at the time of the original
19 issuance of the license, would have justified the department
20 in refusing a license.
21 (4) It is sufficient cause for the department to take
22 any of the actions specified in subsection (2), as to any
23 partnership, corporation, or association, if the department
24 finds grounds for such action as to any member of the
25 partnership, as to any executive officer or director of the
26 corporation or association, or as to any person with power to
27 direct the management or policies of the partnership,
28 corporation, or association.
29 (5) Each licensee licensed pursuant to this act is
30 responsible for the acts of employees and agents of the
31 licensee if the licensee knew or should have known about such

1 acts and the licensee retained the profits, benefits, or
2 advantages accruing from such acts or ratified the conduct of
3 the employee or agent as a matter of law or fact.

4 (6) The manner of giving notice and conducting a
5 hearing is governed by chapter 120, Florida Statutes.

6 (7) Any title loan agreement made without benefit of a
7 license is voidable, in which case the person forfeits the
8 right to collect any moneys, including principal and finance
9 charges, from the pledgor in connection with such agreement,
10 and shall return to the pledgor the loan property in
11 connection with such agreement or the fair market value of
12 such property and all principal and interest made by the
13 pledgor.

14 Section 8. Title loan transaction form.--

15 (1) At the time a title loan lender enters into each
16 title loan agreement, the title loan lender shall complete a
17 title loan transaction form for such transaction, and the
18 pledgor shall sign such completed form. The department shall
19 approve the design and format of the title loan transaction
20 form, which shall elicit the information required under this
21 section. In completing the title loan transaction form, the
22 title loan lender shall record the following information,
23 which shall be typed or written indelibly and legibly in
24 English.

25 (a) The make, model, and year of the titled personal
26 property to which the loan property relates.

27 (b) The vehicle identification number, or other
28 comparable identification number, along with the license plate
29 number, if applicable, of the titled personal property to
30 which the loan property relates.

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- 1 (c) The name, address, date of birth, physical
2 description, and social security number of the pledgor.
- 3 (d) The date of the transaction.
- 4 (e) The identification number and the type of
5 identification, including the issuing agency, accepted from
6 the pledgor.
- 7 (f) The amount of money advanced, which shall be
8 designated as the "amount financed."
- 9 (g) The maturity date of the title loan agreement,
10 which shall be 30 days after the date of the transaction.
- 11 (h) The total title loan charge payable on the
12 maturity date, designated as the "finance charge."
- 13 (i) The total amount, amount financed plus finance
14 charge, which must be paid to redeem the loan property on the
15 maturity date, designated as the "total amount of all
16 payments."
- 17 (j) The annual percentage rate, computed in accordance
18 with the regulations adopted by the Federal Reserve Board
19 pursuant to the Federal Truth-in-Lending Act.
- 20 (2) The following information shall also be printed on
21 all title loan transaction forms:
- 22 (a) The name and address of the title loan office.
- 23 (b) The name and address of the department as well as
24 a telephone number to which consumers may address complaints.
- 25 (c) The following statement in not less than 12-point
26 type that:
- 27 1. The pledgor is not obligated to redeem the subject
28 certificate of title.
- 29 2. If the pledgor does not redeem the certificate of
30 title before the maturity date of the title loan agreement,
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1 the title loan lender may repossess the titled personal
2 property to which the certificate of title relates.
3 3. If the title loan transaction form is lost,
4 destroyed, or stolen, the pledgor should immediately so advise
5 the issuing title loan lender in writing.
6 (d) The statement that "The pledgor represents and
7 warrants that the titled personal property to which the loan
8 property relates is not stolen and has no liens or
9 encumbrances against it, the pledgor has the right to enter
10 into this transaction, and the pledgor will not apply for a
11 duplicate certificate of title while the title loan agreement
12 is in effect."
13 (e) Immediately above the signature of the pledgor,
14 the statement that "I, the pledgor declare under penalty of
15 perjury that I have read the foregoing document and that, to
16 the best of my knowledge and belief, the facts contained in it
17 are true and correct."
18 (f) A blank line for the signature of the pledgor.
19 (3) At the time of the transaction, the title loan
20 lender shall deliver to the pledgor an exact copy of the
21 completed title loan transaction form.
22 (4) The pledgor shall agree for the title loan lender
23 to keep possession of the certificate of title. The pledgor
24 shall have the exclusive right to redeem the certificate of
25 title by repaying the loan of money in full and by complying
26 with the title loan agreement. When the certificate of title
27 is redeemed, the title loan lender shall release the security
28 interest in the titled personal property and return the
29 personal property certificate of title to the pledgor. The
30 title loan agreement shall provide that upon failure by the
31 pledgor to redeem the certificate of title at the end of the

1 original 30-day-agreement period, or at the end of any 30-day
2 extension of such period, the title loan lender shall be
3 allowed to take possession of the titled personal property.
4 The title loan lender shall retain physical possession of the
5 certificate of title for the entire term of the title loan
6 agreement, but shall not be required to retain physical
7 possession of the titled personal property at any time. A
8 title loan lender may only hold unencumbered certificates of
9 title for loan.

