

By: Pacheco

H.B. No. 1937

A BILL TO BE ENTITLED

AN ACT

relating to the maximum permitted rate of interest, sum of fees, and other amounts that may be charged in connection with deferred presentment transactions.

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

SECTION 1. Subchapter M, Chapter 342, Finance Code, is amended by adding Section 342.606 to read as follows:

Sec. 342.606. MAXIMUM INTEREST RATES. (a) Unless a lower rate of interest is otherwise provided by law, the maximum rate or amount of interest that may be contracted for, charged, or received from a borrower for a deferred presentment transaction is 36 percent a year.

(b) A deferred presentment transaction entered into in violation of this section is void and unenforceable.

SECTION 2. Subchapter G, Chapter 393, Finance Code, is amended by adding Section 393.629 to read as follows:

Sec. 393.629. RESTRICTION ON CHARGES CHARGED IN CONNECTION WITH DEFERRED PRESENTMENT TRANSACTIONS. (a) For purposes of this section, the annual percentage rate of an extension of consumer credit in the form of a deferred presentment transaction is calculated including the total charges charged to the consumer in connection with the extension of consumer credit, including interest, lender charges, and any fees or any other valuable consideration received by the credit access business or a

1 representative of the credit access business.

2 (b) The annual percentage rate of an extension of consumer
3 credit in the form of a deferred presentment transaction that a
4 credit access business obtains for a consumer or assists a consumer
5 in obtaining may not exceed 36 percent.

6 (c) A deferred presentment transaction entered into in
7 violation of this section is void and unenforceable.

8 SECTION 3. Sections 342.606 and 393.629, Finance Code, as
9 added by this Act, apply only to a loan or extension of consumer
10 credit, as applicable, made on or after the effective date of this
11 Act. A loan or extension of consumer credit made before the
12 effective date of this Act is governed by the law in effect on the
13 date the loan or extension of consumer credit was made, and the
14 former law is continued in effect for that purpose. For purposes of
15 this section, a refinance of a loan or extension of consumer credit
16 is considered made on the date the loan or extension of consumer
17 credit being refinanced was made.

18 SECTION 4. This Act takes effect September 1, 2021.