

By: Oliverson

H.B. No. 3166

A BILL TO BE ENTITLED

AN ACT

relating to prohibiting a person from opening a line of credit in a minor's name without parental approval.

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

SECTION 1. Section 34.305, Finance Code, is amended by adding Subsection (f) to read as follows:

(f) Subsection (a) does not authorize the bank to open a line of credit in the name of the minor without the prior approval of the minor's parent or legal guardian, unless the minor's disabilities of minority have been removed for this purpose.

SECTION 2. Section 65.101, Finance Code, is amended by adding Subsection (g) to read as follows:

(g) This section does not authorize the association to open a line of credit in the name of the minor without the prior approval of the minor's parent or legal guardian, unless the minor's disabilities of minority have been removed for this purpose.

SECTION 3. Section 95.101, Finance Code, is amended by adding Subsection (g) to read as follows:

(g) This section does not authorize the savings bank to open a line of credit in the name of the minor without the prior approval of the minor's parent or legal guardian, unless the minor's disabilities of minority have been removed for this purpose.

SECTION 4. Section 125.201, Finance Code, is amended to read as follows:

Sec. 125.201. POWERS OF CREDIT UNION RELATING TO ACCOUNT.

(a) A credit union may:

(1) open a share or deposit account in the name of a minor;

(2) receive a payment on the account by or for the minor;

(3) pay withdrawals;

(4) accept pledges to the credit union by or for the minor; and

(5) act in any other matter with respect to an account on the order of a minor.

(b) This section does not authorize the credit union to open a line of credit in the name of the minor without the prior approval of the minor's parent or legal guardian, unless the minor's disabilities of minority have been removed for this purpose.

SECTION 5. Subtitle Z, Title 3, Finance Code, is amended by adding Chapter 282 to read as follows:

CHAPTER 282. LINES OF CREDIT

Sec. 282.001. RESTRICTION ON LINE OF CREDIT FOR MINOR. (a) In this section, "financial institution" has the meaning assigned by Section 277.001.

(b) Notwithstanding any other law, a financial institution or other person may not open a line of credit in the name of a minor without the prior approval of the minor's parent or legal guardian, unless the minor's disabilities of minority have been removed for this purpose.

SECTION 6. The changes in law made by this Act apply only to

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1 a line of credit opened on or after the effective date of this Act.
2 A line of credit opened before the effective date of this Act is
3 governed by the law in effect on the date the line of credit was
4 opened, and the former law is continued in effect for that purpose.

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