

By: Miles

S.B. No. 186

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the maximum permitted rate of interest, sum of fees, and  
3 other amounts due during a natural disaster declaration.

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

5 SECTION 1. Chapter 342, Finance Code, is amended by adding  
6 Subchapter N to read as follows:

7 SUBCHAPTER N. INTEREST RATES DURING NATURAL DISASTERS

8 Sec. 342.651. MAXIMUM INTEREST RATES DURING NATURAL  
9 DISASTER. Unless a lower rate of interest is otherwise provided by  
10 law, the maximum rate or amount of interest is 36 percent for a loan  
11 entered into in an area subject to a declaration under Section  
12 418.014, Government Code, before the termination of the  
13 declaration.

14 SECTION 2. Subchapter G, Chapter 393, Finance Code, is  
15 amended by adding Sections 393.629 and 393.630 to read as follows:

16 Sec. 393.629. MAXIMUM PERMITTED FEES, INTEREST, AND OTHER  
17 AMOUNTS DUE UNDER EXTENSION OF CONSUMER CREDIT DURING NATURAL  
18 DISASTER. The sum of all fees, interest, and other amounts in  
19 excess of principal due under an extension of consumer credit in the  
20 form of a deferred presentment transaction or motor vehicle title  
21 loan that a credit access business obtains for a consumer or assists  
22 a consumer in obtaining, entered into in an area subject to a  
23 declaration under Section 418.014, Government Code, before the  
24 termination of the declaration, may not exceed 36 percent of the

1 principal of that extension of consumer credit.

2 Sec. 393.630. RULES. The finance commission shall adopt  
3 any rules necessary to implement Section 393.629.

4 SECTION 3. The changes in law made by this Act in adding  
5 Sections 342.651 and 393.629, Finance Code, apply only to a loan or  
6 extension of consumer credit, as applicable, made on or after the  
7 effective date of this Act. A loan or extension of consumer credit  
8 made before the effective date of this Act is governed by the law in  
9 effect on the date the loan or extension of consumer credit was  
10 made, and the former law is continued in effect for that purpose.  
11 For purposes of this section, a refinance of a loan or extension of  
12 consumer credit is considered made on the date the loan or extension  
13 of consumer credit being refinanced was made.

14 SECTION 4. This Act takes effect September 1, 2019.