



# Building Community for a Stronger Texas

## *Texas Impact's Guide to the Issues 2011*

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### **Support Payday and Auto Title Lending Reform**

### **Vote FOR the Truitt Bill Package**

### **HB 2592 | HB 2593 | HB 2594**

HB 2592, HB 2593, and HB 2594 create a framework for basic regulation of the payday and auto title lending industries. Currently, these industries are unregulated in Texas.

Texans need access to credit—but unregulated short-term, high-risk lending too often leads to mounting financial instability for borrowers. A recent survey showed that payday and auto title borrowers are likely to become overwhelmed and turn to local charities and public benefits for help with basics like food and utilities.

The fair, sensible regulation Rep. Truitt proposes will rein in abuses without creating unintended consequence for industry or limiting opportunity for customers.

#### **Key Elements of All Three Bills**

- All modify Chapter 393 of the Finance Code.
- All apply to Credit Service Organizations making payday or title loans, which will be known as “Credit Access Businesses” (CABs).
- A CAB is defined as “a credit services organization that obtains for a consumer or assists a consumer in obtaining an extension of consumer credit in the form of a deferred presentment transaction or a motor vehicle certificate of title loan.”

#### **How The Bills Would Help**

- Limit the number of times that fees can be charged
- Require acceptance of partial payments of principal
- Give licensing, enforcement and examination authority to the Office of Consumer Credit Commissioner (OCCC)
- Require robust data collection and reporting on a quarterly basis to the OCCC
- Ensure full compliance with state and federal fair debt collection laws
- Allow for full enforcement of the federal Military Lending Act

**Texas Impact urges members to accept only amendments offered by Chair Truitt and resist all other attempts to alter the very precise language in all three bills.**



Texas Impact was established by Texas religious leaders in 1973 to be a voice in the Texas legislative process for the shared religious social concerns of Texas' faith communities. Texas Impact is supported by more than two-dozen Christian, Jewish and Muslim denominational bodies, as well as hundreds of local congregations, ministerial alliances and interfaith networks, and thousands of people of faith throughout Texas.