

By: Menéndez

S.B. No. 1155

A BILL TO BE ENTITLED

AN ACT

relating to fees paid to certain credit services organizations in connection with certain extensions of consumer credit.

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

SECTION 1. Subchapter A, Chapter 302, Finance Code, is amended by adding Section 302.003 to read as follows:

Sec. 302.003. RESTRICTION ON CERTAIN THIRD-PARTY FEES TO OBTAIN, ARRANGE, OR GUARANTEE CERTAIN EXTENSIONS OF CONSUMER CREDIT. The amount of a fee paid or to be paid to a credit services organization subject to Chapter 393 to assist a consumer in transacting, arranging, guaranteeing, or negotiating an extension of credit or to obtain for a consumer an extension of credit is considered interest for usury purposes under state law if:

(1) the extension of credit is secured by a non-purchase money security interest in personal property or is unsecured; and

(2) the proceeds of the extension of credit are used for personal, family, or household purposes.

SECTION 2. The changes in law made by this Act apply only to an extension of consumer credit made on or after the effective date of this Act. An extension of consumer credit made before the effective date of this Act is governed by the law in effect on the date the extension of consumer credit was made, and the former law is continued in effect for that purpose. For purposes of this

1 section, a refinance or renewal of an extension of consumer credit
2 is considered made on the date the extension of consumer credit
3 being refinanced or renewed was made.

4 SECTION 3. This Act takes effect September 1, 2017.