H.B. No. 2592

AN ACT
relating to notice and disclosure requirements for certain credit
services organizations regarding charges and consumer borrowing;
providing an administrative penalty.

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

SECTION 1. Chapter 393, Finance Code, is amended by adding
Subchapter C-1 to read as follows:

SUBCHAPTER C-1. NOTICE AND DISCLOSURE REQUIREMENTS FOR CERTAIN
CREDIT SERVICES ORGANIZATIONS

Sec. 393.221. DEFINITIONS. In this subchapter:

(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 in the form of a deferred
presentment transaction or a motor vehicle title loan.

(2) "Deferred presentment transaction" has the
meaning assigned by Section 341.001. For purposes of this chapter,
this definition does not preclude repayment in more than one
installment. The term is also referred to as a payday loan.

(3) "Motor vehicle title loan" or "auto title loan"
means a loan in which an unencumbered motor vehicle is given as
security for the loan. The term does not include a retail
installment transaction under Chapter 348 or another loan made to
finance the purchase of a motor vehicle.

Sec. 393.222. POSTING OF FEE SCHEDULE; NOTICES. (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 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) a notice that reads as follows:

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

(b) The Finance Commission of Texas may adopt rules to
implement this section.

Sec. 393.223. CONSUMER TRANSACTION INFORMATION. (a)
Before performing services described by Section 393.221(1), a
credit access business must provide to a consumer a disclosure
adopted by rule of the Finance Commission of Texas that discloses
the following in a form prescribed by the commission:

(1) the interest, fees, and annual percentage rates,
as applicable, to be charged on a deferred presentment transaction
(2) the amount of accumulated fees a consumer would incur by renewing or refinancing a deferred presentment transaction or motor vehicle title loan that remains outstanding for a period of two weeks, one month, two months, and three months; and

(3) information regarding the typical pattern of repayment of deferred presentment transactions and motor vehicle title loans.

(b) If a credit access business obtains or assists a consumer in obtaining a motor vehicle title loan, the credit access business shall provide to the consumer a notice warning the consumer that in the event of default the consumer may be required to surrender possession of the motor vehicle to the lender or other person to satisfy the consumer's outstanding obligations under the loan.

(c) The Finance Commission of Texas shall adopt rules to implement this section.

Sec. 393.224. ADMINISTRATIVE PENALTY. The consumer credit commissioner, in accordance with rules adopted by the Finance Commission of Texas, may assess an administrative penalty against a credit access business that knowingly and wilfully violates this subchapter or a rule adopted under this subchapter in the manner provided by Subchapter F, Chapter 14.

SECTION 2. Notwithstanding Section 393.223(a), Finance Code, as added by this Act, a credit access business is not required
H.B. No. 2592

1 to comply with that section until the Finance Commission of Texas
2 prescribes the form required by that section.
3 SECTION 3. This Act takes effect January 1, 2012.
I certify that H.B. No. 2592 was passed by the House on May 12, 2011, by the following vote: Yeas 123, Nays 23, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 2592 on May 26, 2011, by the following vote: Yeas 117, Nays 28, 2 present, not voting.

I certify that H.B. No. 2592 was passed by the Senate, with amendments, on May 23, 2011, by the following vote: Yeas 29, Nays 1, 1 present, not voting.

APPROVED: __________________

Date

Governor