A BILL TO BE ENTITLED

AN ACT

relating to the regulation of certain short-term consumer loans; imposing an assessment and fees; adding provisions subject to a criminal penalty; requiring an occupational license.

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

SECTION 1. Subtitle B, Title 4, Finance Code, is amended by adding Chapter 354 to read as follows:

CHAPTER 354. SHORT-TERM LOANS

SUBCHAPTER A. GENERAL PROVISIONS; APPLICABILITY OF CHAPTER

Sec. 354.001. DEFINITIONS. In this chapter:

(1) "Authorized lender" means a person licensed under this chapter, a bank, or a savings association, notwithstanding Section 341.001.

(2) "License holder" means a person who holds a license issued under this chapter.

(3) "Motor vehicle title loan" means a loan in which an unencumbered motor vehicle is given as security for the loan and in which the lender accepts multiple installments and charges a monitoring fee in connection with each installment. The term does not include a retail installment transaction under Chapter 348 or another loan made to finance the purchase of a motor vehicle.

(4) "Regular transaction" means a loan:

(A) that is payable in installments that are consecutive, monthly or biweekly, and substantially equal in
amount; and
(B) the first scheduled installment of which is
due within one month and 15 days after the date of the loan.

Sec. 354.002. INTEREST COMPUTATION METHOD. (a) The
scheduled installment earnings method is a method to compute an
interest charge by applying a daily rate to the unpaid balance of
the principal amount as if each payment will be made on its
scheduled installment date. A payment received before or after the
due date does not affect the amount of the scheduled principal
reduction.

(b) For the purposes of Subsection (a), the daily rate is
1/365th of the equivalent contract rate.

(c) Interest under the scheduled installment earnings
method may not be compounded.

(d) Loans under this chapter must use the scheduled
installment earnings method to compute interest.

Sec. 354.003. APPLICABILITY OF CHAPTER. A loan is subject
to this chapter if the loan:

(1) provides for an effective rate of interest above
10 percent a year;

(2) is extended primarily for personal, family, or
household use;

(3) is made by a person engaged in the business of
making, arranging, or negotiating those types of loans; and

(4) is either:

(A) a multi-installment short-term loan secured
by a motor vehicle that includes a recurring monitoring fee; or
(B) a multi-installment unsecured short-term
loan that includes a recurring customary fee.

Sec. 354.004. ATTEMPT TO EVADE LAW. A person who is a party
to a loan subject to this chapter may not evade the application of
this chapter or a rule adopted under this chapter by use of any
device, subterfuge, or pretense.

SUBCHAPTER B. AUTHORIZED ACTIVITIES; LICENSE

Sec. 354.051. LICENSE REQUIRED. (a) A person must hold a
license issued under this chapter to:

(1) engage in the business of making, transacting, or
negotiating loans subject to this chapter; or

(2) contract for, charge, or receive, directly or
indirectly, in connection with a loan subject to this chapter, a
charge, including interest, compensation, consideration, or
another expense, authorized under this chapter that in the
aggregate exceeds the charges authorized under other law, including
Subtitle A of this title and Chapter 342.

(b) A person may not use any device, subterfuge, or pretense
to evade the application of this section.

(c) A person is not required to obtain a license under
Subsection (a) if the person is a bank, savings bank, or savings and
loan association organized under the laws of the United States or
under the laws of the institution's state of domicile.

Sec. 354.052. ISSUANCE OF MORE THAN ONE LICENSE FOR A
PERSON. (a) The commissioner may issue more than one license to a
person in compliance with this chapter for each license.

(b) A person who is required to hold a license under this
chapter must hold a separate license for each office at which loans
are made, negotiated, serviced, held, or collected under this
chapter.

(c) A license is not required under this chapter for a place
of business:

(1) devoted to accounting or other recordkeeping; and

(2) at which loans are not made, negotiated, serviced,
held, or collected under this chapter.

SUBCHAPTER C. APPLICATION FOR AND ISSUANCE OF LICENSE

Sec. 354.101. APPLICATION FOR LICENSE. (a) An application
for a license under this chapter must:

(1) be under oath;

(2) give the approximate location from which the
business is to be conducted;

(3) identify the business's principal parties in
interest; and

(4) contain other relevant information that the
commissioner requires.

