A BILL TO BE ENTITLED

AN ACT

relating to limitations on the renewal of deferred presentment
transactions and motor vehicle title loans.

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. LIMITATION ON RENEWALS. A lender may not
renew or roll over a deferred presentment transaction more than
four times. For purposes of this section, "roll over" means the
refinancing or paying of all or part of the finance charges and cash
advance of a deferred presentment transaction with a new deferred
presentment transaction.

SECTION 2. Chapter 342, Finance Code, is amended by adding
Subchapter N to read as follows:

SUBCHAPTER N. MOTOR VEHICLE TITLE LOANS

Sec. 342.651. DEFINITION. In this subchapter, "motor
vehicle title loan" means a loan in which an unencumbered motor
vehicle is given as security for the loan.

Sec. 342.652. INAPPLICABILITY OF SUBCHAPTER. This
subchapter does not apply to a retail installment transaction under
Chapter 348 or another loan made to finance the purchase of a motor
vehicle.

Sec. 342.653. LIMITATION ON RENEWALS. A lender may not
renew or roll over a motor vehicle title loan more than four times.
For purposes of this section, "roll over" means the refinancing or paying of all or part of the finance charges and principal amount of a motor vehicle title loan with a new motor vehicle title loan.

SECTION 3. Subchapter G, Chapter 393, Finance Code, is amended by adding Section 393.629 to read as follows:

Sec. 393.629. LIMITATION ON RENEWALS OF CERTAIN EXTENSIONS OF CONSUMER CREDIT. A credit access business may not obtain for a consumer or assist a consumer in obtaining more than four renewals or rollovers of an extension of consumer credit in the form of a deferred presentment transaction or motor vehicle title loan. For purposes of this section, "rollover" means the refinance or payment of all or part of the finance charges and principal amount of an extension of consumer credit with a new extension of consumer credit.

SECTION 4. The changes in law made by this Act apply only to a deferred presentment transaction entered into or motor vehicle title loan made on or after the effective date of this Act. A deferred presentment transaction entered into or motor vehicle title loan made before the effective date of this Act is governed by the law in effect on the date the deferred presentment transaction was entered into or the motor vehicle title loan was made, and the former law is continued in effect for that purpose.

SECTION 5. This Act takes effect September 1, 2013.