

SENATE AMENDMENTS

2nd Printing

By: Truitt, Rodriguez, Harless, Farias,
McClendon, et al.

H.B. No. 2592

A BILL TO BE ENTITLED

AN ACT

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

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

SECTION 1. Chapter 393, Finance Code, is amended by adding
Subchapter C-1 to read as follows:

SUBCHAPTER C-1. NOTICE AND DISCLOSURE REQUIREMENTS FOR CERTAIN
CREDIT SERVICES ORGANIZATIONS

Sec. 393.221. DEFINITIONS. In this subchapter:

(1) "Credit access business" means a credit services
organization that obtains for a consumer or assists a consumer in
obtaining an extension of consumer credit in the form of a deferred
presentment transaction or a motor vehicle certificate of title
loan.

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

(3) "Motor vehicle certificate of title loan" or "auto
title loan" means a loan in which an unencumbered motor vehicle 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.

Sec. 393.222. POSTING OF FEE SCHEDULE; NOTICES. (a) A
credit access business shall post, in a conspicuous location in an

1 area of the business accessible to consumers and on any Internet
2 website, including a social media site, maintained by the credit
3 access business:

4 (1) a schedule of all fees to be charged for services
5 performed by the credit access business in connection with deferred
6 presentment transactions and motor vehicle certificate of title
7 loans, as applicable;

8 (2) a notice of the name and address of the Office of
9 Consumer Credit Commissioner and the telephone number of the
10 office's consumer helpline; and

11 (3) a notice that reads as follows:

12 "An advance of money obtained through a payday loan or auto
13 title loan is not intended to meet long-term financial needs. A
14 payday loan or auto title loan should only be used to meet immediate
15 short-term cash needs. Refinancing the loan rather than paying the
16 debt in full when due will require the payment of additional
17 charges."

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

20 Sec. 393.223. CONSUMER TRANSACTION INFORMATION. (a)
21 Before performing services described by Section 393.221(1), a
22 credit access business must provide to a consumer a disclosure
23 adopted by rule of the Finance Commission of Texas that discloses
24 the interest, fees, and annual percentage rates, as applicable, to
25 be charged on a deferred presentment transaction or on a motor
26 vehicle certificate of title loan, as applicable.

27 (b) If a credit access business obtains or assists a

1 consumer in obtaining a motor vehicle certificate of title loan,
2 the credit access business shall provide to the consumer a notice
3 warning the consumer that in the event of default the consumer may
4 be required to surrender possession of the motor vehicle to the
5 lender or other person to satisfy the consumer's outstanding
6 obligations under the loan.

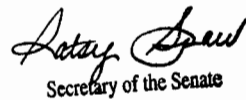
7 (c) The Finance Commission of Texas shall adopt rules to
8 implement this section.

9 Sec. 393.224. ADMINISTRATIVE PENALTY. The consumer credit
10 commissioner, in accordance with rules adopted by the Finance
11 Commission of Texas, may assess an administrative penalty against a
12 credit access business that knowingly and wilfully violates this
13 subchapter or a rule adopted under this subchapter in the manner
14 provided by Subchapter F, Chapter 14.

15 SECTION 2. This Act takes effect January 1, 2012.

ADOPTED

MAY 23 2011


Secretary of the Senate

By: Rep. T. Smith et al. (Carrona)

H.B. No. 2592

Substitute the following for __.B. No. ____:

By: Carrona

C.S. __.B. No. ____

A BILL TO BE ENTITLED

1 AN ACT

2 relating to notice and disclosure requirements for certain credit
3 services organizations regarding charges and consumer borrowing;
4 providing an administrative penalty.

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

6 SECTION 1. Chapter 393, Finance Code, is amended by adding
7 Subchapter C-1 to read as follows:

8 SUBCHAPTER C-1. NOTICE AND DISCLOSURE REQUIREMENTS FOR CERTAIN
9 CREDIT SERVICES ORGANIZATIONS

10 Sec. 393.221. DEFINITIONS. In this subchapter:

11 (1) "Credit access business" means a credit services
12 organization that obtains for a consumer or assists a consumer in
13 obtaining an extension of consumer credit in the form of a deferred
14 presentment transaction or a motor vehicle title loan.

15 (2) "Deferred presentment transaction" has the
16 meaning assigned by Section 341.001. For purposes of this chapter,
17 this definition does not preclude repayment in more than one
18 installment. The term is also referred to as a payday loan.

19 (3) "Motor vehicle title loan" or "auto title loan"
20 means a loan in which an unencumbered motor vehicle is given as
21 security for the loan. The term does not include a retail
22 installment transaction under Chapter 348 or another loan made to
23 finance the purchase of a motor vehicle.

