

BILL ANALYSIS

Senate Research Center
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C.S.H.B. 2592
By: Truitt et al. (Carona)
Business & Commerce
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

C.S.H.B. 2592 amends current law relating to notice and disclosure requirements for certain credit services organizations regarding charges and consumer borrowing and provides an administrative penalty.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Finance Commission of Texas in SECTION 1 (Sections 393.222, 393.223, and 393.224, Finance Code) of this bill.

SECTION BY SECTION ANALYSIS

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

SUBCHAPTER C-1. NOTICE AND DISCLOSURE REQUIREMENTS FOR CERTAIN CREDIT SERVICES ORGANIZATIONS

Sec. 393.221. DEFINITIONS. Defines, in this subchapter, "credit access business," "deferred presentment transaction," and "motor vehicle certificate of title loan" or "auto title loan."

Sec. 393.222. POSTING OF FEE SCHEDULE; NOTICES. (a) Requires a credit access business to 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 certificate of 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 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."

(b) Authorizes the Finance Commission of Texas to adopt rules to implement this section.

Sec. 393.223. CONSUMER TRANSACTION INFORMATION. (a) Requires a credit access business, before performing services described by Section 393.221(1) (defining "credit access business"), to provide to a consumer a disclosure adopted by rule of the Finance Commission of Texas (commission) 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.

(b) Requires a credit access business, if the credit access business obtains or assists a consumer in obtaining a motor vehicle title loan, to provide to the consumer a notice warning the consumer that in the event of default the consumer may be required to surrender possession of the motor vehicle to the lender or other person to satisfy the consumer's outstanding obligations under the loan.

(c) Requires the Finance Commission of Texas to adopt rules to implement this section.

Sec. 393.224. ADMINISTRATIVE PENALTY. Authorizes the consumer credit commissioner, in accordance with rules adopted by the Finance Commission of Texas, to assess an administrative penalty against a credit access business that knowingly and wilfully violates this subchapter or a rule adopted under this subchapter in the manner provided by Subchapter F (Administrative Penalty; Restitution Order; Assurance of Voluntary Compliance), Chapter 14 (Consumer Credit Commissioner).

SECTION 2. Provides that, notwithstanding Section 393.223(a), Finance Code, as added by this Act, a credit access business is not required to comply with that section until the Finance Commission of Texas prescribes the form required by that section.

SECTION 3. Effective date: January 1, 2012.