10 Section 9. Recordkeeping; reporting; safekeeping of
11 property.--

12 (1) Every title loan lender shall maintain, at the
13 principal place of business, such books, accounts, and records
14 of the business conducted under the license issued for such
15 place of business as will enable the department to determine
16 the licensee's compliance with this act. The licensee shall
17 make all such books, accounts, and records of business
18 conducted under the license available at a convenient location
19 in this state upon request of the department.

20 (2) The department may authorize the maintenance of
21 books, accounts, and records at a location other than a
22 principal place of business. The department may require books,
23 accounts, and records to be produced and available at a
24 reasonable and convenient location in this state within a
25 reasonable period of time after such a request.

26 (3) The title loan lender shall maintain the original
27 copy of each completed title loan transaction form on the
28 title loan office premises, and shall not obliterate, discard,
29 or destroy any such original copy, for a period of at least 2
30 years after making the final entry on any loan recorded in
31 such office.

1 (4) All loan property, or property related to the
2 title loan transaction, which is delivered to a title loan
3 lender shall be securely stored and maintained at the title
4 loan office unless the title document has been forwarded to
5 the appropriate state agency for the purpose of having a lien
6 recorded or deleted.

7 (5) The department may prescribe the minimum
8 information to be shown in the books, accounts, and records of
9 licensees so that such records will enable the department to
10 determine compliance with the provisions of this act.

11 Section 10. Title loan charges.--

12 (1) A title loan lender may charge a maximum interest
13 rate of 30 percent per annum computed on the first \$2,000 of
14 the principal amount, 24 percent per annum on that part of the
15 principal amount exceeding \$2,000 and not exceeding \$3,000,
16 and 18 percent per annum on that part of the principal amount
17 exceeding \$3,000. The original principal amount is the same
18 amount as the amount financed, as defined by the federal Truth
19 in Lending Act and Regulation Z of the Board of Governors of
20 the Federal Reserve System. In determining compliance with the
21 statutory maximum interest and finance charges, the
22 computations must be simple interest and not add-on interest
23 or any other computations. When two or more interest rates are
24 to be applied to the principal amount, the lender may charge
25 interest at that single annual percentage rate which, if
26 applied according to the actuarial method to each of the
27 scheduled periodic balances of principal, would produce at
28 maturity the same total amount of interest as would result
29 from the application of the two or more rates otherwise
30 permitted, based upon the assumption that all payments are
31 made as agreed.

1 (2) The annual percentage rate that may be charged in
2 a title loan transaction may equal, but not exceed, the annual
3 percentage rate that must be computed and disclosed as
4 required by the federal Truth in Lending Act and Regulation Z
5 of the Board of Governors of the Federal Reserve System. The
6 maximum annual percentage rate of finance charge that may be
7 charged is 12 times the maximum monthly rate, and the maximum
8 monthly rate must be computed on the basis of one-twelfth of
9 the annual rate for each full month. The Department of Banking
10 and Finance shall establish the rate for each day in a
11 fraction of a month when the period for which the charge is
12 computed is more or less than 1 month.

13 (3) Any charges, including interest, in excess of the
14 combined total of all charges permitted by this act constitute
15 a violation of chapter 687, Florida Statutes, governing
16 interest and usury, and the penalties of that chapter apply.
17 If a bona fide error occurs, the lender must refund or credit
18 the borrower with the amount of the overcharge within 20 days
19 after the discovery of such error.