(b) On the filing of one or more license applications, the
applicant shall pay to the commissioner an investigation fee of
$200. Except for good cause as determined by the finance
commission, a separate investigation fee is not required for
multiple license applications.

(c) On the filing of each license application, the applicant
shall pay to the commissioner for the license's year of issuance a
license fee in an amount determined as provided by Section 14.107.

Sec. 354.102. INVESTIGATION OF APPLICATION. On the filing
of an application and, if required, a bond, and on payment of the
required fees, the commissioner shall conduct an investigation to
determine whether to issue the license.

Sec. 354.103. APPROVAL OR DENIAL OF APPLICATION. (a) The
commissioner shall approve the application and issue to the
applicant a license to make loans under this chapter if the
commissioner finds that:

(1) the financial responsibility, experience,
character, and general fitness of the applicant are sufficient to:

(A) command the confidence of the public; and

(B) warrant the belief that the business will be
operated lawfully and fairly, within the purposes of this chapter;

and

(2) the applicant has net assets of at least $25,000
available for the operation of the business or is able to post a
surety bond that provides the same protection as the net assets
described in this subdivision.

(b) If the commissioner does not find the eligibility
requirements of Subsection (a) have been met, the commissioner
shall notify the applicant.

(c) If an applicant requests a hearing on the application
not later than the 30th day after the date of notification under
Subsection (b), the applicant is entitled to a hearing not later
than the 60th day after the date of the request.

(d) The commissioner shall approve or deny the application
not later than the 60th day after the date of the filing of a
completed application with payment of the required fees, or if a
hearing is held, after the date of the completion of the hearing on
the application. The commissioner and the applicant may agree to a
later date in writing.

Sec. 354.104. DISPOSITION OF FEES ON DENIAL OF APPLICATION.
If the commissioner denies the application, the commissioner shall
retain the investigation fee and shall return to the applicant the
license fee submitted with the application.

SUBCHAPTER D. LICENSE

Sec. 354.151. NAME AND PLACE ON LICENSE. (a) A license
must state:

(1) the name of the license holder; and

(2) the address of the office from which the business
is to be conducted.

(b) A license holder may not conduct business under this
chapter under a name or at a place of business in this state other
than the name or office stated on the license.

Sec. 354.152. LICENSE DISPLAY. A license holder shall
display a copy of its license at the place of business stated on the
license.

Sec. 354.153. MINIMUM ASSETS OR BOND FOR LICENSE. (a)
Except as provided by Subsection (b), a license holder shall
maintain net assets used or readily available for use in conducting
the business of the offices for which licenses are held under this
chapter in an amount that is not less than the lesser of:

(1) $25,000 for each office; or

(2) $2,500,000 in the aggregate.

(b) A license holder is not required to maintain the net
assets described by Subsection (a) if, with the approval of the
commissioner, the license holder posts a surety bond that provides
the same protection as the net assets.

Sec. 354.154. ANNUAL LICENSE FEE. Not later than December
1, a license holder shall pay to the commissioner for each license
held an annual fee for the year beginning the next January 1, in an
amount determined as provided by Section 14.107.

Sec. 354.155. EXPIRATION OF LICENSE ON FAILURE TO PAY
ANNUAL FEE. If the annual fee for a license is not paid before the
16th day after the date on which a written notice of delinquency of
payment has been given to the license holder, the license expires on
the later of:

(1) the 16th day after the date the notice is given; or
(2) December 31 of the last year for which an annual
fee was paid.

Sec. 354.156. LICENSE SUSPENSION OR REVOCATION. After
notice and a hearing the commissioner may suspend or revoke a
license if the commissioner finds that:

(1) the license holder failed to pay the annual
license fee, an examination fee, an investigation fee, or another
charge imposed by the commissioner under this chapter;

(2) the license holder, knowingly or without the
exercise of due care, violated this chapter or a rule adopted or
order issued under this chapter; or

(3) a fact or condition exists that, if it had existed
or had been known to exist at the time of the original application
for the license, clearly would have justified the commissioner's
Sec. 354.157. CORPORATE CHARTER FORFEITURE. (a) A license holder that violates this chapter is subject to revocation of the holder's license and, if the license holder is a corporation, forfeiture of its charter.

