

By: Solomons

H.B. No. 2679

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to certain requirements regarding loan and sales finance  
3 transactions.

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

5 SECTION 1. Section 303.203(a), Finance Code, is amended to  
6 read as follows:

7 (a) A lender may, at the time or after a loan is made, offer  
8 to sell to the borrower and finance in a ~~[the]~~ loan contract subject  
9 to this subtitle a charge for an automobile club membership.

10 SECTION 2. Section 342.004(b), Finance Code, is amended to  
11 read as follows:

12 (b) A loan providing for ~~[a rate of]~~ interest that is 10  
13 percent a year or less is not subject to this chapter.

14 SECTION 3. Section 342.005, Finance Code, is amended to  
15 read as follows:

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

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

21 (2) is extended primarily for personal, family, or  
22 household use;

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

1 (4) either:

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

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

6 (5) is entered into by a resident who is located in  
7 this state when the resident becomes obligated under the loan,  
8 regardless of whether the lender is located in this state.

9 SECTION 4. Subchapter A, Chapter 342, Finance Code, is  
10 amended by adding Section 342.010 to read as follows:

11 Sec. 342.010. FEDERAL DISCLOSURE REQUIREMENTS APPLICABLE.

12 (a) The disclosure requirements of 12 C.F.R. Section 226.18(f) and  
13 the other disclosure requirements of 12 C.F.R. Part 226 (Regulation  
14 Z) adopted under the Truth in Lending Act (15 U.S.C. 1601 et seq.)  
15 apply according to their terms to contracts subject to this  
16 chapter.

17 (b) If a disclosure requirement of this chapter is  
18 inconsistent with or conflicts with a disclosure requirement of  
19 federal law, including a regulation or official interpretation of  
20 law, the federal law controls and the inconsistent or conflicting  
21 disclosure required by this chapter need not be given.

22 SECTION 5. Subchapter C, Chapter 342, Finance Code, is  
23 amended by adding Section 342.106 to read as follows:

24 Sec. 342.106. PARTICIPATION IN MULTISTATE LICENSING  
25 SYSTEM. The commissioner may participate in a multistate licensing  
26 system for applicable license holders. The finance commission shall  
27 adopt rules regarding participation in the system to address data

1 security, privacy, and fees. Any information that is confidential  
2 pursuant to this chapter or other law retains its confidentiality  
3 in the multistate database as if it were held by the Office of  
4 Consumer Credit Commissioner.

5 SECTION 6. Section 345.055(d), Finance Code, is amended to  
6 read as follows:

7 (d) For the purpose of a computation under this section, 16  
8 ~~[15]~~ or more days of a month may be considered a full month.

9 SECTION 7. Section 345.157(a), Finance Code, is amended to  
10 read as follows:

11 (a) A retail charge agreement [~~that implements the market~~  
12 ~~competitive rate ceiling~~] may provide for the payment of:

13 (1) a delinquency charge on each installment that is  
14 in default for a period that is longer than 21 days;

15 (2) an attorney's reasonable fee if the agreement is  
16 referred for collection to an attorney who is not a salaried  
17 employee of the holder; and

18 (3) court costs and disbursements.

19 SECTION 8. Sections 345.157(d), (e), and (f), Finance Code,  
20 are repealed.

21 SECTION 9. This Act takes effect September 1, 2007.