

By: Villarreal

H.B. No. 2315

A BILL TO BE ENTITLED

AN ACT

relating to authorized charges for certain consumer loans.

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

SECTION 1. Section 342.201, Finance Code, is amended to read as follows:

Sec. 342.201. MAXIMUM INTEREST CHARGE. (a) A loan contract under this chapter that is a regular transaction and is not secured by real property may provide for an interest charge on the cash advance that does not exceed the amount of add-on interest equal to the amount computed for the full term of the contract at an add-on interest amount equal to:

(1) \$18 for each \$100 per year on the part of the cash advance that is less than or equal to the amount computed under Subchapter C, Chapter 341, using the reference base amount of \$300; and

(2) \$8 for each \$100 per year on the part of the cash advance that is more than the amount computed for Subdivision (1) but less than or equal to an amount computed under Subchapter C, Chapter 341, using the reference base amount of \$2,500.

(b) For the purpose of Subsection (a):

(1) when the loan is made an interest charge may be computed for the full term of the loan contract;

(2) if the period before the first installment due date includes a part of a month that is longer than 15 days, that

1 portion of a month may be considered a full month; and

2 (3) if a loan contract provides for precomputed
3 interest, the amount of the loan is the total of:

4 (A) the cash advance; and

5 (B) the amount of precomputed interest.

6 (c) A loan contract under this chapter that is an irregular
7 transaction and is not secured by real property may provide for an
8 interest charge, using any method or formula, that does not exceed
9 the amount that, having due regard for the schedule of installment
10 payments, would produce the same effective return as allowed under
11 this section if the loan were payable in equal successive monthly
12 installments beginning one month from the date of the contract.

13 (d) A loan contract under this chapter that is not secured
14 by real property may provide for a rate or amount of interest
15 computed using the true daily earnings method or the scheduled
16 installment earnings method that does not exceed the alternative
17 interest rate as computed under Subchapter A, Chapter 303. Interest
18 may accrue on the principal balance and amounts added to principal
19 after the date of the loan contract from time to time unpaid at the
20 rate provided for by the contract until the date of payment in full
21 or demand for payment in full.

22 (e) A loan contract under this chapter that is not secured
23 by real property may provide for a rate or amount of interest
24 computed using the true daily earnings method or the scheduled
25 installment earnings method that does not exceed:

26 (1) 30 percent a year on that part of the cash advance
27 that is less than or equal to the amount computed under Subchapter

1 C, Chapter 341, using the reference base amount of \$500;

2 (2) 24 percent a year on that part of the cash advance
3 that is more than the amount computed for Subdivision (1) but less
4 than or equal to an amount computed under Subchapter C, Chapter 341,
5 using the reference base amount of \$1,050; and

6 (3) 18 percent a year on that part of the cash advance
7 that is more than the amount computed for Subdivision (2) but less
8 than or equal to an amount computed under Subchapter C, Chapter 341,
9 using the reference base amount of \$2,500.

10 (f) A loan contract under this subchapter may provide for an
11 administrative fee [~~\$25 for a loan of more than \$1,000 or \$20 for a~~
12 ~~loan of \$1,000 or less~~]. The administrative fee is considered
13 earned when the loan is made or refinanced and is not subject to
14 refund. An administrative fee is not interest. A lender
15 refinancing the loan may not contract for or receive an
16 administrative fee for the loan more than once in any 180-day
17 period, except that if the loan has an interest charge authorized by
18 Subsection (e) the lender may not contract for or receive the
19 administrative fee more than once in any 365-day period. One dollar
20 of each administrative fee may be deposited with the comptroller
21 for use in carrying out the finance commission's responsibilities
22 under Section 11.3055.

23 (g) The finance commission shall prescribe by rule the
24 maximum amount of an administrative fee.

25 SECTION 2. Section 342.252, Finance Code, is amended to
26 read as follows:

27 Sec. 342.252. ALTERNATE INTEREST CHARGE. (a) Instead of

1 the charges authorized by Section 342.201, a loan contract may
2 provide for:

3 (1) on a cash advance of less than \$30, an acquisition
4 charge [~~that is not more than \$1 for each \$5 of the cash advance~~];

5 (2) on a cash advance equal to or more than \$30 but not
6 more than \$100:

7 (A) an acquisition charge [~~that is not more than~~
8 ~~the amount equal to one-tenth of the amount of the cash advance~~];

9 and

10 (B) an installment account handling charge that
11 is not more than:

12 (i) \$3 a month if the cash advance is not
13 more than \$35;

14 (ii) \$3.50 a month if the cash advance is
15 more than \$35 but not more than \$70; or

16 (iii) \$4 a month if the cash advance is more
17 than \$70; or

18 (3) on a cash advance of more than \$100:

19 (A) an acquisition charge [~~that is not more than~~
20 ~~\$10~~]; and

21 (B) an installment account handling charge that
22 is not more than the ratio of \$4 a month for each \$100 of cash
23 advance.

24 (b) The finance commission shall prescribe by rule the
25 maximum amount of an acquisition charge.

26 (c) An acquisition charge under this subchapter is not
27 considered to be interest.

1 SECTION 3. Section 342.259(a), Finance Code, is amended to
2 read as follows:

3 (a) Instead of the charges authorized by Sections 342.201
4 and 342.252, a loan made under this subchapter with a maximum cash
5 advance computed under Subchapter C, Chapter 341, using a reference
6 base amount that is more than \$100 but not more than \$200, may
7 provide for:

8 (1) an acquisition charge [~~that is not more than \$10~~];

9 and

10 (2) an installment account handling charge that is not
11 more than the ratio of \$4 a month for each \$100 of cash advance.

12 SECTION 4. The changes in law made by this Act apply only to
13 a loan made on or after the effective date of this Act. A loan made
14 before the effective date of this Act is governed by the law in
15 effect on the date the loan was made, and the former law is
16 continued in effect for that purpose.

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