(b) When the attorney general is notified of a violation of this chapter and revocation of a license, the attorney general shall file suit in a district court in Travis County, if the license holder is a corporation, for forfeiture of the license holder's charter.

Sec. 354.158. LICENSE SUSPENSION OR REVOCATION FILED WITH PUBLIC RECORDS. The decision of the commissioner on the suspension or revocation of a license and the evidence considered by the commissioner in making the decision shall be filed in the public records of the commissioner.

Sec. 354.159. REINSTATEMENT OF SUSPENDED LICENSE; ISSUANCE OF NEW LICENSE AFTER REVOCATION. The commissioner may reinstate a suspended license or issue a new license on application to a person whose license has been revoked if at the time of the reinstatement or issuance no fact or condition exists that clearly would have justified the commissioner's denial of an original application for the license.

Sec. 354.160. SURRENDER OF LICENSE. (a) A license holder may surrender a license issued under this chapter by delivering to the commissioner:

(1) the license; and

(2) a written notice of the license's surrender.
(b) If an enforcement action has been initiated against a license holder, the license may be surrendered only with the written authorization of the general counsel of the finance commission.

Sec. 354.161. EFFECT OF LICENSE SUSPENSION, REVOCATION, OR SURRENDER. (a) The suspension, revocation, or surrender of a license issued under this chapter does not affect the obligation of a contract between the license holder and a borrower entered into before the suspension, revocation, or surrender.

(b) Surrender of a license does not affect the license holder's civil or criminal liability for an act committed before surrender.

Sec. 354.162. MOVING AN OFFICE. A license holder shall give written notice to the commissioner before the 30th day preceding the date the license holder moves an office from the location provided on the license. The commissioner shall amend a license holder's license accordingly.

Sec. 354.163. TRANSFER OR ASSIGNMENT OF LICENSE. A license may be transferred or assigned only with the approval of the commissioner. The commissioner shall approve or deny a transfer or assignment of a license not later than the 60th day after the date of the filing of a completed application for the transfer or assignment with payment of the required fees, or if a hearing is held, after the date of the completion of the hearing on the application. The commissioner and the applicant may agree to a later date in writing.
SUBCHAPTER E. INTEREST CHARGES ON SECURED LOANS

Sec. 354.201. MAXIMUM INTEREST CHARGE. (a) A loan contract for a regular transaction that is secured by a lien on a motor vehicle may provide for an interest charge on the cash advance that does not exceed 12 percent a year if the term of the loan does not exceed one year.

(b) A loan contract under this subchapter may provide for automatic debits to the borrower's bank account in compliance with state and federal law, including the Electronic Fund Transfer Act (15 U.S.C. Section 1693 et seq.) and 12 C.F.R. Part 1005 (Regulation E).

Sec. 354.202. MONITORING FEE. (a) A loan contract under this subchapter may provide for a monitoring fee to defray the ordinary costs of operating, administering, and terminating a loan, including costs associated with:

(1) maintaining loan information;
(2) offering electronic and telephone access to loan records;
(3) processing payments;
(4) responding to borrower inquiries;
(5) providing periodic billing statements;
(6) inspecting and verifying the collateral and establishing, perfecting, and releasing the security interest; and
(7) verifying of insurance, registration, and annual vehicle inspection requirements of the collateral.

(b) The monitoring fee may not be considered interest for any purpose of law, must be agreed on by the parties, and may not
exceed a daily rate of seven-tenths of one percent of the original principal balance of the loan.

(c) The total number and total amount of monitoring fees must be disclosed in the loan contract.

(d) The monitoring fee is not interest and the authorized lender may not charge interest on the monitoring fee.

(e) An authorized lender may not charge a monitoring fee if the motor vehicle is repossessed or the balance of the account is accelerated, unless the loan is reinstated.

Sec. 354.203. REFUND. (a) If a loan under this subchapter is prepaid in full, including payment in cash or by a new loan or renewal of the loan, the authorized lender earns interest for the period beginning on the date of the loan and ending on the date of the prepayment or demand.

