

By: Bernal

H.B. No. 190

A BILL TO BE ENTITLED

AN ACT

relating to verification by a credit services organization of a consumer's ability to repay an extension of consumer credit.

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

SECTION 1. Subchapter D, Chapter 393, Finance Code, is amended by adding Section 393.308 to read as follows:

Sec. 393.308. ENSURING ABILITY TO REPAY EXTENSION OF CONSUMER CREDIT. (a) A credit services organization may not obtain for a consumer or assist a consumer in obtaining, including by providing advice, an extension of consumer credit unless the credit services organization finds, using independently verifiable documentation of income and obligations, that the consumer can reasonably:

(1) repay in cash, in accordance with the time and schedule of payments established by contract and applicable law, the extension of consumer credit and all associated fees and costs; and

(2) pay due payments on all known obligations of the consumer concurrently.

(b) The credit services organization must retain all documentation used under Subsection (a) to establish the ability of the consumer to repay an extension of consumer credit.

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

1 of this Act. An extension of consumer credit made before the  
2 effective date of this Act is governed by the law in effect on the  
3 date the extension of consumer credit was made, and the former law  
4 is continued in effect for that purpose. For purposes of this  
5 section, a refinance or renewal of an extension of consumer credit  
6 is considered made on the date the extension of consumer credit  
7 being refinanced or renewed was made.

8 SECTION 3. This Act takes effect September 1, 2019.