

REGULATED LENDER ADVISORY BULLETIN

Increased Administrative Fee & Acquisition Charge Effective September 5, 2013

Senate Bill 1251

Earlier this year, the Texas Legislature passed a bill, SB 1251, that authorizes the Finance Commission to set by rule alternative reasonable maximum amounts for the administrative fee and acquisition charge allowed under Texas Finance Code, Chapter 342. SB 1251 also provides that the administrative fee and the acquisition charge are not interest.

Administrative Fee Rule (Subchapter E)

The Finance Commission has adopted amendments to the rule regarding the administrative fee that may be charged for a Subchapter E loan under Chapter 342. The key amendments to the rule cap the administrative fee at \$100 and will be located in Texas Administrative Code, Title 7, Section 83.503(1). The new language states:

"As an alternative to the maximum administrative fee specified in Texas Finance Code, §342.201(f), an authorized lender may collect an **administrative fee that does not exceed \$100.**"

Acquisition Charge Rule (Subchapter F)

The Finance Commission has adopted amendments to the rule regarding the acquisition charge that may be assessed for a Subchapter F loan under Chapter 342. The key amendments to the rule cap the acquisition charge at the lesser of 10% of the cash advance or \$100, and will be located in Texas Administrative Code, Title 7, Section 83.605(a). The new language states:

"As an alternative to the maximum acquisition charge specified in Texas Finance Code, §342.252(a) and §342.259(a)(1), an authorized lender may collect an **acquisition charge that does not exceed the lesser of: (1) 10% of the cash advance of the loan; or \$100.**"

Effective Date

The amendments to both rules will go into effect on September 5, 2013, and will be available online as of that date (www.sos.state.tx.us). **The increased fees may not be charged before September 5.**