

BILL ANALYSIS

Senate Research Center

S.B. 251
By: Carona
Economic Development
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As Filed

DIGEST

Currently, there is no administrative fee for loans made under Articles 3.15, 4.01, and 5.02, Texas Credit Code. The fee for a returned check on loan covered by these sections is \$15. The last rate increase for Article 3.15 lenders was 1981. Many finance companies have either left Texas or have drastically scaled back their Texas operations. This bill proposes a fee of \$25 when the loan is made, and \$25 if the loan is financed. Such a fee at the time of refinancing cannot be charged or received by the lender more than once every 180 days.

PURPOSE

As proposed, S.B. 251 prohibits an administrative fee exceeding \$25 that is considered earned at the time the loan is made or refinanced, and if refinanced, may not be contracted for or received by the lender refinancing the loan more than once in any 180-day period. This bill also increases the fee for returned checks from \$15 to \$25.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article 5069-3.15(8), V.T.C.S., to provide that the prohibition against charges for loans and other charges shall not apply to an administrative fee not to exceed \$25 that is considered earned at the time the loan is made or refinanced, is not subject to refund, and, if the loan is refinanced, may not be contracted for or received by the lender refinancing the loan more than once in any 180-day period.

SECTION 2. Amends Article 5069-4.01(7), V.T.C.S., to make conforming changes.

SECTION 3. Amends Article 5069-5.02(7), V.T.C.S., to authorize a secondary mortgage loan lender to provide for an administrative fee not to exceed \$25 that is considered earned at the time the loan is made or refinanced, is not subject to refund, and, if the loan is refinanced, may not be contracted for or received by the lender refinancing the loan more than once in any 180-day period. Provides that the fee for a returned check is \$25, rather than \$15.

SECTION 4. Effective date: September 1, 1997.

SECTION 5. Emergency clause.