

By: Shapleigh, et al.

S.B. No. 1479

A BILL TO BE ENTITLED

AN ACT

relating to deferred presentment transactions of certain military personnel or their spouses.

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

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

SUBCHAPTER M. DEFERRED PRESENTMENT TRANSACTIONS

Sec. 342.601. DEFINITIONS. In this subchapter:

(1) "Lender" means a lender licensed under this chapter.

(2) "Member of the United States military" means:

(A) a member of the armed forces of the United States; or

(B) a member of the Texas National Guard who is called to federal active duty.

Sec. 342.602. DISCLOSURES TO MILITARY BORROWERS. Before engaging in a deferred presentment transaction, a lender shall provide to a customer who is a member of the United States military or the member's spouse a written statement that clearly and conspicuously states that:

(1) the lender is prohibited by law from:

(A) garnishing the wages of any borrower, including a borrower who is a member of the United States military;

(B) conducting any collection activity against a

1 borrower who is:

2 (i) a member of the armed forces of the
3 United States who is deployed to combat or a combat support posting,
4 for the duration of the posting;

5 (ii) a member of the Texas National Guard
6 who is called to federal active duty, for the duration of the duty;

7 (iii) the spouse of a person described by
8 Paragraph (i), for the duration of the posting; or

9 (iv) the spouse of a person described by
10 Paragraph (ii), for the duration of the duty; or

11 (C) from contacting the employer of a member of
12 the United States military about a deferred presentment debt of the
13 member or the member's spouse;

14 (2) the lender shall honor the terms of a repayment
15 agreement entered into with a member of the United States military
16 or the member's spouse, including a repayment agreement negotiated
17 through military counselors or third-party credit counselors; and

18 (3) the lender shall honor any statement made by a
19 commanding officer of a member of the United States military
20 declaring any location where deferred presentment transaction
21 business is to be conducted by the lender to be a place at which a
22 member of the United States military or the member's spouse is
23 prohibited from transacting business.

24 Sec. 342.603. PROHIBITED PRACTICES. A lender may not
25 contact the employer of a member of the United States military about
26 a deferred presentment debt of the member or the member's spouse.

27 Sec. 342.604. MILITARY BORROWER. (a) A lender may not

1 engage in collection activity against a borrower who is:

2 (1) a member of the armed forces of the United States
3 who is deployed to combat or a combat support posting, for the
4 duration of the posting;

5 (2) a member of the Texas National Guard who is called
6 to federal active duty, for the duration of the duty;

7 (3) the spouse of a person described by Subdivision
8 (1), for the duration of the posting; or

9 (4) the spouse of a person described by Subdivision
10 (2), for the duration of the duty.

11 (b) A lender may not garnish the wages of a borrower who is a
12 member of the United States military or the member's spouse.

13 Sec. 342.605. REPAYMENT AGREEMENT. With respect to a
14 deferred presentment transaction, a lender shall honor a repayment
15 agreement entered into with a borrower who is a member of the United
16 States military or the member's spouse, including a repayment
17 agreement negotiated through a military counselor or a third-party
18 credit counselor.

19 SECTION 2. This Act takes effect September 1, 2005.