A BILL TO BE ENTITLED
AN ACT
relating to the acceptance of certain documentation from consumers by certain credit services organizations and the reporting requirements for those organizations; adding a provision subject to a criminal penalty.
BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
SECTION 1. Section 393.001, Finance Code, is amended by adding Subdivision (5) to read as follows:
(5) "Proof of income" means documentation provided by a consumer as evidence the consumer has received a thing of value from the document's issuer or other person, or any other form of documentation that establishes a consumer's ability to repay an extension of consumer credit.
SECTION 2. 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; [and]

(3) a notice, where applicable, that benefits
authorized under the Social Security Act (42 U.S.C. Section 301 et
seq.) may not be used by a consumer as proof of income; 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 3. Section 393.602, Finance Code, is amended by
adding Subsection (b-1) to read as follows:

(b-1) Except as provided by this subsection, if a credit
access business obtains for a consumer or assists a consumer in
obtaining an extension of consumer credit and requests proof of
income in connection with the transaction, the credit access
business may not accept as proof of income a benefit authorized
under the Social Security Act (42 U.S.C. Section 301 et seq.). This
subsection does not apply to a military borrower.

SECTION 4. Section 393.622(a), Finance Code, is amended to
read as follows:

(a) The finance commission may:

(1) adopt rules necessary to enforce and administer
this subchapter;

(2) adopt rules with respect to the reports required
to be submitted [quarterly reporting] by a credit access business licensed under this subchapter of summary business information relating to extensions of consumer credit described by Section 393.602(a); and

(3) adopt rules with respect to periodic examination by the office relating to extensions of consumer credit that a credit access business obtains for a consumer or assists a consumer in obtaining [described by Section 393.602(a)], including rules related to charges for defraying the reasonable cost of conducting the examinations.

SECTION 5. Section 393.627, Finance Code, is amended to read as follows:

Sec. 393.627. QUARTERLY AND ANNUAL REPORTS [REPORT] TO AND BY COMMISSIONER. (a) A credit access business shall file [a quarterly and annual reports [report] with the commissioner on forms [a form] prescribed by the commissioner that provide [provides] the following information relating to extensions of consumer credit [described by Section 393.602(a)] during the preceding quarter or year, as applicable:

(1) the number of consumers for whom the business obtained or assisted in obtaining [these] extensions of consumer credit;

(2) the number of [these] extensions of consumer credit obtained by the business or that the business assisted consumers in obtaining;

(3) the number of refinancing transactions of the extensions of consumer credit described by Subdivision (2);
(4) the number of consumers refinancing the extensions of consumer credit described by Subdivision (2);
(5) the number of consumers refinancing more than once the extensions of consumer credit described by Subdivision (2);
(6) the average amount of the extensions of consumer credit described by Subdivision (2);
(7) the total amount of fees charged by the business for the activities described by Subdivision (1);
(8) the number of vehicles surrendered or repossessed under the terms of an extension of consumer credit in the form of a motor vehicle title loan obtained by the business or that the business assisted a consumer in obtaining;
(9) the mean, median, and mode of the number of extensions of consumer credit obtained by consumers as a result of entering into the extensions of consumer credit described by Subdivision (2); [and]
(10) if the business is required to request the social security numbers of consumers because the business does not request proof of income from consumers, the names and, if applicable, social security numbers of the consumers and the total number of consumers who did not provide a social security number; and
(11) any related information the commissioner determines necessary.

(b) Information submitted by a credit access business about an individual consumer to the commissioner under this section is confidential.

(c) The commissioner shall coordinate with the appropriate
state agencies, to the extent feasible, to produce an annual report
on the extension of consumer credit to consumers who receive
benefits authorized under the Social Security Act (42 U.S.C.
Section 301 et seq.) under benefit programs jointly funded or
administered by the state.

(d) The commissioner shall publish a statewide analysis and
recapitulation of reports filed under this section. The
commissioner may also publish an analysis and recapitulation of the
reports for the 15 largest metropolitan areas of the state and for
the five largest counties in the state.

SECTION 6. Subchapter G, Chapter 393, Finance Code, is
amended by adding Section 393.629 to read as follows:

Sec. 393.629. COLLECTION OF CERTAIN INFORMATION FROM
CONSUMERS. If a credit access business obtains for a consumer or
assists a consumer in obtaining an extension of consumer credit and
does not request proof of income in connection with the
transaction, the credit access business shall request the social
security number of the consumer.

SECTION 7. The changes in law made by this Act apply 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 8. This Act takes effect September 1, 2015.