

By: Watson, Birdwell, Buckingham

S.B. No. 1949

A BILL TO BE ENTITLED

AN ACT

relating to the applicability of Texas law to consumer financial transactions extended to persons located in this state at the time the transaction is entered into.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 342.005, Finance Code, is amended to read as follows:

Sec. 342.005. APPLICABILITY OF CHAPTER. Except as provided by Sections 302.001(d) and 342.004(c), a loan is subject to this chapter if the loan:

(1) provides for interest in excess of 10 percent a year;

(2) is extended primarily for personal, family, or household use to a person who is located in this state at the time the loan is entered into;

(3) is made by a person engaged in the business of making, arranging, or negotiating those types of loans; and

(4) either:

(A) is not secured by a lien on real property; or

(B) is described by Section 342.001(4), 342.301, or 342.456 and is predominantly payable in monthly installments.

SECTION 2. Section 342.053, Finance Code, is amended to read as follows:

Sec. 342.053. AREA OF BUSINESS; LOANS ONLINE OR BY MAIL.

1 (a) A lender is not limited to making loans to residents of the  
2 community in which the office for which the license or other  
3 authority is granted.

4 (b) A lender may make, negotiate, arrange, and collect loans  
5 online from a licensed office, or by mail from a licensed office.

6 SECTION 3. Section 343.002, Finance Code, is amended to  
7 read as follows:

8 Sec. 343.002. APPLICABILITY. (a) This chapter applies to  
9 a loan under this chapter that is extended to a person who is  
10 located in this state at the time the loan is entered into.

11 (b) This chapter does not apply to:

12 (1) a reverse mortgage; or

13 (2) an open-end account, as defined by Section  
14 301.002.

15 SECTION 4. Section 345.007, Finance Code, is amended by  
16 adding Subsection (d) to read as follows:

17 (d) This chapter applies to a retail installment  
18 transaction extended to a person who is located in this state at the  
19 time the transaction is entered into.

20 SECTION 5. Section 346.004(a), Finance Code, is amended to  
21 read as follows:

22 (a) Unless the contract for the account provides otherwise,  
23 this chapter applies to a revolving credit account described by  
24 Section 346.003 if the loan or extension of credit is extended  
25 primarily for personal, family, or household use to a person who is  
26 located in this state at the time the loan or extension of credit is  
27 entered into.

1 SECTION 6. Subchapter A, Chapter 347, Finance Code, is  
2 amended by adding Section 347.008 to read as follows:

3 Sec. 347.008. APPLICABILITY. Each credit transaction  
4 extended to a person who is located in this state at the time the  
5 transaction is entered into is subject to this chapter.

6 SECTION 7. Section 348.007(a), Finance Code, is amended to  
7 read as follows:

8 (a) Except as otherwise provided by this section, each  
9 retail installment transaction extended to a person who is located  
10 in this state at the time the transaction is entered into is subject  
11 to this chapter.

12 SECTION 8. Subchapter A, Chapter 351, Finance Code, is  
13 amended by adding Section 351.012 to read as follows:

14 Sec. 351.012. APPLICABILITY OF CHAPTER. This chapter  
15 applies to a property tax loan that is extended to a person who is  
16 located in this state at the time the loan is entered into.

17 SECTION 9. Subchapter A, Chapter 352, Finance Code, is  
18 amended by adding Section 352.009 to read as follows:

19 Sec. 352.009. APPLICABILITY OF CHAPTER. A refund  
20 anticipation loan that is extended to a person who is located in  
21 this state at the time the transaction is entered into is subject to  
22 this chapter.

23 SECTION 10. Section 371.003(8), Finance Code, is amended to  
24 read as follows:

25 (8) "Pawn transaction" means the pledging, by a person  
26 present in this state at the time of the transaction, with a  
27 pawnbroker of a single item of goods as security for a loan of

1 money.

2 SECTION 11. Section 393.602(a), Finance Code, is amended to  
3 read as follows:

4 (a) This subchapter applies only to a credit services  
5 organization that, with respect to a consumer who is located in this  
6 state at the time of the transaction, obtains for a consumer or  
7 assists a consumer in obtaining an extension of consumer credit in  
8 the form of:

9 (1) a deferred presentment transaction; or

10 (2) a motor vehicle title loan.

11 SECTION 12. The changes in law made by this Act apply only  
12 to a loan, installment, transaction, or extension of consumer  
13 credit, as applicable, made on or after the effective date of this  
14 Act. A loan, installment, transaction, or extension of consumer  
15 credit made before the effective date of this Act is governed by the  
16 law in effect on the date the loan, installment, transaction, or  
17 extension of consumer credit, as applicable, was made and the  
18 former law is continued in effect for that purpose. For purposes of  
19 this section, a refinance of a loan, installment, transaction, or  
20 extension of consumer credit is considered made on the date the  
21 loan, installment, transaction, or extension of consumer credit  
22 being refinanced was made.

23 SECTION 13. This Act takes effect September 1, 2019.