

By: Rodriguez of Travis

H.B. No. 4073

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to the acceptance of certain documentation from consumers  
3 by certain credit services organizations and the reporting  
4 requirements for those organizations; adding a provision subject to  
5 a criminal penalty.

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

7 SECTION 1. Section 393.001, Finance Code, is amended by  
8 adding Subdivision (5) to read as follows:

9 (5) "Proof of income" means documentation provided by  
10 a consumer as evidence the consumer has received a thing of value  
11 from the document's issuer or other person, or any other form of  
12 documentation that establishes a consumer's ability to repay an  
13 extension of consumer credit.

14 SECTION 2. Section 393.222(a), Finance Code, is amended to  
15 read as follows:

16 (a) A credit access business shall post, in a conspicuous  
17 location in an area of the business accessible to consumers and on  
18 any Internet website, including a social media site, maintained by  
19 the credit access business:

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

24 (2) a notice of the name and address of the Office of

1 Consumer Credit Commissioner and the telephone number of the  
2 office's consumer helpline; ~~and~~

3 (3) a notice, where applicable, that benefits  
4 authorized under the Social Security Act (42 U.S.C. Section 301 et  
5 seq.) may not be used by a consumer as proof of income; and

6 (4) a notice that reads as follows:

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

13 SECTION 3. Section 393.602, Finance Code, is amended by  
14 adding Subsection (b-1) to read as follows:

15 (b-1) Except as provided by this subsection, if a credit  
16 access business obtains for a consumer or assists a consumer in  
17 obtaining an extension of consumer credit and requests proof of  
18 income in connection with the transaction, the credit access  
19 business may not accept as proof of income a benefit authorized  
20 under the Social Security Act (42 U.S.C. Section 301 et seq.). This  
21 subsection does not apply to a military borrower.

22 SECTION 4. Section 393.622(a), Finance Code, is amended to  
23 read as follows:

24 (a) The finance commission may:

25 (1) adopt rules necessary to enforce and administer  
26 this subchapter;

27 (2) adopt rules with respect to the reports required

1 to be submitted [~~quarterly reporting~~] by a credit access business  
2 licensed under this subchapter of summary business information  
3 relating to extensions of consumer credit described by Section  
4 393.602(a); and

5 (3) adopt rules with respect to periodic examination  
6 by the office relating to extensions of consumer credit that a  
7 credit access business obtains for a consumer or assists a consumer  
8 in obtaining [~~described by Section 393.602(a)~~], including rules  
9 related to charges for defraying the reasonable cost of conducting  
10 the examinations.

11 SECTION 5. Section 393.627, Finance Code, is amended to  
12 read as follows:

13 Sec. 393.627. QUARTERLY AND ANNUAL REPORTS [~~REPORT~~] TO AND  
14 BY COMMISSIONER. (a) A credit access business shall file [~~a~~]  
15 quarterly and annual reports [~~report~~] with the commissioner on  
16 forms [~~a form~~] prescribed by the commissioner that provide  
17 [~~provides~~] the following information relating to extensions of  
18 consumer credit [~~described by Section 393.602(a)~~] during the  
19 preceding quarter or year, as applicable:

20 (1) the number of consumers for whom the business  
21 obtained or assisted in obtaining [~~those~~] extensions of consumer  
22 credit;

23 (2) the number of [~~those~~] extensions of consumer  
24 credit obtained by the business or that the business assisted  
25 consumers in obtaining;

26 (3) the number of refinancing transactions of the  
27 extensions of consumer credit described by Subdivision (2);

1 (4) the number of consumers refinancing the extensions  
2 of consumer credit described by Subdivision (2);

3 (5) the number of consumers refinancing more than once  
4 the extensions of consumer credit described by Subdivision (2);

5 (6) the average amount of the extensions of consumer  
6 credit described by Subdivision (2);

7 (7) the total amount of fees charged by the business  
8 for the activities described by Subdivision (1);

9 (8) the number of vehicles surrendered or repossessed  
10 under the terms of an extension of consumer credit in the form of a  
11 motor vehicle title loan obtained by the business or that the  
12 business assisted a consumer in obtaining;

13 (9) the mean, median, and mode of the number of  
14 extensions of consumer credit obtained by consumers as a result of  
15 entering into the extensions of consumer credit described by  
16 Subdivision (2); ~~and~~

17 (10) if the business is required to request the social  
18 security numbers of consumers because the business does not request  
19 proof of income from consumers, the names and, if applicable,  
20 social security numbers of the consumers and the total number of  
21 consumers who did not provide a social security number; and

22 (11) any related information the commissioner  
23 determines necessary.

24 (b) Information submitted by a credit access business about  
25 an individual consumer to the commissioner under this section is  
26 confidential.

27 (c) The commissioner shall coordinate with the appropriate

1 state agencies, to the extent feasible, to produce an annual report  
2 on the extension of consumer credit to consumers who receive  
3 benefits authorized under the Social Security Act (42 U.S.C.  
4 Section 301 et seq.) under benefit programs jointly funded or  
5 administered by the state.

6 (d) The commissioner shall publish a statewide analysis and  
7 recapitulation of reports filed under this section. The  
8 commissioner may also publish an analysis and recapitulation of the  
9 reports for the 15 largest metropolitan areas of the state and for  
10 the five largest counties in the state.

11 SECTION 6. Subchapter G, Chapter 393, Finance Code, is  
12 amended by adding Section 393.629 to read as follows:

13 Sec. 393.629. COLLECTION OF CERTAIN INFORMATION FROM  
14 CONSUMERS. If a credit access business obtains for a consumer or  
15 assists a consumer in obtaining an extension of consumer credit and  
16 does not request proof of income in connection with the  
17 transaction, the credit access business shall request the social  
18 security number of the consumer.

19 SECTION 7. The changes in law made by this Act apply only to  
20 an extension of consumer credit made on or after the effective date  
21 of this Act. An extension of consumer credit made before the  
22 effective date of this Act is governed by the law in effect on the  
23 date the extension of consumer credit was made, and the former law  
24 is continued in effect for that purpose.

25 SECTION 8. This Act takes effect September 1, 2015.