

By: Marquez

H.B. No. 3744

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 Section 393.1045 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) a motor vehicle certificate of title, except as provided by Subsection (f);

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

(3) 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 Office of Consumer Credit Commissioner shall:

(1) establish disclosure requirements for licensed

1 credit services organizations in addition to the requirements of
2 Section 393.105;

3 (2) adopt policies prohibiting licensed credit
4 services organizations from harassing and intimidating consumers
5 in connection with an extension of consumer credit;

6 (3) establish a data collection mechanism to enable
7 the office to appropriately monitor compliance of credit services
8 organizations with this section, Section 393.105, and Subchapters
9 C, D, and E; and

10 (4) enter into a memorandum of understanding with the
11 office of the attorney general to investigate credit services
12 organizations for potential violations of a requirement of this
13 section or a rule adopted under this section.

14 (d) The Finance Commission of Texas shall adopt rules as
15 necessary:

16 (1) to establish procedures for issuing, renewing, and
17 enforcing a license under this section;

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

21 (3) for the administration of this section.

22 (e) A credit services organization may not evade the
23 application of this section or a rule adopted under this section by
24 use of any device, subterfuge, or pretense. Characterization of a
25 required fee as a purchase of a good or service in connection with
26 an extension of credit to which this section applies is a device,
27 subterfuge, or pretense for the purposes of this section.

1 (f) Subsection (a)(1) does not apply to an extension of
2 consumer credit for the express purpose of financing the purchase
3 of a motor vehicle used as security for the debt.

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

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

10 SECTION 5. This Act takes effect September 1, 2009.