A BILL TO BE ENTITLED
AN ACT
relating to the renewal of a deferred presentment transaction.
BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
SECTION 1. Section 342.601, Finance Code, is amended by
amending Subdivision (1) and adding Subdivisions (1-a) and (3) to
read as follows:
(1) "Instrument" means a personal check or
authorization to debit a deposit account payable on demand on
maturity of a deferred presentment transaction.
(1-a) "Lender" means a lender licensed under this
chapter.
(3) "Renewal" means a transaction in which a borrower
refinances or pays all or part of the finance charges and advance of
a deferred presentment transaction with a new deferred presentment
transaction.
SECTION 2. Subchapter M, Chapter 342, Finance Code, is
amended by adding Section 342.606 to read as follows:
Sec. 342.606. RENEWAL. A deferred presentment transaction
may not be renewed more than four consecutive times. Following the
fourth renewal, the borrower shall pay the debt in full in cash or
its equivalent. If the borrower does not pay the debt, the
borrower's instrument may be deposited or otherwise presented for
payment.
SECTION 3. The changes in law made by this Act apply only to
a deferred presentment transaction entered into on or after the
effective date of this Act. A deferred presentment transaction
entered into before the effective date of this Act is governed by
the law in effect on the date the transaction was entered into, and
the former law is continued in effect for that purpose.

SECTION 4. This Act takes effect September 1, 2011.