

By: Shapleigh

S.B. No. 856

A BILL TO BE ENTITLED

AN ACT

relating to the prohibition on participating in the lending of credit by a credit services organization that assists a borrower in obtaining the credit.

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

SECTION 1. Subchapter D, Chapter 393, Finance Code, is amended by adding Section 393.308 to read as follows:

Sec. 393.308. ACTING AS OR ASSOCIATING WITH LENDER. (a) A credit services organization may not facilitate or assist in obtaining credit for a consumer if:

(1) the organization is the lender;

(2) the organization or an officer, director, or employee of the organization is in any way related to the lender or an officer, director, or employee of the lender;

(3) the lender or the organization is an affiliate of the other, or the lender and the organization are owned or controlled by the same holding company;

(4) the organization retains or receives an economic interest in the loan revenue;

(5) the organization services or collects the loan on behalf of the lender; or

(6) the organization provides compensation to or shares resources with the lender.

(b) A credit services organization may not use a scheme,

1 device, or contrivance to evade the application of this section.

2 SECTION 2. This Act takes effect September 1, 2007.