24 Sec. 393.222. POSTING OF FEE SCHEDULE; NOTICES. (a) A

1 credit access business shall post, in a conspicuous location in an
2 area of the business accessible to consumers and on any Internet
3 website, including a social media site, maintained by the credit
4 access business:

5 (1) a schedule of all fees to be charged for services
6 performed by the credit access business in connection with deferred
7 presentment transactions and motor vehicle title loans, as
8 applicable;

9 (2) a notice of the name and address of the Office of
10 Consumer Credit Commissioner and the telephone number of the
11 office's consumer helpline; and

12 (3) a notice that reads as follows:

13 "An advance of money obtained through a payday loan or auto
14 title loan is not intended to meet long-term financial needs. A
15 payday loan or auto title loan should only be used to meet immediate
16 short-term cash needs. Refinancing the loan rather than paying the
17 debt in full when due will require the payment of additional
18 charges."

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

21 Sec. 393.223. CONSUMER TRANSACTION INFORMATION. (a)
22 Before performing services described by Section 393.221(1), a
23 credit access business must provide to a consumer a disclosure
24 adopted by rule of the Finance Commission of Texas that discloses
25 the following in a form prescribed by the commission:

26 (1) the interest, fees, and annual percentage rates,
27 as applicable, to be charged on a deferred presentment transaction

1 or on a motor vehicle title loan, as applicable, in comparison to
2 interest, fees, and annual percentage rates to be charged on other
3 alternative forms of consumer debt;

4 (2) the amount of accumulated fees a consumer would
5 incur by renewing or refinancing a deferred presentment transaction
6 or motor vehicle title loan that remains outstanding for a period of
7 two weeks, one month, two months, and three months; and

8 (3) information regarding the typical pattern of
9 repayment of deferred presentment transactions and motor vehicle
10 title loans.

11 (b) If a credit access business obtains or assists a
12 consumer in obtaining a motor vehicle title loan, the credit access
13 business shall provide to the consumer a notice warning the
14 consumer that in the event of default the consumer may be required
15 to surrender possession of the motor vehicle to the lender or other
16 person to satisfy the consumer's outstanding obligations under the
17 loan.

18 (c) The Finance Commission of Texas shall adopt rules to
19 implement this section.

20 Sec. 393.224. ADMINISTRATIVE PENALTY. The consumer credit
21 commissioner, in accordance with rules adopted by the Finance
22 Commission of Texas, may assess an administrative penalty against a
23 credit access business that knowingly and wilfully violates this
24 subchapter or a rule adopted under this subchapter in the manner
25 provided by Subchapter F, Chapter 14.

26 SECTION 2. Notwithstanding Section 393.223(a), Finance
27 Code, as added by this Act, a credit access business is not required

1 to comply with that section until the Finance Commission of Texas
2 prescribes the form required by that section.

3 SECTION 3. This Act takes effect January 1, 2012.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 24, 2011

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB2592 by Truitt (Relating to notice and disclosure requirements for certain credit services organizations regarding charges and consumer borrowing; providing an administrative penalty.), As **Passed 2nd House**

No fiscal implication to the State is anticipated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 450 Department of Savings and Mortgage Lending, 451 Department of Banking, 466 Office of Consumer Credit Commissioner, 469 Credit Union Department

LBB Staff: JOB, SD, RAN, AG, MW

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 19, 2011

TO: Honorable John Carona, Chair, Senate Committee on Business & Commerce

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB2592 by Truitt (Relating to notice and disclosure requirements for certain credit services organizations regarding charges and consumer borrowing; providing an administrative penalty.), **Committee Report 2nd House, Substituted**

No fiscal implication to the State is anticipated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 450 Department of Savings and Mortgage Lending, 451 Department of Banking, 466 Office of Consumer Credit Commissioner, 469 Credit Union Department

LBB Staff: JOB, RAN, AG, MW

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 16, 2011

TO: Honorable John Carona, Chair, Senate Committee on Business & Commerce

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB2592 by Truitt (Relating to notice and disclosure requirements for certain credit services organizations regarding charges and consumer borrowing.), **As Engrossed**

No fiscal implication to the State is anticipated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 450 Department of Savings and Mortgage Lending, 451 Department of Banking, 466 Office of Consumer Credit Commissioner, 469 Credit Union Department

LBB Staff: JOB, RAN, AG, MW

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 8, 2011

TO: Honorable Vicki Truitt, Chair, House Committee on Pensions, Investments & Financial Services

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB2592 by Truitt (Relating to notice and disclosure requirements for certain credit services organizations regarding charges and consumer borrowing.), **Committee Report 1st House, Substituted**

No fiscal implication to the State is anticipated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 450 Department of Savings and Mortgage Lending, 451 Department of Banking, 466 Office of Consumer Credit Commissioner, 469 Credit Union Department

LBB Staff: JOB, RAN, AG, MW

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 20, 2011

TO: Honorable Vicki Truitt, Chair, House Committee on Pensions, Investments & Financial Services

FROM: John S O'Brien, Director, Legislative Budget Board

IN RE: HB2592 by Truitt (Relating to notice and disclosure requirements for credit services organizations regarding charges and consumer borrowing.), **As Introduced**

No fiscal implication to the State is anticipated.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 450 Department of Savings and Mortgage Lending, 451 Department of Banking, 466 Office of Consumer Credit Commissioner, 469 Credit Union Department

LBB Staff: JOB, AG, MW, RAN