

By: Creighton

H.B. No. 3021

A BILL TO BE ENTITLED

AN ACT

relating to best practices for credit services organizations.

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. BEST PRACTICES. (a) A credit services organization shall implement best practices as provided by this section.

(b) To implement best practices, a credit services organization must:

(1) fully outline in contracts between the credit services organization and the consumer the terms of the credit services provided by the organization, including the cost of the service expressed as a dollar amount in the finance charge and as a component of the annual percentage rate for any loan that a consumer obtains through the organization's credit services;

(2) comply with all applicable laws and rules, including registration with the secretary of state;

(3) advertise credit services in a manner that is not false, misleading, or deceptive, and promote only the responsible use of financial products and services;

(4) implement procedures to inform consumers of the intended use of their credit service;

(5) give consumers the right to rescind, at no cost,

1 credit service transactions on or before the third day after the  
2 date of the credit service transaction, as required by Section  
3 393.202;

4 (6) collect past due accounts in a professional, fair,  
5 and lawful manner, not use unlawful threats or intimidation to  
6 collect accounts, and use the collection limitations contained in  
7 Chapter 392 and the federal Fair Debt Collection Practices Act (15  
8 U.S.C. Section 1692 et seq.) to guide the credit services  
9 organization's practice of collections;

10 (7) not threaten or pursue criminal action against a  
11 consumer as a result of the consumer's default on a credit service  
12 agreement;

13 (8) participate in self-policing the industry;

14 (9) comply with any federal and state laws on doing  
15 business with the military and related covered persons;

16 (10) if offering credit services to consumers in this  
17 state through the Internet, comply with this chapter and any other  
18 applicable laws and rules applicable to the credit services  
19 organization's business;

20 (11) post a copy of the best practices described by  
21 this section in all of the credit services organization's business  
22 locations in a visible and conspicuous location;

23 (12) implement and maintain complaint handling  
24 procedures that include a timely review and response to consumer  
25 complaints and concerns, and maintain and post the credit services  
26 organization's own toll-free consumer hotline number in each of the  
27 organization's business locations; and

1           (13) make available consumer financial literacy  
2 materials to consumers in all of the organization's business  
3 locations.

4           (c) To implement best practices, in addition to the  
5 requirements of Subsection (b), a credit services organization that  
6 obtains, facilitates, or assists in obtaining an extension of  
7 consumer credit for a consumer in which a motor vehicle certificate  
8 of title is given as security for or in connection with the debt  
9 must also:

10           (1) inform the consumer in writing that if the  
11 consumer pledges a vehicle as collateral, the consumer could lose  
12 the vehicle if the transaction is not fully repaid, by:

13                   (A) presenting the information in bold,  
14 conspicuous type in the loan documents; or

15                   (B) requiring the consumer to initial this  
16 provision in the loan documents or on a separate notice;

17           (2) use nationally or regionally recognized appraisal  
18 standards in valuing a vehicle;

19           (3) when perfecting a security interest in any motor  
20 vehicle certificate of title collateral, comply with all laws and  
21 rules regarding the pledge of the vehicle as collateral, including:

22                   (A) the proper filing of liens with the Texas  
23 Department of Motor Vehicles through the appropriate county  
24 assessor-collector's office; and

25                   (B) the statutory duties in Chapter 9, Business &  
26 Commerce Code, regarding the disposition of collateral;

27           (4) inform the consumer in writing that the consumer

1 may get the consumer's vehicle back at any time after repossession  
2 and before a sale by paying the amount owed; and

3 (5) comply with the Business & Commerce Code and other  
4 applicable law when collecting vehicle-secured accounts.

5 SECTION 2. This Act takes effect September 1, 2011.