(b) If prepayment in full or demand for payment in full occurs during an installment period, the authorized lender may retain, in addition to interest that accrued during any elapsed installment periods, an amount computed by:

(1) multiplying the simple annual interest rate under the contract by the unpaid principal balance of the loan determined according to the schedule of payments to be outstanding on the preceding installment due date;

(2) dividing 365 into the product obtained under Subdivision (1); and

(3) multiplying the number of days in the period beginning on the day after the installment due date and ending on the date of the prepayment or demand, as appropriate, by the result...
obtained under Subdivision (2).

(c) An authorized lender may not earn interest on any addition to principal added to the loan after the date of the loan contract, including the monitoring fee.

(d) An authorized lender is prohibited from using any other refunding method for a loan subject to this subchapter.

SUBCHAPTER F. INTEREST CHARGES ON UNSECURED LOANS

Sec. 354.251. MAXIMUM INTEREST CHARGE. (a) A loan contract for an unsecured regular transaction may provide for an interest charge on the cash advance that does not exceed 12 percent a year if the term of the loan does not exceed six months.

(b) A loan contract under this subchapter may provide for automatic debits to the borrower's bank account in compliance with state and federal law, including the Electronic Fund Transfer Act (15 U.S.C. Section 1693 et seq.) and 12 C.F.R. Part 1005 (Regulation E).

Sec. 354.252. CUSTOMARY FEE. (a) A loan contract under this subchapter may provide for a customary fee to defray the ordinary costs of operating, administering, and terminating a loan, including costs associated with:

1. maintaining loan information;
2. offering electronic and telephone access to loan records;
3. processing payments;
4. responding to borrower inquiries;
5. providing periodic billing statements; and
6. verifying of continued employment.
(b) The customary fee may not be considered interest for any purpose of law, must be agreed on by the parties, and may not exceed a daily rate of 1.4 percent of the original principal balance of the loan.

(c) The total number and total amount of customary fees must be disclosed in the loan contract.

(d) The customary fee is not interest and the authorized lender may not charge interest on the customary fee.

(e) An authorized lender may not charge a customary fee if the balance of the account is accelerated, unless the loan is reinstated.

Sec. 354.253. REFUND. (a) If a loan under this subchapter is prepaid in full, including payment in cash or by a new loan or renewal of the loan, the authorized lender earns interest for the period beginning on the date of the loan and ending on the date of the prepayment or demand.

(b) If prepayment in full or demand for payment in full occurs during an installment period, the authorized lender may retain, in addition to interest that accrued during any elapsed installment periods, an amount computed by:

(1) multiplying the simple annual interest rate under the contract by the unpaid principal balance of the loan determined according to the schedule of payments to be outstanding on the preceding installment due date;

(2) dividing 365 into the product obtained under Subdivision (1); and

(3) multiplying the number of days in the period...
beginning on the day after the installment due date and ending on
the date of the prepayment or demand, as appropriate, by the result
obtained under Subdivision (2).
(c) An authorized lender may not earn interest on any
addition to principal added to the loan after the date of the loan
contract, including the customary fee.
(d) An authorized lender is prohibited from using any other
refunding method for a loan subject to this subchapter.

SUBCHAPTER G. INSURANCE

Sec. 354.301. REQUIRED PROPERTY INSURANCE. (a) On a loan
secured by a motor vehicle that is subject to this chapter, an
authorized lender may require a borrower to insure the motor
vehicle offered as security for the loan.
(b) The insurance coverage and the premiums or charges for
the coverage must bear a reasonable relationship to:
(1) the amount, term, and conditions of the loan;
(2) the value of the collateral; and
(3) the existing hazards or risk of loss, damage, or
destruction.
(c) The insurance may not:
(1) cover unusual or exceptional risks; or
(2) provide coverage not ordinarily included in
policies issued to the public.
(d) An authorized lender may not require the purchase of
duplicate insurance if the authorized lender has knowledge that the
borrower:
(1) has valid and collectible insurance covering the
motor vehicle; and

(2) has provided a loss payable endorsement sufficient
to protect the authorized lender.

Sec. 354.302. AGENT OR BROKER PROHIBITED. An authorized
lender may not by any direct or indirect method require the purchase
of insurance from an agent or broker designated by the authorized
lender. An authorized lender or an agent of an authorized lender
may not sell or contract to sell to a borrower any insurance in
connection with a loan. An authorized lender may not own or
partially own an insurance company or an insurance agency that
provides insurance products in connection with a loan subject to
this chapter.

