

**RULES
OF THE
TENNESSEE DEPARTMENT OF FINANCIAL INSTITUTIONS**

**CHAPTER 0180-27
RULES PERTAINING TO DISCLOSURES TO BE ISSUED BY TITLE PLEDGE LENDERS**

TABLE OF CONTENTS

0180-27-.01. Purpose
0180-27-.02. Scope
0180-27-.03. Definition
0180-27-.04. Disclosures

0180-27-.05. Consumer Complaints
0180-27-.06. Hearings
0180-27-.07. Notice of Findings

0180-27-.01. PURPOSE.

- (1) In enacting Public Chapter 718, Acts of 1996, the General Assembly expressed its intention to promote the informed use of consumer credit by requiring that: (1) Prior to entering into a property pledge agreement or title pledge agreement each title pledge lender must provide a pledgor with an accurate and complete disclosure of the itemized and total amounts of all interest, fees, charges and other costs that will or potentially could be imposed as a result of such agreement; and, (2) Any title pledge lender who knowingly fails to provide such disclosure shall subject its license to suspension or revocation. The purpose of this chapter is to specify the style, content and method of executing the form of the disclosures that a title pledge lender must provide to a pledgor and to establish the procedure through which a title pledge lender's license may be subject to suspension or revocation for failure to issue to a pledgor the proper disclosure.

Authority: T.C.A. §§ 45-15-111; 45-15-117 and 45-1-107. **Administrative History:** Original rule filed March 31, 1997; effective July 29, 1997.

0180-27-.02. SCOPE.

- (1) The provisions of this rule apply to every property pledge agreement or title pledge agreement entered into under the Tennessee Title Pledge Act wherein the pledged goods will consist of a motor vehicle titled by this or any other state.

Authority: T.C.A. §§ 45-15-111; 45-15-117 and 45-1-107. **Administrative History:** Original rule filed March 31, 1997; effective July 29, 1997.

0180-27-.03. DEFINITIONS. For purposes of this rule, the following definitions shall apply, unless the context otherwise requires:

- (1) "Commissioner" means the Commissioner of the Department of Financial Institutions.

Authority: T.C.A. §§ 45-15-111; 45-15-117 and 45-1-107. **Administrative History:** Original rule filed March 31, 1997; effective July 29, 1997.

0180-27-.04. DISCLOSURE.

- (1) Prior to entering into any property pledge agreement or title pledge agreement wherein the pledged goods will consist of, or include, one (1) or more motor vehicles titled by this or any other state, a title pledge lender shall provide the pledgor a notification and disclosure form containing the itemized and total amounts of all interest, fees, charges, and other costs that will or potentially could be imposed as a result of such agreement.
- (2) The style, content and method of executing the notification and disclosure form required by this rule 0180-27-.04 shall comply with the Federal Truth in Lending Act (15 U.S.C. § 1602 et seq.) and the

(Rule 0180-27-.04, continued)

regulations promulgated thereunder, known as the Federal Reserve Board's Regulation Z (12 C.F.R. Pt 226).

- (3) Prior to entering into the property pledge agreement or title pledge agreement, the title pledge lender shall ensure that the pledgor receives and acknowledges receipt of the notification and disclosure form.

Authority: *T.C.A. §§ 45-15-111; 45-15-117 and 45-1-107. Administrative History: Original rule filed March 31, 1997; effective July 29, 1997.*

0180-27-.05. CONSUMER COMPLAINTS.

- (1) Any pledgor aggrieved by the failure of a title pledge lender to give the disclosure required by Rule 0180-27-.04 may file a written complaint with the Commissioner who may investigate the complaint.
- (2) In the course of the investigation of the complaint, the Commissioner may:
 - (a) subpoena witnesses;
 - (b) administer oaths;
 - (c) examine any individual under oath: and
 - (d) compel the production of records, books, papers, contracts or other documents relevant to such investigation.
- (3) If any person fails to comply with a subpoena of the Commissioner under the act or to testify concerning any matter about which the person may be interrogated under this Act, the Commissioner may petition any court of competent jurisdiction for enforcement of the subpoena.

Authority: *T.C.A. §§ 45-15-111; 45-15-117 and 45-1-107. Administrative History: Original rule filed March 31, 1997; effective July 29, 1997.*

0180-27-.06. HEARINGS.

- (1) If, at any time, the Commissioner has reason to believe that a title pledge lender has violated *T.C.A. § 45-15-111(c)* and/or chapter 0180-27, the Commissioner may schedule a hearing to determine whether a violation has occurred and, if such a violation has occurred, to determine whether the title pledge lender's license should be suspended or revoked. Such hearings shall be conducted pursuant to the Uniform Administrative Procedures Act compiled in *Title 4, Chapter 5, of the Tennessee Code* and chapter 0180-6 of the Rules of the Department of Financial Institutions.

Authority: *T.C.A. §§ 45-15-111; 45-15-117 and 45-1-107. Administrative History: Original rule filed March 31, 1997; effective July 29, 1997.*

0180-27-.07. NOTICE OF FINDINGS.

- (1) Upon the entry of a final order finding that a title pledge lender has violated the provisions of *T.C.A. § 45-15-111(c)* and/or rule 0180-27-04 the Commissioner shall notify the county clerk who has issued the title pledge lender's license. In providing such notice to the county clerk, the Commissioner shall specify the penalty to be imposed pursuant to *T.C.A. § 45-15-117(b)*.

Authority: *T.C.A. §§ 45-15-111; 45-15-117 and 45-1-107. Administrative History: Original rule filed March 31, 1997; effective July 29, 1997.*