A BILL TO BE ENTITLED

AN ACT

relating to the maximum permitted rate of interest, sum of fees, and
other amounts that may be charged in connection with deferred
presentment transactions.

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

SECTION 1. Subchapter M, Chapter 342, Finance Code, is
amended by adding Section 342.606 to read as follows:

Sec. 342.606. MAXIMUM INTEREST RATES. (a) Unless a lower
rate of interest is otherwise provided by law, the maximum rate or
amount of interest that may be contracted for, charged, or received
from a borrower for a deferred presentment transaction is 36
percent a year.

(b) A deferred presentment transaction entered into in
violation of this section is void and unenforceable.

SECTION 2. Subchapter G, Chapter 393, Finance Code, is
amended by adding Section 393.629 to read as follows:

Sec. 393.629. RESTRICTION ON CHARGES CHARGED IN CONNECTION
WITH DEFERRED PRESENTMENT TRANSACTIONS. (a) For purposes of this
section, the annual percentage rate of an extension of consumer
credit in the form of a deferred presentment transaction is
calculated including the total charges charged to the consumer in
connection with the extension of consumer credit, including
interest, lender charges, and any fees or any other valuable
consideration received by the credit access business or a
representative of the credit access business.

(b) The annual percentage rate of an extension of consumer credit in the form of a deferred presentment transaction that a credit access business obtains for a consumer or assists a consumer in obtaining may not exceed 36 percent.

(c) A deferred presentment transaction entered into in violation of this section is void and unenforceable.

SECTION 3. Sections 342.606 and 393.629, Finance Code, as added by this Act, apply only to a loan or extension of consumer credit, as applicable, made on or after the effective date of this Act. A loan or extension of consumer credit made before the effective date of this Act is governed by the law in effect on the date the loan or extension of consumer credit was made, and the former law is continued in effect for that purpose. For purposes of this section, a refinance of a loan or extension of consumer credit is considered made on the date the loan or extension of consumer credit being refinanced was made.

SECTION 4. This Act takes effect September 1, 2021.