

By: Villarreal

H.B. No. 2315

Substitute the following for H.B. No. 2315:

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C.S.H.B. No. 2315

A BILL TO BE ENTITLED

AN ACT

relating to authorized charges and terms for certain consumer loans.

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

SECTION 1. Section 342.002, Finance Code, is amended by adding Subsection (d) to read as follows:

(d) Interest under the scheduled installment earnings method or true daily earnings method may not be compounded.

SECTION 2. The heading to Section 342.201, Finance Code, is amended to read as follows:

Sec. 342.201. MAXIMUM INTEREST CHARGE AND ADMINISTRATIVE FEE.

SECTION 3. Section 342.201, Finance Code, is amended by amending Subsection (f) and adding Subsection (g) to read as follows:

(f) A loan contract under this subchapter may provide for an administrative fee in an amount not to exceed \$25 for a loan of more than \$1,000 or \$20 for a loan of \$1,000 or less. The administrative fee is considered earned when the loan is made or refinanced and is not subject to refund. An administrative fee is not interest. A lender refinancing the loan may not contract for or receive an administrative fee for the loan more than once in any 180-day period, except that if the loan has an interest charge authorized by Subsection (e) the lender may not contract for or receive the

1 administrative fee more than once in any 365-day period. One dollar
2 of each administrative fee may be deposited with the comptroller
3 for use in carrying out the finance commission's responsibilities
4 under Section 11.3055.

5 (g) The finance commission by rule may prescribe a
6 reasonable maximum amount of an administrative fee for a loan
7 contract under this subchapter that is greater than the maximum
8 amount authorized by this section for the amount of the loan.

9 SECTION 4. Section 342.252, Finance Code, is amended to
10 read as follows:

11 Sec. 342.252. ALTERNATE CHARGES [~~INTEREST CHARGE~~]. (a)
12 Instead of the charges authorized by Section 342.201, a loan
13 contract may provide for:

14 (1) on a cash advance of less than \$30, an acquisition
15 charge that is not more than \$1 for each \$5 of the cash advance;

16 (2) on a cash advance equal to or more than \$30 but not
17 more than \$100:

18 (A) an acquisition charge that is not more than
19 the amount equal to one-tenth of the amount of the cash advance; and

20 (B) an installment account handling charge that
21 is not more than:

22 (i) \$3 a month if the cash advance is not
23 more than \$35;

24 (ii) \$3.50 a month if the cash advance is
25 more than \$35 but not more than \$70; or

26 (iii) \$4 a month if the cash advance is more
27 than \$70; or

(3) on a cash advance of more than \$100:

(A) an acquisition charge that is not more than \$10; and

(B) an installment account handling charge that is not more than the ratio of \$4 a month for each \$100 of cash advance.

(b) For an acquisition charge authorized by this subchapter, the finance commission by rule may prescribe a reasonable maximum amount for an acquisition charge that is greater than the maximum amount authorized by the applicable section of this subchapter for the amount of the cash advance.

(c) An acquisition charge under this subchapter is not interest.

SECTION 5. Section 342.255, Finance Code, is amended to read as follows:

Sec. 342.255. MAXIMUM LOAN TERM. The maximum scheduled term of a loan made under this subchapter is:

(1) for a loan of \$100 or less, the lesser of:

(A) one month for each multiple of \$10 of cash advance; or

(B) six months; and

(2) for a loan of more than \$100, one month for each multiple of \$20 of cash advance.

SECTION 6. Section 342.352(a), Finance Code, is amended to read as follows:

(a) This section applies to a loan contract:

(1) that includes precomputed interest and to which

Section 342.351 does not apply;

(2) that includes interest contracted for under Section 342.201 or 342.260; or

(3) that has a term of more than 60 months.

SECTION 7. Subchapter F, Chapter 342, Finance Code, is amended by adding Section 342.260 to read as follows:

Sec. 342.260. ALTERNATE INTEREST CHARGE COMPUTATION METHODS. (a) A loan contract under this subchapter may provide for an interest charge computed using the true daily earnings method or the scheduled installment earnings method that does not exceed the equivalent rate or effective return of the installment account handling charge for the original scheduled term of the loan.

(b) The principal balance of a loan contract authorized by this section may not include the acquisition charge, installment account handling charge, default charges, or deferment charges or the return check fees authorized by Section 3.506, Business & Commerce Code.

(c) Interest may accrue on the principal balance from time to time unpaid at the rate provided for by the contract until the date of payment in full or demand for payment in full.

(d) A payment on a loan contract authorized by this section shall be applied to the borrower's account in the following order or, at the lender's option, under another method of applying a payment that is more favorable to the borrower:

(1) the straight line allocation of the acquisition charge using the original scheduled term of the loan based on the proportional scheduled payment that was paid or scheduled to be

1 paid;

2 (2) default charges authorized by Section 342.257;

3 (3) return check fees authorized by Section 3.506,

4 Business & Commerce Code;

5 (4) any other charges authorized by this subchapter;

6 (5) accrued interest authorized by this section; and

7 (6) principal.

8 SECTION 8. The changes in law made by this Act apply only to
9 a loan made on or after the effective date of this Act. A loan made
10 before the effective date of this Act is governed by the law in
11 effect on the date the loan was made, and the former law is
12 continued in effect for that purpose.

13 SECTION 9. This Act takes effect September 1, 2013.