

By: Pickett

H.B. No. 1715

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.

1 For purposes of this section, "roll over" means the refinancing or
2 paying of all or part of the finance charges and principal amount of
3 a motor vehicle title loan with a new motor vehicle title loan.

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

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

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

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