Sec. 354.303. DECLINATION OF EQUAL INSURANCE COVERAGE
PROHIBITED. An authorized lender may not decline at any time
existing insurance coverage providing substantially equal benefits
that comply with this subchapter.

Sec. 354.304. NONFILING INSURANCE. An authorized lender
may not include in a loan contract a charge for a nonfiling
insurance premium.

SUBCHAPTER H. AUTHORIZED LENDER'S DUTIES AND AUTHORITY

Sec. 354.401. DELIVERY OF INFORMATION TO BORROWER. (a)
When a loan is made under this chapter, the authorized lender shall
deliver to the borrower, or to one borrower if there is more than
one, a copy of each document signed by the borrower, including the
note or loan contract, and a written statement in English that
contains the names and addresses of the borrower and the authorized
lender.
(b) If the note or loan contract shows the information required by Subsection (a), the written statement is not required.

Sec. 354.402. RECEIPT FOR CASH PAYMENT. An authorized lender shall give a receipt to a person making a cash payment on a loan.

Sec. 354.403. ACCEPTANCE OF PREPAYMENT. At any time during regular business hours, the authorized lender shall accept partial prepayment or prepayment of a loan in full. An authorized lender shall accept any amount from a borrower in partial prepayment of an installment or loan.

Sec. 354.404. CANCELLATION OF FUTURE PAYMENTS. A borrower is entitled to cancel all payments under a loan contract before the fourth business day after the date of the loan contract. In order to cancel all payments, the borrower must return the amount of the cash advance to the authorized lender or the authorized lender's agent with a statement signed by the borrower.

Sec. 354.405. ADMINISTRATIVE CHARGE. An authorized lender may charge a borrower an administrative charge on a loan under this chapter in an amount to be negotiated by the parties but not to exceed the lesser of 10 percent of the original principal or $100. An administrative charge is considered earned when a loan is made or refinanced and is not subject to refund but is not required to be repaid if the loan is rescinded. An administrative charge is not interest, and an authorized lender may not charge interest on an administrative charge.

Sec. 354.406. POSTING OF INTEREST RATES AND FEES. An authorized lender shall conspicuously post at each office at which
loans are made, negotiated, serviced, held, or collected under this chapter the interest rates charged for those loans and the amount of any fees related to the loans, including any monitoring or customary fees.

Sec. 354.407. FINANCIAL LITERACY FUND. (a) As part of the licensing fees and procedures described under this chapter, each license holder shall pay to the commissioner an annual assessment to improve consumer credit, financial education, and asset-building opportunities in this state. The annual assessment may not exceed $200 for each license as specified by the finance commission.

(b) The commissioner shall remit to the comptroller amounts received under Subsection (a) for deposit in an interest-bearing deposit account in the Texas Treasury Safekeeping Trust Company. Money in the account may be spent by the finance commission only for the purposes provided by this section. Amounts in the account may be invested and reinvested in the same manner as funds of the Employees Retirement System of Texas, and the interest from those investments and reinvestments shall be deposited to the credit of the account.

(c) The Financial Literacy Fund shall be administered by the finance commission to support statewide financial education and consumer credit-building activities and programs, including:

(1) production and dissemination of approved financial education materials at licensed locations;

(2) advertising, marketing, and public awareness campaigns to improve the credit profiles and credit scores of
consumers in this state;

(3) school- and youth-based financial literacy and capability;

(4) credit building and credit repair;

(5) financial coaching and consumer counseling;

(6) bank account enrollment and incentives for personal savings; and

(7) other consumer financial education and asset-building initiatives as considered appropriate by the finance commission.

(d) In implementing this section, the finance commission may solicit gifts, grants, and donations.

(e) The finance commission may partner with other state agencies and entities to implement this section.

(f) The finance commission shall adopt rules to administer this section.