20 (4) Any finance charge contracted for or received,
21 directly or indirectly, in excess of the amounts authorized
22 under this section are prohibited, may not be collected, and
23 render the title loan agreement voidable, in which case the
24 title loan lender shall forfeit the right to collect any
25 interest or finance charges. Upon the pledgor's written
26 request delivered to the title loan lender by certified mail,
27 return receipt requested, within 30 days after the maturity
28 date, the title loan lender shall be obligated to return to
29 the pledgor the loan property delivered to the title loan
30 lender in connection with the title loan agreement upon
31 payment of the balance of the principal remaining due,

1 provided that there shall be no penalty for a violation
2 resulting from an accidental and bona fide error that is
3 corrected upon discovery. Any action to circumvent the
4 limitation on title loan interest or any other amounts
5 collectible under this act is voidable. Any transaction
6 involving a person's delivery of a personal property
7 certificate of title in exchange for the advancement of funds
8 on the condition that the person shall or may redeem or
9 repurchase the certificate of title upon the payment of a sum
10 of money, whether the transaction be characterized as a
11 "buy-sell agreement," "sale-leaseback agreement," or
12 otherwise, shall be deemed a violation of this act if such sum
13 exceeds the amount that a title loan lender may collect in a
14 title loan agreement under this act or if the terms of the
15 transaction otherwise conflict with the permitted terms and
16 conditions of a title loan agreement under this act.

17 Section 11. Disposal of pledged property; excess
18 proceeds.--

19 (1) Any motor vehicle which is security for a title
20 loan, is subject to sale or disposal if the title has not been
21 redeemed from the title lender or there has been no payment
22 made on account within 60 days after payment was due. Every
23 title loan transaction form shall contain a notice of the
24 provisions of this subsection. Any such sale or disposal shall
25 vest in the purchaser the right, title, and interest of the
26 owner and the title loan lender.

27 (2) A title loan lender has the right to take
28 possession of the motor vehicle upon failure of the owner to
29 redeem the title within the time period specified in
30 subsection (1). The title loan lender shall only take
31 possession of a motor vehicle through an agent who is licensed

1 by the state to repossess motor vehicles. The title loan
2 lender may dispose of the motor vehicle as provided in this
3 section. Any sale or disposal of the motor vehicle shall be
4 made through a motor vehicle dealer licensed under s. 320.27.

5 (3) Within 30 days after the sale of the motor
6 vehicle, the title loan borrower is entitled to receive moneys
7 from the sale of the motor vehicle in excess of the principal
8 amount of the loan, interest on the loan up to the date of
9 repossession, and reasonable expenses for the repossession,
10 holding, and sale of the motor vehicle. The borrower is
11 entitled to receive reasonable attorney's fees and costs in
12 any action brought to recover the excess amount that results
13 in the title loan lender being ordered to return all or part
14 of such amount.

15 (4) Except as provided by this section, the taking
16 possession and sale or disposal of the motor vehicle is
17 subject to the requirements of chapter 679, Florida Statutes.

18 Section 12. Prohibited acts.--

19 (1) A title loan lender, or any agent or employee of a
20 title loan lender, shall not:

21 (a) Falsify or fail to make an entry of any material
22 matter in a title loan lender transaction form.

23 (b) Refuse to allow the department to inspect
24 completed title loan transaction forms or loan property during
25 the ordinary hours of the title loan lender's business or
26 other times acceptable to both parties.

27 (c) Enter into a title loan agreement with a person
28 under the age of 18 years.

29 (d) Make any agreement requiring or allowing for the
30 personal liability of a pledgor or the waiver of any of the
31 provisions of this act.

1 (e) Knowingly enter into a title loan agreement with
2 any person who is under the influence of drugs or alcohol when
3 such condition is visible or apparent, or with any person
4 using a name other than such person's own name or the
5 registered name of the person's business.

6 (f) Fail to exercise reasonable care in the
7 safekeeping of loan property or of titled personal property
8 repossessed pursuant to this act.

9 (g) Fail to return loan property or repossessed titled
10 personal property to a pledgor, with any and all of the title
11 loan lender's liens on the property properly released, upon
12 payment of the full amount due the title loan lender, unless
13 the property has been seized or impounded by an authorized law
14 enforcement agency, taken into custody by a court, or
15 otherwise disposed of by court order.

16 (h) Sell or otherwise charge for insurance in
17 connection with a title loan agreement.

18 (i) Charge or receive any finance charge, interest, or
19 fees which are not authorized pursuant to this act.

20 (j) Engage in business as a title loan lender without
21 first securing a license.

22 (k) Refuse to accept a partial repayment of the
23 obligation owed and outstanding.

24 (1) Charge a prepayment penalty.

25 (2) Title loan companies may not advertise using the
26 words "interest free loans" or "no finance charges."

