

TENNESSEE TITLE PLEDGE LENDERS

HOW TO KEEP PROPER RECORDS

When a state examiner visits your location they will expect to be able to verify any or all transactions that have occurred since the law changed back in November of 2005 or since your last examination occurred.

For each Title Pledge Transaction you need to setup a unique folder to store all history related to that title. These title folders should be labeled or hand marked with the transaction number and optionally the name of the customer. It is required that you maintain these folders for inspection for at least two years.

You need to maintain the records in this folder in the order they occur to make it easier to audit.

Each title pledge folder should have signed copies of all of the following:

- ORIGINAL TITLE PLEDGE AGREEMENT (This should include a signature on both the truth-in-lending disclosure and the contract portion. There should also be a signature from the lender)
- POWER OF ATTORNEY (A signed power of attorney should be filed giving authority for noting lien on the vehicle.)
- VEHICLE TITLE (A photocopy of the title should be made and filed at the point of loan. This copy of the actual title shows the current vehicle title prior to noting of lien.)
- RENEWAL RECEIPTS (This is the payment receipt for the interest and fees and optionally a principal payment portion. Both the pledgor and lender should sign this.)
- RENEWAL NOTICES (These are notices as required by TN law, either hand delivered when a renewal payment is made or mailed at least 5 days prior to any due date. If they are hand delivered at time of renewal payment you will need a signature from the pledgor on the truth-in-lending disclosure. If you mail the notice we recommend setting your notices to print 7 days prior to due date in case of holidays and weekends. If you are mailing notices it is not necessary to hand deliver notices and in fact it makes it easier for an examiner if you don't. If you hand deliver notices and do not mail them be aware that you will not be entitled to collect late fees on the title pledge agreement should it be found to be in default but you will be able to repossess the title immediately after it is overdue. If you mail notices in order to fulfill the automatic renewal clause and collect fees for overdue time periods be aware that you cannot repossess the vehicle until the period covered by the final mailed notice has expired. Whichever method you use be sure to always print 2 copies so that you may file a copy in the title pledge folder.)
- REDEMPTION RECEIPT (This is the payment receipt for the final payment redeeming a title pledge. The pledgor should sign this also.)
- VEHICLE TITLE (A photocopy of the title should be made and filed at the point of redemption. This copy of the actual title serves as evidence that a lien was properly noted on the vehicle.)

Each title pledge folder should have copies of the following documents if you have to repossess the vehicle:

- INVOICES FOR EXPENSES (Every expense you incur from a service provider such as a repossession agent or wrecker fee etc. needs to be documented with a dated invoice on company letterhead indicating the service provided, pledgor name and description of the vehicle for which the service was contracted.)
- REDEMPTION RECEIPT (If the customer redeems the repossessed vehicle you will need a signed copy of the redemption receipt)

- STATEMENT OF EXPENSE REPAYMENT (This document shows a payment receipt for repayment of expenses that were assessed on the repossessed vehicle. Depending on the software package used this may be included in the above mentioned redemption receipt.)
- NOTIFICATION OF PRIVATE SALE OR PUBLIC AUCTION (If you are forced to sell the repossessed vehicle you will need a copy of the private sale or public auction notice that was mailed to the pledgor.)
- PUBLIC AUCTION SIGN (Either a sign indicating when and where the listed vehicle will be auctioned or a sign for taking bids on a private sale at the store.)
- BID SHEETS (If you are taking bids for private sale at your location you will need a copy of each bid taken with a name and contact info as well as the amount bid.)
- BILL OF SALE (If the repossessed vehicle is sold you will need a copy of the bill of sale)
- VEHICLE TITLE (A photocopy of the title should be made and filed at the point of sale or redemption of a repossessed vehicle. This copy of the actual title serves as evidence that a lien was properly noted on the vehicle.)
- REFUND CHECK AND CERTIFIED LETTER RECEIPT (If a refund is due to the pledgor after selling the repossessed vehicle you will need a copy of the refund check and certified letter receipt as proof and evidence of the refund.)