A BILL TO BE ENTITLED

AN ACT

relating to the repayment of certain extensions of consumer credit
facilitated by a credit access business.

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

SECTION 1. Subchapter C-1, Chapter 393, Finance Code, is
amended by adding Sections 393.225 and 393.226 to read as follows:

Sec. 393.225. EXTENDED PAYMENT PLAN. (a) A credit access
business may obtain for a consumer or assist a consumer in obtaining
an extended payment plan for an extension of consumer credit in the
form of a deferred presentment transaction or motor vehicle title
loan that the credit access business obtained for the consumer or
assisted the consumer in obtaining.

(b) A consumer is eligible for an extended payment plan
under this section if:

(1) the consumer has not entered into an extended
payment plan with the credit access business during the preceding
12 months;

(2) the extension of consumer credit has been
refinanced four times; and

(3) the extended payment plan was requested before the
debt was due.

(c) An extended payment plan must:

(1) be in writing;

(2) be signed by the credit access business and the
(3) describe the terms of the plan.

(d) The credit access business may not charge the consumer fees or other charges in connection with the making of payments of principal or other amounts owed under an extended payment plan.

(e) An extended payment plan must provide for four equal or nearly equal payments of principal and interest, with all principal and interest to be paid in full in the fourth payment. The consumer may prepay the debt without penalty at any time.

(f) During the period of the extended payment plan:

(1) the credit access business may not obtain for the consumer or assist the consumer in obtaining an additional extension of consumer credit; and

(2) a person may not engage in debt collection activities for the debt being repaid under the extended payment plan, if the consumer has made timely payments under the plan.

Sec. 393.226. PAYMENT SCHEDULES FOR CERTAIN DEFERRED PRESENTMENT TRANSACTIONS. A deferred presentment transaction that a credit access business obtains for a consumer or assists a consumer in obtaining and that is payable in installments must be payable on a fully amortizing, declining principal balance basis, with substantially equal payments to be made as agreed to by the parties to the transaction. If fees are precomputed and the debt is prepaid in full, any unearned fees must be refunded to the consumer.

SECTION 2. The heading to Subchapter C-1, Chapter 393, Finance Code, is amended to read as follows:

SUBCHAPTER C-1. NOTICE, DISCLOSURE, AND EXTENSION OF CREDIT
Section 3. Section 393.222(a), Finance Code, is amended to read as follows:

(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;

(3) a notice of the right to enter into an extended payment plan; and

(4) 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."

Section 4. Section 393.223(a), Finance Code, is amended to read as follows:

(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 or on a motor vehicle title loan, as applicable, in comparison to interest, fees, and annual percentage rates to be charged on other alternative forms of consumer debt;

(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; and

(4) the right to enter into an extended payment plan.

SECTION 5. Section 393.226, Finance Code, as added by this Act, applies only to an extension of consumer credit made on or after the effective date of this Act. An extension of consumer credit made before the effective date of this Act is governed by the law in effect on the date the extension of consumer credit was made, and the former law is continued in effect for that purpose.

SECTION 6. This Act takes effect September 1, 2013.