



1 financial or lending activities, including ordinances,  
2 resolutions, and rules disqualifying persons from doing  
3 business with a city, county, or municipality based upon  
4 lending interest rates or imposing reporting requirements or  
5 any other obligations upon persons regarding financial  
6 services or lending practices of persons or entities, and any  
7 subsidiaries or affiliates thereof, who:

8 (1) Are subject to the jurisdiction of the office,  
9 including for activities subject to this chapter, ~~except~~  
10 ~~entities licensed under s. 537.004;~~

11 (2) Are subject to the jurisdiction of the Office of  
12 Thrift Supervision, the Office of the Comptroller of the  
13 Currency, the National Credit Union Administration, the  
14 Federal Deposit Insurance Corporation, the Federal Trade  
15 Commission, or the United States Department of Housing and  
16 Urban Development;

17 (3) Originate, purchase, sell, assign, secure, or  
18 service property interests or obligations created by financial  
19 transactions or loans made, executed, or originated by persons  
20 referred to in subsection (1) or subsection (2) to assist or  
21 facilitate such transactions;

22 (4) Are chartered by the United States Congress to  
23 engage in secondary market mortgage transactions; or

24 (5) Are created by the Florida Housing Finance  
25 Corporation.

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27 Proof of noncompliance with this act can be used by a city,  
28 county, or municipality of this state to disqualify a vendor  
29 or contractor from doing business with a city, county, or  
30 municipality of this state.  
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1           Section 2. Paragraph (e) of subsection (2) of section  
2 537.008, Florida Statutes, is redesignated as paragraph (f),  
3 and a new paragraph (e) is added to that subsection, to read:

4           537.008 Title loan agreement.--

5           (2) The following information shall also be printed on  
6 all title loan agreements:

7           (e) The following statement in not less than 14-point  
8 uppercase bold type:

9           1. THIS LOAN IS NOT INTENDED TO MEET LONG-TERM  
10 FINANCIAL NEEDS.

11           2. YOU SHOULD USE THIS LOAN ONLY TO MEET SHORT-TERM  
12 CASH NEEDS.

13           3. YOU MUST PAY ADDITIONAL INTEREST AND FEES IF YOU  
14 RENEW THIS LOAN RATHER THAN PAY THE DEBT IN FULL WHEN DUE.

15           4. THIS LOAN IS A HIGHER INTEREST LOAN. YOU SHOULD  
16 CONSIDER WHAT OTHER LOWER-COST LOANS MAY BE AVAILABLE TO YOU.

17           5. YOU ARE PLACING AT RISK YOUR CONTINUED OWNERSHIP OF  
18 THE PERSONAL PROPERTY WHOSE TITLE YOU ARE PLEDGING FOR THIS  
19 LOAN.

20           6. IF YOU DO NOT REPAY THE FULL AMOUNT OF THIS LOAN BY  
21 THE END OF THE MATURITY OR EXTENSION DATE OF THE LOAN, THE  
22 LENDER MAY TAKE POSSESSION OF THE PROPERTY WHOSE TITLE IS  
23 PLEDGED AND MAY SELL THE PROPERTY AS PROVIDED BY LAW.

24           7. IF YOU ENTER INTO A TITLE LOAN AGREEMENT, YOU HAVE  
25 A LEGAL RIGHT OF RESCISSION AND MAY CANCEL THE CONTRACT AT NO  
26 COST TO YOU BY RETURNING THE MONEY YOU BORROWED BY THE NEXT  
27 BUSINESS DAY AFTER THE DATE OF YOUR LOAN.

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29 All owners of the titled personal property must sign the title  
30 loan agreement.  
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1           Section 3. Section 537.011, Florida Statutes, is  
2 amended to read:

3           537.011 Title loan charges.--

4           (1) A title loan lender may charge a maximum interest  
5 rate of 22 ~~30~~ percent per month ~~annum~~ computed on the first  
6 \$2,000 of the principal amount, 24 percent per month ~~annum~~ on  
7 that part of the principal amount exceeding \$2,000 and not  
8 exceeding \$3,000, and 18 percent per month ~~annum~~ on that part  
9 of the principal amount exceeding \$3,000. However, a title  
10 loan lender may only charge a maximum interest rate of 30  
11 percent per annum computed on the first \$2,000 of the  
12 principal amount, 24 percent per annum on that part of the  
13 principal amount exceeding \$2,000 and not exceeding \$3,000,  
14 and 18 percent per annum on that part of the principal amount  
15 exceeding \$3,000 to a borrower who is a member of the United  
16 States Armed Forces or the spouse of such servicemember. The  
17 original principal amount is the same amount as the amount  
18 financed, as defined by the federal Truth in Lending Act and  
19 Regulation Z of the Board of Governors of the Federal Reserve  
20 System. In determining compliance with the statutory maximum  
21 interest, the computations must be simple interest and not  
22 add-on interest or any other computations. When two or more  
23 interest rates are to be applied to the principal amount, the  
24 lender may charge interest at that single monthly ~~annual~~  
25 percentage rate for nonmilitary borrowers or that same annual  
26 percentage rate for military servicemembers or their spouses  
27 which, if applied according to the actuarial method to each of  
28 the scheduled periodic balances of principal, would produce at  
29 maturity the same total amount of interest as would result  
30 from the application of the two or more rates otherwise  
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1 permitted, based upon the assumption that all payments are  
2 made as agreed.