Sec. 354.408. DATABASE. The commissioner shall create a database for each license holder to use to submit information to the commissioner. Each license holder shall provide the commissioner with the interest rates and fees that the license holder charges for each type of loan under this chapter. Each license holder shall pay to the commissioner a fee for the creation and operation of the database. License holders shall update information submitted to the database at least once every six months. The commissioner shall post the database on the commissioner's website for the benefit of the public.
SUBCHAPTER I. LIMITATIONS ON AUTHORIZED LENDER

Sec. 354.451. OBLIGATION UNDER MORE THAN ONE CONTRACT. An authorized lender may not induce or permit a person or a husband and wife to be directly or indirectly obligated under more than one loan contract at any time for the purpose or with the effect of obtaining an amount of interest or fees greater than the amount of interest or fees otherwise authorized under this chapter.

Sec. 354.452. AMOUNT AUTHORIZED. (a) An authorized lender may not knowingly directly or indirectly charge, contract for, or receive an amount that is not authorized under this chapter in connection with a loan to which this chapter applies, including any fee, compensation, bonus, commission, brokerage, discount, and expense, and any other charge of any nature, whether or not listed by this subsection.

(b) On a loan subject to this chapter, an authorized lender may assess and collect from the borrower an amount incurred by the authorized lender for:

(1) court costs and attorney's fees assessed by a court only if the borrower is found to have committed forgery, fraud, or theft in connection with the loan;

(2) a fee authorized by law for filing, recording, or releasing in a public office a security for a loan; or

(3) a fee for recording a lien on or transferring a certificate of title to a motor vehicle offered as security for a loan made under this chapter.

(c) On a loan subject to this chapter an authorized lender may assess and collect a fee that does not exceed the amount...
prescribed by Section 3.506, Business & Commerce Code, for the return by a depository institution of a dishonored check, negotiable order of withdrawal, or share draft offered in full or partial payment of a loan.

Sec. 354.453. CONFESSION OF JUDGMENT; POWER OF ATTORNEY. An authorized lender may not take a confession of judgment or a power of attorney authorizing the authorized lender or a third person to confess judgment or to appear for a borrower in a judicial proceeding.

Sec. 354.454. DISCLOSURE OF AMOUNT FINANCED AND SCHEDULE OF PAYMENTS. An authorized lender may not take, or require a borrower to sign, a promise to pay or loan obligation that does not disclose the amount financed and the schedule of payments.

Sec. 354.455. INSTRUMENT WITH BLANK PROHIBITED. An authorized lender may not take, or require a borrower to sign, an instrument in which a blank is left to be filled in after the loan is made.

Sec. 354.456. WAIVER OF BORROWER’S RIGHT PROHIBITED. A borrower may not waive any right accruing to the borrower under this chapter.

Sec. 354.457. MOTOR VEHICLE LOANS NONRE Course. A loan secured by a motor vehicle made under this chapter is a nonrecourse loan, unless the borrower is proven in court to have committed fraud, forgery, or theft in connection with the loan.

Sec. 354.458. COMPLIANCE WITH UNIFORM COMMERCIAL CODE. An authorized lender must comply with Chapter 9, Business & Commerce Code, in the repossession and redemption of a motor vehicle. If the
borrower fails to redeem a motor vehicle legally repossessed by an
authorized lender, the authorized lender may accept the motor
vehicle in full satisfaction of the debt or the authorized lender
may dispose of the motor vehicle in compliance with Chapter 9.

Sec. 354.459. PROHIBITION AGAINST PREPAYMENT PENALTY. A
borrower may not be required to pay a prepayment penalty in
connection with a loan subject to this chapter.

Sec. 354.460. RESTRICTIONS ON OFF-SITE ADVERTISING. (a) A
license holder may not advertise a loan subject to this chapter on
the premises of a nursing facility, assisted living facility, group
home, intermediate care facility for persons with intellectual or
developmental disabilities, or other similar facility subject to
regulation by the Department of Aging and Disability Services.

(b) The finance commission may adopt rules to implement this
section.

Sec. 354.461. ANCILLARY PRODUCTS. A borrower may not
purchase any ancillary product or service in conjunction with a
loan not specifically authorized by this chapter. An authorized
lender may not finance the purchase of any ancillary product or
service in conjunction with a loan.

Sec. 354.462. PROHIBITION AGAINST CRIMINAL PROSECUTION. A
person may not threaten or pursue criminal charges against a person
who seeks a benefit from an authorized lender for a loan subject to
this chapter in the absence of forgery, fraud, theft, or other
criminal conduct.

