

By: Hernandez Luna

H.B. No. 3225

A BILL TO BE ENTITLED

AN ACT

relating to the renewal of a deferred presentment transaction.

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

SECTION 1. Section 342.601, Finance Code, is amended by amending Subdivision (1) and adding Subdivisions (1-a) and (3) to read as follows:

(1) "Instrument" means a personal check or authorization to debit a deposit account payable on demand on maturity of a deferred presentment transaction.

(1-a) "Lender" means a lender licensed under this chapter.

(3) "Renewal" means a transaction in which a borrower refinances or pays all or part of the finance charges and advance of a deferred presentment transaction with a new deferred presentment transaction.

SECTION 2. Subchapter M, Chapter 342, Finance Code, is amended by adding Section 342.606 to read as follows:

Sec. 342.606. RENEWAL. A deferred presentment transaction may not be renewed more than four consecutive times. Following the fourth renewal, the borrower shall pay the debt in full in cash or its equivalent. If the borrower does not pay the debt, the borrower's instrument may be deposited or otherwise presented for payment.

SECTION 3. The changes in law made by this Act apply only to

1 a deferred presentment transaction entered into on or after the
2 effective date of this Act. A deferred presentment transaction
3 entered into before the effective date of this Act is governed by
4 the law in effect on the date the transaction was entered into, and
5 the former law is continued in effect for that purpose.

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