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

15 (3) A title loan agreement may be extended for one or  
16 more 30-day periods by mutual consent of the title loan lender  
17 and the borrower. Each extension of a title loan agreement  
18 shall be executed in a separate extension agreement, each of  
19 which shall comply with the requirements for executing a title  
20 loan agreement as provided in this act. The interest rate  
21 charged in any title loan extension agreement shall not exceed  
22 the interest rate charged in the related title loan agreement.  
23 A title loan lender may not capitalize in any title loan  
24 extension agreement any unpaid interest due on the related  
25 title loan agreement or any subsequent extensions to that  
26 title loan agreement.

27 (4) Notwithstanding any provision of law to the  
28 contrary, beginning with the first extension of a loan and at  
29 each successive extension, the borrower must pay at least 5  
30 percent of the original principal amount of the loan in  
31 addition to interest and fees authorized by this chapter.

1 Interest and fees at each successive extension must be  
2 calculated on the outstanding principal balance. Principal  
3 payments in excess of the required principal reduction shall  
4 be credited to the outstanding principal on the day received.  
5 If, at the maturity of any extension requiring a principal  
6 reduction, the borrower has not made principal reductions  
7 adequate to satisfy the current required principal reduction,  
8 and the borrower is unable to repay at least 5 percent of the  
9 original principal balance and any outstanding interest and  
10 fees, the title loan lender may defer any required principal  
11 payment until the end of the title loan agreement, but  
12 additional interest or fees may not accrue on any such  
13 deferred principal amount.

14 ~~(5)(4)~~ Any interest contracted for or received,  
15 directly or indirectly, by a title loan lender, or an agent of  
16 the title loan lender, in excess of the amounts authorized  
17 under this chapter is prohibited and may not be collected by  
18 the title loan lender or an agent of the title loan lender.

19 (a) If such excess interest resulted from a bona fide  
20 error by the title loan lender, or an agent of the title loan  
21 lender, the title loan agreement shall be voidable and the  
22 lender shall refund the excess interest to the borrower within  
23 20 days after discovery by the lender or borrower of the bona  
24 fide error, whichever occurs first.

25 (b) If such excess interest resulted from an act by  
26 the title loan lender, or an agent of the title loan lender,  
27 to circumvent the maximum title loan interest allowed by this  
28 act, the title loan agreement is void. The lender shall refund  
29 to the borrower any interest paid on the title loan and return  
30 to the borrower the loan property. The title loan lender  
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1 forfeits the lender's right to collect any principal owed by  
2 the borrower on the title loan.

3 (c) The office may order a title loan lender, or an  
4 agent of the title loan lender, to comply with the provisions  
5 of paragraphs (a) and (b).

6 ~~(6)(5)~~ Any interest contracted for or received,  
7 directly or indirectly, by a title loan lender, or an agent of  
8 the title loan lender, in excess of the amount allowed by this  
9 act constitutes a violation of chapter 687, governing interest  
10 and usury, and the penalties of that chapter apply.

11 Section 4. Paragraphs (o) and (p) are added to  
12 subsection (1) of section 537.013, Florida Statutes, to read:

13 537.013 Prohibited acts.--

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

16 (o) Take legal action to recover any deficiency  
17 balance if the proceeds from the sale of the titled personal  
18 property are less than the remaining balance due on the loan.

19 (p)1. Take possession of a vehicle owned by a member  
20 of the United States Armed Forces who is deployed to a combat  
21 or combat-support posting or is a member of the United States  
22 Reserve Forces or National Guard who is called to active duty,  
23 or the spouse of the servicemember, for the duration of the  
24 deployment or active duty service;

25 2. Contact the commanding officer of the servicemember  
26 or anyone in the chain of command of the servicemember in an  
27 effort to collect an obligation under a title loan transaction  
28 entered into with the servicemember or the spouse of the  
29 servicemember; or

30 3. Enter into a title loan agreement with a  
31 servicemember if a military base commander declares that a

1 specific location of the lender's business is off limits to  
2 military personnel and formally notifies the lender of the  
3 declaration.

4 Section 5. Section 537.018, Florida Statutes, is  
5 repealed.

6 Section 6. This act shall take effect July 1, 2006.

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9 SENATE SUMMARY

10 Revises provisions relating to title loans. Deletes  
11 provisions allowing regulation of title loans and lenders  
12 by local governments. Increases interest rates on such  
13 loans and exempts certain members of the United States  
14 Armed Forces from such higher rates. Requires that  
15 minimum principal payments be made when such loans are  
16 extended. Prohibits lenders from taking legal action  
17 against borrowers who default. Limits certain actions  
18 that lenders may take against military servicemembers or  
19 their spouses.  
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