27 Section 13. Right to redeem; lost title loan
28 transaction form.--

29 (1) Any person presenting identification of such
30 person as the pledgor and presenting the pledgor's copy of the
31 title loan transaction form to the title loan lender is

1 presumed to be entitled to redeem the loan property described
2 in the title loan lender transaction form. However, if the
3 title loan lender determines that the person is not the
4 pledgor, the title loan lender is not required to allow the
5 redemption of the loan property by such person. The person
6 redeeming the loan property must sign the pledgor's copy of
7 the title loan transaction form, which the title loan lender
8 may retain to evidence such person's receipt of the loan
9 property. A person redeeming the loan property who is not the
10 pledgor, must show identification to the title loan lender,
11 together with written authorization from the pledgor, and the
12 title loan lender shall record that person's name and address
13 on the title loan transaction form retained by the title loan
14 lender. In any such case, the person redeeming the pledgor's
15 copy of the title loan transaction form shall be provided a
16 copy of such signed form as evidence of such transaction.

17 (2) If the pledgor's copy of the title loan
18 transaction form is lost, destroyed, or stolen, the pledgor
19 must notify the title loan lender, in writing by certified or
20 registered mail, return receipt requested, or in person
21 evidenced by a signed receipt, and receipt of such notice
22 shall invalidate such title loan transaction form if the loan
23 property has not previously been redeemed. Before delivering
24 the loan property or issuing a new title loan transaction
25 form, the title loan lender shall require the pledgor to make
26 a written statement of the loss, destruction, or theft of the
27 pledgor's copy of the title loan transaction form. The title
28 loan lender shall record on the written statement the type of
29 identification and the identification number accepted from the
30 pledgor, the date the statement is given, and the number or
31 date of the title loan transaction form lost, destroyed, or

1 stolen. The statement shall be signed by the title loan lender
2 or the title loan office employee who accepts the statement
3 from the pledgor.

4 Section 14. Criminal penalties.--

5 (1) Any person who engages in business as a title loan
6 lender without first securing the license prescribed by this
7 act commits a felony of the third degree, punishable as
8 provided in s. 775.082, s. 775.083, or s. 775.084, Florida
9 Statutes.

10 (2) In addition to any other applicable penalty, any
11 person who willfully violates any provision of this act or who
12 willfully makes a false entry in any record specifically
13 required by this act commits a misdemeanor of the first
14 degree, punishable as provided in s. 775.082 or s. 775.083,
15 Florida Statutes.

16 Section 15. Records from the Department of Law
17 Enforcement.--The Department of Law Enforcement, on request,
18 shall supply to the department any arrest and conviction
19 records in the possession of the Department of Law Enforcement
20 of an individual applying for or holding a license under this
21 act.

22 Section 16. Subpoenas; enforcement actions; rules.--

23 (1) The department may issue and serve subpoenas to
24 compel the attendance of witnesses and the production of
25 documents, papers, books, records, and other evidence before
26 the department in any matter pertaining to this act. The
27 department may administer oaths and affirmations to any person
28 whose testimony is required. If any person refuses to testify,
29 produce books, records, and documents, or otherwise refuses to
30 obey a subpoena issued under this section, the department may
31 enforce the subpoena in the same manner as subpoenas issued

1 under the Administrative Procedure Act are enforced. Witnesses
2 are entitled to the same fees and mileage as they are entitled
3 to by law for attending as witnesses in the circuit court,
4 unless such examination or investigation is held at the place
5 of business or residence of the witness.

6 (2) In addition to any other powers conferred upon the
7 department to enforce or administer this act, the department
8 may:

9 (a) Bring an action in any court of competent
10 jurisdiction to enforce or administer this act, any rule or
11 order adopted under this act, or any written agreement entered
12 into with the department. In such action, the department may
13 seek any relief at law or equity including a temporary or
14 permanent injunction, appointment of a receiver or
15 administrator, or an order of restitution.

16 (b) Issue and serve upon a person an order requiring
17 such person to cease and desist and take corrective action
18 whenever the department finds that such person is violating,
19 has violated, or is about to violate any provision of this
20 act, any rule or order adopted under this act, or any written
21 agreement entered into with the department.

22 (c) Whenever the department finds that conduct
23 described in paragraph (b) presents an immediate danger to the
24 public health, safety, or welfare requiring an immediate final
25 order, the department may issue an emergency cease and desist
26 order reciting with particularity the facts underlying such
27 findings. The emergency cease and desist order is effective
28 immediately upon service of a copy of the order on the
29 respondent named in the order and shall remain effective for
30 90 days. If the department begins nonemergency proceedings
31 under paragraph (b), the emergency cease and desist order

1 remains effective until the conclusion of the proceedings
2 under ss. 120.569 and 120.57, Florida Statutes.

