



**Rules of
Department of Commerce and
Insurance**

**Division 1140—Division of Finance
Chapter 29—Title Loan Companies**

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**Title 20—DEPARTMENT OF
COMMERCE AND INSURANCE
Division 1140—Division of Finance
Chapter 29—Title Loan Companies**

20 CSR 1140-29.010 Licensing, Record Keeping and General Provisions

PURPOSE: Title loan companies (title lenders) are subject to examination by the Division of Finance for the purpose of determining that these companies are complying with the provisions of sections 367.500 to 367.533, RSMo, and the laws relating to title lending. This rule establishes minimum record keeping requirements to facilitate examination and regulation and other general provisions.

(1) Display of Notice. The notice required by section 367.525.3, RSMo shall be prominently displayed at a place in the title lending office. The notice shall be clearly readable from any place in the title lending office where loans are closed and shall include the name, address, and telephone number of the Division of Finance.

(2) Locations. The conduct of other business on the premises will not bar the issuance of a title loan license, but the records of the title lender must be kept strictly separate from those of any other enterprise. Further, there should be enough of a distinction, through the use of signage or other means, that the customer can determine that s/he is dealing with a separate company. Under no circumstances will more than one (1) title loan license be issued to the same address.

(3) Contract Copies. A title lender shall provide the borrower with a copy of the signed title loan agreement at the time the loan is made and at each renewal. The title lender shall also retain a copy for the borrower's file.

(4) Interest—Loan Origination Fee—When Earned. Section 367.518.1(5), RSMo provides that a loan repaid by the close of the title lender's next full business day shall be at no cost to the borrower. Title loans which are not so repaid shall bear daily interest to be determined by applying the contract rate of interest to the principal balance and dividing that result by the number of days in the year. The loan origination fee permitted by 408.140.1(1), RSMo is earned in full at the close of the lender's next full business day.

(5) Fees. A title lender shall not charge, contract for or receive, either directly or indirectly, fees not expressly permitted by section 408.140.1, RSMo.

(6) Jointly Owned Titled Personal Property. Whenever a certificate of title evidences more than one (1) owner of the titled personal property being used to secure a title loan agreement or renewal, the title lender shall obtain signatures authorizing the pledge of the titled personal property from each owner, whether or not obligated on the title loan agreement or renewal.

(7) Renewals.

(A) The General Assembly has clearly indicated that no borrower is to be indebted to a title lender for any great period of time. This is evidenced by use of language that prohibits the debt being renewed by payment of interest no more than two (2) times after which the minimum payment must be the interest due plus at least ten percent (10%) of the original principal. This would, of course, accomplish a payoff at a specific time. In determining whether a renewal or something else which does not count as a renewal has occurred, the Division of Finance will insist upon absolute good faith from its licensees and will look to substance rather than form. Generally, if the customer enters the office indebted and leaves the office indebted, a renewal will be assumed to have taken place. A new loan, rather than a renewal, will be recognized where the customer's debt ceases to exist for at least the interval from the end of the business day the loan was paid in full to the beginning of the next business day.

(B) A title lender is required by section 367.525.4, RSMo to consider at the inception of the loan the borrower's ability to repay. This requires the title lender to consider the borrower's ability to make the required principal reductions when necessary. Exceptions to this requirement may result in enforcement as provided in section 367.532, RSMo which may include fines and/or revocation or suspension of the license.

(C) If a loan is renewed for a third or subsequent time without the required principal reduction, the title lender shall reduce the principal of the loan to an amount that is consistent with the requirements of section 367.512.1(4), RSMo.

(D) It is recognized that on rare occasions a borrower may be unable to pay the entire amount necessary to renew a loan. In this event, a title lender may 1) demand payment in full, 2) do nothing, 3) waive a portion of the interest due in order for the loan to be renewed, or 4) on a very limited basis, accept the payment of accrued interest without renewing the loan. The acceptance of accrued interest-only payments by a title lender is forbidden, by section 367.512.1(4), RSMo to become a pattern or practice.

(8) Books and Records. No special system of

records is required by the commissioner of finance. The records of a title lender will be considered sufficient if they include a cash journal, double entry general ledger or a comparable record and an individual account ledger. The records of the business of each registered office shall be maintained so that the assets, liabilities, income and expenses may be readily ascertained.

(9) Cash Journal. A cash book or cash journal shall contain a chronological record of the receipt and disbursement of all funds including title transfer fees, filing fees and all other items or receipts or expenditures incidental to the granting or collection of a loan and replevin, repossession or sale of collateral.

(10) General Ledger. The general ledger shall be posted at least monthly. A trial balance sheet and profit and loss statement shall be available to the examiner. When the general ledger is kept at a central office other than the location of the registered office, the central office shall provide information required by this section.

(11) Account Ledger. An individual record shall be kept for each borrower. The ledger card or sheet shall include at least the following items:

- (A) Account number;
- (B) Name and address of the borrower;
- (C) Description of the titled personal property;
- (D) Date the original loan was made;
- (E) The original loan amount;
- (F) The amount of any fees assessed;
- (G) The interest rate;
- (H) Number of payments;
- (I) Amount of payments;
- (J) Date payments received;
- (K) Amount of each payment received;
- (L) Amount of each payment applied to interest;
- (M) Amount of each payment, if any, applied to late charges;
- (N) Amount of each payment, if any, applied to returned check charges;
- (O) Amount of each payment, if any, applied to principal; and
- (P) The principal balance.

(12) Records Available. All books, records and papers, including the contracts and applications, shall be kept in the office of the title lender and made available to the Division of Finance for examination at any time without previous notice. When contracts are hypothecated or deposited with a financial institution or other party in connection with credit, access must be provided for the examiner pursuant to agreement between the title lender and the other financial institution(s).



(13) Handling of Errors. When an error is made on the individual ledger or general ledger of a manual operation, a single thin line, preferably in red, shall be drawn through the improper entry and the correct entry made on the following line. No erasures whatsoever shall be made in any record.

(14) Contracts Paid in Full. When a title loan is paid in full, the original note or a copy thereof, shall be marked "paid" and returned to the borrower. Any security interest that no longer secures a loan shall be restored, canceled or released.

(15) Receipt for Payments. A receipt shall be given for the amount of each payment made in currency.

AUTHORITY: section 367.503.4, RSMo Supp. 2001. This rule originally filed as 4 CSR 140-29.010. Original rule filed Feb. 15, 2002, effective Aug. 30, 2002. Moved to 20 CSR 1140-29.010, effective Aug. 28, 2006.*

**Original authority: 367.503.4, RSMo 1998, amended 2001.*