Sec. 354.463. FAIR DEBT COLLECTION. An authorized lender
must comply with Chapter 392 and the Fair Debt Collection Practices
Act (15 U.S.C. Section 1692 et seq.).

Sec. 354.464. POSTING OF INTEREST AND FEES. An authorized lender shall post, in a conspicuous location accessible to consumers, in an area of each office where loans are made and on any Internet website, including a social media site, maintained by the authorized lender:

(1) a schedule of all interest rates and fees to be charged in connection with a loan made under this chapter; and

(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.

Sec. 354.465. DISCLOSURE OF FINANCIAL TERMS IN LOAN. (a) An authorized lender shall provide a separate written disclosure to the borrower or borrowers for each loan plainly and conspicuously stating the following:

(1) the amount of the loan;
(2) the interest rate;
(3) a description of any fee charged;
(4) the amount of the payment;
(5) the number of payments; and
(6) the total of all of the payments.

(b) An authorized lender may require the borrower to sign an acknowledgement for the receipt of the financial information.

(c) The finance commission by rule shall adopt and the commissioner shall provide a standard disclosure form that may be used by authorized lenders.

Sec. 354.466. ARBITRATION. (a) An authorized lender may
not include in a loan agreement a mandatory arbitration clause that is oppressive, unfair, unconscionable, or substantially in derogation of the rights of consumers. Any agreement to arbitrate disputes must be conspicuous, in type that is boldfaced, capitalized, underlined, or otherwise distinguished from surrounding written material, if any, provided to the borrower. The time and location of any potential hearing must be reasonable for the borrower to attend. The method of selecting the arbitrator or arbitrators and the rules to be used by the arbitrators must be identified in the agreement.

(b) The cost of filing, selecting the arbitrator, and the first full day of the arbitration must be paid by the authorized lender. Additional arbitration expenses after the first day must be split between the parties, except that the borrower's total liability for the arbitrator's expense may not exceed $200.

Sec. 354.467. CREDIT COUNSELORS. An authorized lender shall provide each potential borrower a list of credit counselors before the potential borrower submits a credit application. The list must include counselors who are members of, accredited by, or certified by the National Foundation for Consumer Credit, the Council on Accreditation, or the United States Department of Housing and Urban Development or another organization that the authorized lender believes will provide quality service. This information must be conspicuous and must be provided separately from any other information.

SUBCHAPTER J. ADMINISTRATION OF CHAPTER

Sec. 354.501. ADOPTION OF RULES. (a) The finance
(b) The commissioner shall recommend proposed rules to the finance commission.

Sec. 354.502. EXAMINATION; ACCESS TO RECORDS. (a) The commissioner or the commissioner's representative shall, at the times the commissioner considers necessary:

(1) examine each place of business of each license holder; and

(2) investigate the license holder's transactions, including loans, and records, including books, accounts, papers, and correspondence, to the extent the transactions and records pertain to the business regulated under this chapter.

(b) The license holder shall:

(1) give the commissioner or the commissioner's representative free access to the license holder's office, place of business, files, safes, and vaults; and

(2) allow the commissioner or the commissioner's representative to make a copy of an item that may be investigated under Subsection (a)(2).

(c) During an examination the commissioner or the commissioner's representative may administer oaths and examine any person under oath on any subject pertinent to a matter that the commissioner is authorized or required to consider, investigate, or secure information about under this chapter.

(d) Information obtained under this section is confidential.

(e) A license holder's violation of Subsection (b) is a
ground for the suspension or revocation of the license holder's license.

Sec. 354.503. GENERAL INVESTIGATION. (a) To discover a violation of this chapter or to obtain information required under this chapter, the commissioner or the commissioner's representative may investigate the records, including books, accounts, papers, and correspondence, of a person, including an authorized lender, who the commissioner has reasonable cause to believe is violating this chapter, regardless of whether the person claims to not be subject to this chapter. The commissioner or the commissioner's representative may administer oaths and take sworn statements on any subject pertinent to a matter that the commissioner is authorized or required to consider, investigate, or secure information about under this chapter.

(b) For the purposes of this section, a person who advertises, solicits, or otherwise represents that the person is willing to make a loan secured by a motor vehicle with multiple installments and a monitoring fee is presumed to be engaged in licensed activity under this chapter.

