

By: Buckingham

S.B. No. 2277

A BILL TO BE ENTITLED

AN ACT

relating to increasing the interest rate and maximum reference base amount of certain consumer loans.

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

SECTION 1. Section 342.201(e), Finance Code, is amended to read as follows:

(e) A loan contract under this chapter that is not secured by real property may provide for a rate or amount of interest computed using the true daily earnings method or the scheduled installment earnings method that does not exceed:

(1) 36 [~~30~~] percent a year on that part of the cash advance that is less than or equal to the amount computed under Subchapter C, Chapter 341, using the reference base amount of \$500;

(2) 24 percent a year on that part of the cash advance that is more than the amount computed for Subdivision (1) but less than or equal to an amount computed under Subchapter C, Chapter 341, using the reference base amount of \$1,050; and

(3) 18 percent a year on that part of the cash advance that is more than the amount computed for Subdivision (2) but less than or equal to an amount computed under Subchapter C, Chapter 341, using the reference base amount of \$2,500.

SECTION 2. Section 342.251, Finance Code, is amended to read as follows:

Sec. 342.251. MAXIMUM CASH ADVANCE. The maximum cash

1 advance of a loan made under this subchapter is an amount computed
2 under Subchapter C, Chapter 341, using the reference base amount of
3 \$100, except that for loans that are subject to Section 342.259 the
4 reference base amount is \$300 [~~\$200~~].

5 SECTION 3. Section 342.259(a), Finance Code, is amended to
6 read as follows:

7 (a) Instead of the charges authorized by Sections 342.201
8 and 342.252, a loan made under this subchapter with a maximum cash
9 advance computed under Subchapter C, Chapter 341, using a reference
10 base amount that is more than \$100 but not more than \$300 [~~\$200~~],
11 may provide for:

12 (1) an acquisition charge that is not more than \$10;
13 and

14 (2) an installment account handling charge that is not
15 more than the ratio of \$4 a month for each \$100 of cash advance.

16 SECTION 4. The changes in law made by this Act apply only to
17 a loan made on or after the effective date of this Act. A loan made
18 before the effective date of this Act is governed by the law in
19 effect on the date the loan was made, and the former law is
20 continued in effect for that purpose. For purposes of this section,
21 a refinance or renewal of a loan is considered made on the date the
22 loan being refinanced or renewed was made.

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