

By: Rosenthal

H.B. No. 1786

A BILL TO BE ENTITLED

AN ACT

relating to regulation of certain credit services organizations.

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

SECTION 1. Section 393.221(1), Finance Code, is amended to read as follows:

(1) "Credit access business" means a credit services organization that obtains for a consumer or assists a consumer in obtaining an extension of consumer credit, including an extension of consumer credit in the form of a deferred presentment transaction or a motor vehicle title loan.

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

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

(1) a schedule of all fees to be charged for services performed by the credit access business in connection with the extension of consumer credit, including deferred presentment transactions and motor vehicle title loans [~~, as applicable~~];

(2) a notice of the name and address of the Office of Consumer Credit Commissioner and the telephone number of the office's consumer helpline; and

(3) for an extension of consumer credit in the form of

1 a deferred presentment transaction or motor vehicle title loan, a  
2 notice that reads as follows:

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

9 SECTION 3. Section 393.223(a), Finance Code, is amended to  
10 read as follows:

11 (a) Before performing services described by Section  
12 393.221(1), a credit access business must provide to a consumer a  
13 disclosure adopted by rule of the Finance Commission of Texas that  
14 discloses the following in a form prescribed by the commission:

15 (1) the interest, fees, and annual percentage rates,  
16 as applicable, to be charged on the extension of consumer credit  
17 that the credit access business proposes to obtain for the consumer  
18 or assist the consumer in obtaining [~~a deferred presentment~~  
19 ~~transaction or on a motor vehicle title loan, as applicable,~~] in  
20 comparison to interest, fees, and annual percentage rates to be  
21 charged on other alternative forms of consumer debt;

22 (2) the amount of accumulated fees a consumer would  
23 incur by renewing or refinancing the extension of consumer credit  
24 if it were to remain [~~a deferred presentment transaction or motor~~  
25 ~~vehicle title loan that remains]~~ outstanding for a period of two  
26 weeks, one month, two months, and three months; and

27 (3) information regarding the typical pattern of

1 repayment of extensions of consumer credit, including deferred  
2 presentment transactions and motor vehicle title loans.

3 SECTION 4. Section 393.601(2), Finance Code, is amended to  
4 read as follows:

5 (2) "Credit access business" means a credit services  
6 organization that obtains for a consumer or assists a consumer in  
7 obtaining an extension of consumer credit, including an extension  
8 of consumer credit in the form of a deferred presentment  
9 transaction or a motor vehicle title loan.

10 SECTION 5. Section 393.602(a), Finance Code, is amended to  
11 read as follows:

12 (a) This subchapter applies only to a credit services  
13 organization that obtains for a consumer or assists a consumer in  
14 obtaining an extension of consumer credit [~~in the form of:~~

15 [~~(1) a deferred presentment transaction; or~~

16 [~~(2) a motor vehicle title loan~~].

17 SECTION 6. The changes in law made by this Act apply only to  
18 an extension of consumer credit made on or after the effective date  
19 of this Act. An extension of consumer credit made before the  
20 effective date of this Act is governed by the law in effect on the  
21 date the extension of consumer credit was made, and the former law  
22 is continued in effect for that purpose.

23 SECTION 7. This Act takes effect September 1, 2019.