

# PAYDAY AND AUTO TITLE REFORM

## Session Recap and What's In Store





# AN IMPORTANT WIN



- **HB 1442, Office of Consumer Credit Commissioner Sunset Bill.**
  - Continued agency operations
  - **Expanded oversight to cover online lending**
  - No changes regarding municipal ordinances or licensed lender interest rates.



## Other Consumer Protection Wins

- **HB 2697—Expands identity theft definition to expand protections for victims of domestic violence and financial abuse ( Check the new Toolkit: [www.financialabusehelp.org](http://www.financialabusehelp.org))**
- **HB 2524—Limits how Rent-to-own businesses can use the criminal justice system as a debt collector. A compromise with incremental improvements.**
- **HB 996—Prohibits debt buyers from suing over time-barred debts.**



# A TEXAS SET BACK...UNCERTAINTY IN THE COURTS...LOTS PENDING WITH THE FEDS

- **AG Opinion (KP-0277)**—a setback for fair lending standards in Texas.
  - Opens a new loophole that could allow payday and auto title businesses to get around CAB licensing
  - Opinion does not endorse an specific evasions—rather a case-by-case assessment process to determine if a loan is covered by CAB licensing and allowed under the CSO Act
  - Take away: Things are becoming more and more of a mess.
- **Some Court Cases to Watch**
  - *TitleMax v. City of Austin*—Pending in state district court regarding preemption and enforceability of city ordinances.
  - *Vine v. PLS*—Pending in 5<sup>th</sup> Circuit regarding whether arbitration can be compelled if business engaged in wrongful criminal complaints to collect a debt.
- **Pending Federal Issues**
  - New Federal bill—36% rate cap.
  - Waiting on CFPB payday rule—current rule on hold through court.
  - New regulatory guidance expected to encourage banks to offer lower cost small dollar loans.
  - NCUA issued new guidance for credit unions, allowing loans up to \$2,000.



# WHAT'S NEXT?

## **Keep doing the important community-based work—it's making a difference!**

- Local ordinances
- The Community Loan Center and other efforts to create better loan options
- Engaging with candidates and elected officials to elevate the problems of high-cost lending and challenges Texans face that hinder financial well-being



## CONTACT INFORMATION

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