(c) For the purposes of this section, a person who advertises, solicits, or otherwise represents that the person is willing to make an unsecured loan with multiple installments and interest contracted for and calculated in a manner substantially similar to Subchapter F is presumed to be engaged in licensed activity under this chapter.

Sec. 354.504. CERTIFICATE; CERTIFIED DOCUMENT. On application by any person and on payment of any associated cost, the
commissioner shall furnish under the commissioner's seal and signed
by the commissioner or an assistant of the commissioner:

(1) a certificate of good standing; or

(2) a certified copy of a license, rule, or order.

Sec. 354.505. TRANSCRIPT OF HEARING: PUBLIC. The
transcript of a hearing held by the commissioner under this chapter
is a public record.

Sec. 354.506. APPOINTMENT OF AGENT. (a) A license holder
shall maintain on file with the commissioner a written appointment
of a resident of this state as the license holder's agent for
service of all judicial or other process or legal notice, unless the
license holder has appointed an agent under another statute of this
state.

(b) If a license holder does not comply with this section,
service of all judicial or other process or legal notice may be made
on the commissioner.

Sec. 354.507. PAYMENT OF EXAMINATION COSTS AND
ADMINISTRATION EXPENSES. A license holder shall pay to the
commissioner an amount assessed by the commissioner to cover the
direct and indirect cost of an examination of the license holder
under Section 354.502 and a proportionate share of general
administrative expenses.

Sec. 354.508. RECORD RETENTION. (a) A license holder shall
maintain a record of each loan made under this chapter as is
necessary to enable the commissioner to determine whether the
license holder is complying with this chapter.

(b) A license holder shall maintain and make available in
this state, or, if the license holder makes, transacts, or
negotiates loans principally by mail, maintain and make available
at the license holder's principal place of business, a record of
each loan made under this chapter until the later of:

(1) the fourth anniversary of the date of the loan; or

(2) the second anniversary of the date on which the
final entry is made in the record.

(c) A record described by Subsection (a) must be prepared in
accordance with accepted accounting practices.

(d) The commissioner shall accept a license holder's system
of records if the system discloses the information reasonably
required under Subsection (a).

(e) A license holder shall keep each obligation signed by a
borrower at an office in this state designated by the license holder
unless the obligation is transferred under an agreement that gives
the commissioner access to the obligation.

Sec. 354.509. ANNUAL REPORT. (a) Each year, not later than
May 1 or a later date set by the commissioner, a license holder
shall file with the commissioner a report that contains relevant
information required by the commissioner concerning the license
holder's business and operations during the preceding calendar year
for each office of the license holder in this state where business
is conducted under this chapter.

(b) A report under this section must be:

(1) under oath; and

(2) in the form prescribed by the commissioner.

(c) A report and information provided in a report under this
section are confidential.

(d) Annually the commissioner shall prepare and publish a consolidated analysis and recapitulation of reports filed under this section.

(e) The following information must be included in a report under this section and stated separately for each quarter:

1. the number of borrowers with whom the license holder entered into a loan subject to this chapter;
2. the number of loans made by the license holder;
3. the number of loan refinancing transactions made by the license holder;
4. the number of borrowers refinancing loans made by the license holder;
5. the number of borrowers refinancing more than one loan made by the license holder;
6. the average amount of loans made by the license holder;
7. the total amount of fees charged by the license holder;
8. the number of vehicles surrendered or repossessed under the terms of a loan made by the license holder;
9. the mean, median, and mode of the number of loans obtained by each borrower as a result of entering into a loan made by the license holder; and
10. any related information the commissioner determines necessary.

(f) The commissioner will verify information provided in
the annual report during routine examinations and investigations.

Sec. 354.510. CONDUCTING ASSOCIATED BUSINESS. A license holder may conduct business under this chapter in an office, office suite, room, or place of business in which any other business is conducted or in combination with any other business unless the commissioner:

(1) finds after a hearing that the license holder's conducting of the other business in that office, office suite, room, or place of business has concealed or perpetrated an evasion of this chapter; and

(2) orders the license holder in writing to desist from that conduct in that office, office suite, room, or place of business.

SECTION 2. This Act takes effect September 1, 2015.