

By: Davis of Dallas

H.B. No. 3250

A BILL TO BE ENTITLED

AN ACT

relating to disclosures and transfer expenses for transfers of structured settlement payments.

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

SECTION 1. Section 141.003, Civil Practice and Remedies Code, is amended to read as follows:

Sec. 141.003. REQUIRED DISCLOSURES TO PAYEE. At least 10 ~~three~~ days before the date on which the payee signs a transfer agreement, the transferee shall provide to the payee a separate disclosure statement, in bold type at least 14 points in size, that states in plain language:

(1) the amounts and due dates of the structured settlement payments to be transferred;

(2) the aggregate amount of the payments;

(3) the discounted present value of the payments to be transferred, which shall be identified as the "calculation of current value of the transferred structured settlement payments under federal standards for valuing annuities," and the amount of the Applicable Federal Rate used in calculating the discounted present value;

(4) the gross advance amount;

(5) an itemized listing of all applicable transfer expenses, other than attorney's fees and related disbursements payable in connection with the transferee's application for

1 approval of the transfer, and the transferee's best estimate of the
2 amount of those expenses;

3 (6) the net advance amount;

4 (7) the amount of any penalties or liquidated damages
5 payable by the payee in the event of any breach of the transfer
6 agreement by the payee; ~~and~~

7 (8) ~~[a statement]~~ that the payee has the right to
8 cancel the transfer agreement, without penalty or further
9 obligation, not later than the third business day after the date the
10 agreement is signed by the payee; and

11 (9) that the payee is advised to seek independent
12 legal and financial advice before entering into the transaction and
13 that the transferee will reimburse the payee up to \$1,500 for the
14 costs incurred in obtaining that advice.

15 SECTION 2. Chapter 141, Civil Practice and Remedies Code,
16 is amended by adding Section 141.0035 to read as follows:

17 Sec. 141.0035. MAXIMUM TRANSFER EXPENSES; REIMBURSEMENT OF
18 CERTAIN PAYEE COSTS. (a) A transferee may not charge a payee
19 transfer expenses in excess of six percent of the aggregate amount
20 of the structured settlement payments due to the payee. The
21 limitation described by this subsection excludes reasonable
22 attorney's fees, taxes incurred by the transferee as a result of the
23 transfer, and any other liabilities or costs arising from obtaining
24 approval of the transfer under this chapter.

25 (b) The transferee shall reimburse the payee up to \$1,500 of
26 the payee's costs to obtain independent legal and financial advice
27 with respect to the transfer agreement before the agreement is

1 entered into. The transferee may not refer the payee to an attorney
2 or financial advisor.

3 SECTION 3. This Act takes effect September 1, 2015.