

By: Truitt

H.B. No. 2592

A BILL TO BE ENTITLED

AN ACT

relating to notice and disclosure requirements for credit services organizations regarding charges and consumer borrowing.

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

SECTION 1. Section 393.001, Finance Code, is amended by adding Subdivisions (3-a) and (5) to read as follows:

(3-a) "Deferred presentment transaction" has the meaning assigned by Section 341.001. The term is also referred to as a payday loan.

(5) "Motor vehicle certificate of title loan" or "auto title loan" means a loan in which a motor vehicle certificate of title is given as security for the loan. The term does not include a retail installment transaction under Chapter 348 or another loan made to finance the purchase of a motor vehicle.

SECTION 2. The heading to Subchapter B, Chapter 393, Finance Code, is amended to read as follows:

SUBCHAPTER B. REGISTRATION; ~~AND~~ DISCLOSURE STATEMENTS AND OTHER REQUIREMENTS

SECTION 3. Subchapter B, Chapter 393, Finance Code, is amended by adding Sections 393.107 and 393.108 to read as follows:

Sec. 393.107. POSTING OF FEE SCHEDULE; NOTICES. (a) A credit services organization shall post, in a conspicuous location in an area of the organization accessible to consumers:

(1) a schedule of all fees to be charged for services

1 performed by the credit services organization, including fees to be
2 charged in connection with deferred presentment transactions and
3 motor vehicle certificate of title loans;

4 (2) a notice of the name and address of the Office of
5 Consumer Credit Commissioner and the telephone number of the
6 office's consumer helpline; and

7 (3) a notice that reads as follows:

8 "An advance of money obtained through a payday loan or auto
9 title loan is not intended to meet long-term financial needs. A
10 payday loan or auto title loan should only be used to meet
11 intermediate short-term cash needs. Renewing the loan rather than
12 paying the debt in full when due will require the payment of
13 additional charges."

14 (b) The Finance Commission of Texas may adopt rules to
15 implement this section.

16 Sec. 393.108. CONSUMER BORROWING INFORMATION. (a) A
17 credit services organization shall provide to consumers the
18 following:

19 (1) a disclosure of the annual percentage rate of all
20 interest and fees to be charged on a deferred presentment
21 transaction and on a motor vehicle certificate of title loan, in
22 comparison to the annual percentage rate of all interest and fees to
23 be charged on other similar financial products;

24 (2) a disclosure of the amount of accumulated fees a
25 consumer would incur for having a \$300 deferred presentment
26 transaction or a \$300 motor vehicle certificate of title loan, by
27 way of example, outstanding for a period of two weeks, one month,

1 two months, and three months in comparison to the amount of
2 equivalent fees incurred for borrowing the same amount on a credit
3 card for those extended periods; and

4 (3) information regarding the typical profile of
5 repayment of deferred presentment transactions and motor vehicle
6 certificate of title loans.

7 (b) The Finance Commission of Texas may adopt rules to
8 implement this section.

9 SECTION 4. This Act takes effect September 1, 2011.