

By: Kent

H.B. No. 3304

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of credit services organizations.

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

SECTION 1. The heading to Subchapter B, Chapter 393, Finance Code, is amended to read as follows:

SUBCHAPTER B. REGISTRATION, LICENSING, AND DISCLOSURE STATEMENTS

SECTION 2. Subchapter B, Chapter 393, Finance Code, is amended by adding Sections 393.1045 and 393.1046 to read as follows:

Sec. 393.1045. LICENSE REQUIRED FOR SERVICES FOR CERTAIN LOANS. (a) This section applies only to a credit services organization that obtains, facilitates, or assists a consumer to obtain an extension of consumer credit in which any of the following is given as security for or in connection with the debt:

(1) the consumer's personal check to be cashed or deposited at a designated future date; or

(2) an authorization to debit at a designated future date a deposit account maintained by the consumer.

(b) A credit services organization must be licensed by the Office of Consumer Credit Commissioner as provided by this section to engage in an activity described by Subsection (a).

(c) The Finance Commission of Texas shall adopt rules as necessary:

(1) to establish procedures for issuing, renewing, and

1 enforcing a license under this section;

2 (2) to set a maximum fee for the services to be
3 performed by a credit services organization in connection with an
4 activity described by Subsection (a); and

5 (3) for the administration of this section and Section
6 393.1046.

7 Sec. 393.1046. EXAMINATION OF CERTAIN ORGANIZATIONS;
8 ACCESS TO RECORDS. (a) The consumer credit commissioner or the
9 commissioner's representative shall, at the times the commissioner
10 considers necessary:

11 (1) examine each place of business of each credit
12 services organization licensed under Section 393.1045; and

13 (2) investigate the credit services organization's
14 transactions, including contracts, books, records, accounts,
15 papers, and correspondence, to the extent the transactions and
16 records pertain to the activities regulated under Section 393.1045.

17 (b) The credit services organization shall:

18 (1) give the consumer credit commissioner or the
19 commissioner's representative free access to the organization's
20 office, place of business, files, safes, and vaults; and

21 (2) allow the commissioner or the commissioner's
22 authorized representative to make a copy of an item that may be
23 investigated under Subsection (a)(2).

24 (c) During an examination, the consumer credit commissioner
25 or the commissioner's representative may administer oaths and
26 examine any person under oath on any subject pertinent to a matter
27 that the commissioner is authorized or required to consider,

1 investigate, or secure information about under Section 393.1045.

2 (d) Information obtained under this section is
3 confidential.

4 (e) A credit services organization's violation of
5 Subsection (b) is a ground for the suspension or revocation of the
6 organization's license.

7 SECTION 3. Not later than October 1, 2009, the Finance
8 Commission of Texas shall adopt rules required by Section 393.1045,
9 Finance Code, as added by this Act.

10 SECTION 4. A credit services organization is not required
11 to obtain a license under Section 393.1045, Finance Code, as added
12 by this Act, until January 1, 2010.

13 SECTION 5. (a) Except as provided by Subsection (b) of this
14 section, this Act takes effect September 1, 2009.

15 (b) Section 393.1046, Finance Code, as added by this Act,
16 takes effect January 1, 2010.