3 (d) Impose and collect an administrative fine against
4 any person found to have violated any provision of this act,
5 any rule or order adopted under this act, or any written
6 agreement entered into with the department, in an amount not
7 to exceed \$5,000 for each violation.

8 (3) The department may adopt rules pursuant to the
9 Administrative Procedure Act to implement this act.

10 Section 17. Investigations and complaints.--

11 (1) The department may make any investigation and
12 examination of any licensee or other person the department
13 deems necessary to determine compliance with this act. For
14 such purposes, the department may examine the books, accounts,
15 records, and other documents or matters of any licensee or
16 other person. The department may compel the production of all
17 relevant books, records, and other documents and materials
18 relative to an examination or investigation. Such
19 investigations and examinations shall not be made more often
20 than once during any 12-month period unless the department has
21 good cause to believe the licensee is not complying with the
22 provisions of this act.

23 (2) Any person having reason to believe that any
24 provision of this act has been violated may file with the
25 department a written complaint setting forth the details of
26 such alleged violation and the department upon receipt of such
27 complaint, may inspect the pertinent books, records, letters,
28 and contracts of the licensee and of the seller involved,
29 relating to such specific written complaint.

30 Section 18. Paragraphs (a) and (h) of subsection (1)
31 of section 538.03, Florida Statutes, are amended to read:

1 538.03 Definitions; applicability.--

2 (1) As used in this part, the term:

3 (a) "Secondhand dealer" means any person, corporation,
4 or other business organization or entity which is not a
5 secondary metals recycler subject to part II and which is
6 engaged in the business of purchasing, consigning, or pawning
7 secondhand goods ~~or entering into title loan transactions.~~
8 However, secondhand dealers are not limited to dealing only in
9 items defined as secondhand goods in paragraph (g). Except as
10 provided in subsection (2), the term means pawnbrokers,
11 jewelers, precious metals dealers, garage sale operators,
12 secondhand stores, and consignment shops.

13 (h) "Transaction" means any ~~title loan~~, purchase,
14 consignment, or pawn of secondhand goods by a secondhand
15 dealer.

16 Section 19. Subsection (1) of section 538.16, Florida
17 Statutes, is amended to read:

18 538.16 Secondhand dealers; disposal of property.--

19 (1) Any personal property pawned with a pawnbroker,
20 whether the pawn is a loan of money or a buy-sell agreement ~~or~~
21 ~~a motor vehicle which is security for a title loan~~, is subject
22 to sale or disposal if the pawn is a loan of money and the
23 property has not been redeemed or there has been no payment on
24 account made for a period of 90 days, or if the pawn is a
25 buy-sell agreement ~~or if it is a title loan~~ and the property
26 has not been repurchased from the pawnbroker ~~or the title~~
27 ~~redeemed from the title lender~~ or there has been no payment
28 made on account within 60 days.

29 Section 20. Effective July 1, 1998, the sum of
30 \$500,000 is hereby appropriated for the 1998-1999 fiscal year
31 from the Regulatory Trust Fund of the Department of Banking

1 and Finance to the department to fund nine positions for the
2 purpose of carrying out the provisions of this act.

3 Section 21. Paragraph (i) of subsection (1) of section
4 538.03, Florida Statutes, subsection (5) of section 538.06,
5 Florida Statutes, and subsections (4) and (5) of section
6 538.15, Florida Statutes, are hereby repealed.

7 Section 22. Except as otherwise provided in this act,
8 this act shall take effect October 1 of the year in which
9 enacted.

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12 HOUSE SUMMARY

13 Creates the "Florida Title Loan Act" and requires
14 licensure by the Department of Banking and Finance to be
15 in the business as a title loan lender. Provides for
16 eligibility for licensure, for applications, for
17 suspension or revocation of licenses, for recordkeeping
18 and reporting and safekeeping of property, for title loan
19 charges, for the disposal of pledged property, and for
20 disposition of excess proceeds. Prohibits specified acts.
21 Provides for a right to redeem, for a title loan lenders
22 lien, for criminal penalties, for accessing records from
23 the Department of Law Enforcement, for subpoenas,
24 enforcement of actions, and rules, and for investigations
25 and complaints. See bill for details.
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