

FINANCE CODE

TITLE 4. REGULATION OF INTEREST, LOANS, AND FINANCED TRANSACTIONS

SUBTITLE A. INTEREST

CHAPTER 301. GENERAL PROVISIONS

Sec. 301.001. SHORT TITLE. This title may be cited as the Texas Credit Title.

Amended by Acts 1999, 76th Leg., ch. 62, Sec. 7.18(a), eff. Sept. 1, 1999.

Sec. 301.002. DEFINITIONS. (a) In this subtitle:

(1) "Contract interest" means interest that an obligor has paid or agreed to pay to a creditor under a written contract of the parties. The term does not include judgment interest.

(2) "Credit card transaction" means a transaction for personal, family, or household use in which a credit card, plate, coupon book, or credit card cash advance check may be used or is used to debit an open-end account in connection with:

(A) a purchase or lease of goods or services; or

(B) a loan of money.

(3) "Creditor" means a person who loans money or otherwise extends credit. The term does not include a judgment creditor.

(4) "Interest" means compensation for the use, forbearance, or detention of money. The term does not include time price differential, regardless of how it is denominated. The term does not include compensation or other amounts that are determined or stated by this code or other applicable law not to constitute interest or that are permitted to be contracted for, charged, or received in addition to interest in connection with an extension of credit.

(5) "Judgment creditor" means a person to whom a money judgment is payable.

(6) "Judgment debtor" means a person obligated to pay a money judgment.

(7) "Judgment interest" means interest on a money judgment, whether the interest accrues before, on, or after the

date the judgment is rendered.

(8) "Legal interest" means interest charged or received in the absence of any agreement by an obligor to pay contract interest. The term does not include judgment interest.

(9) "Lender credit card agreement":

(A) means an agreement between a creditor and an obligor that provides that:

(i) the obligor, by means of a credit card transaction for personal, family, or household use, may:

(a) obtain loans from the creditor directly or through other participating persons; and

(b) lease or purchase goods or services from more than one participating lessor or seller who honors the creditor's credit card;

(ii) the creditor or another person acting in cooperation with the creditor is to reimburse the participating persons, lessors, or sellers for the loans or the goods or services purchased or leased;

(iii) the obligor is to pay the creditor the amount of the loan or cost of the lease or purchase;

(iv) the unpaid balance of the loan, lease, or purchase and interest on that unpaid balance are debited to the obligor's account under the agreement;

(v) interest may be computed on the balances of the obligor's account but is not precomputed; and

(vi) the obligor and the creditor may agree that payment of part of the balance may be deferred;

(B) includes an agreement under Section [342.455](#) or Section [346.003](#)(b) or (c) for an open-end account under which credit card transactions may be made or a merchant discount may be taken; and

(C) does not include:

(i) an agreement, including an open-end account credit agreement, between a seller and a buyer or between a lessor and a lessee; or

(ii) an agreement under which:

(a) the entire balance is due in full

each month; and

(b) no interest is charged if the obligor pays the entire balance each month.

(10) "Loan" means an advance of money that is made to or on behalf of an obligor, the principal amount of which the obligor has an obligation to pay the creditor. The term does not include a judgment.

(11) "Merchant discount" means the consideration, including a fee, charge, discount, or compensating balance, that a creditor requires, or that a creditor, subsidiary, or parent company of the creditor, or subsidiary of the creditor's parent company, receives directly or indirectly from a person other than the obligor in connection with a credit card transaction under a lender credit card agreement between the obligor and the creditor. The term does not include consideration received by a creditor from the obligor in connection with the credit card transaction.

(12) "Money judgment" means a judgment for money. For purposes of this subtitle, the term includes legal interest or contract interest, if any, that is payable to a judgment creditor under a judgment.

(13) "Obligor" means a person to whom money is loaned or credit is otherwise extended. The term does not include:

(A) a judgment debtor; or

(B) a surety, guarantor, or similar person.

(14) "Open-end account":

(A) means an account under a written contract between a creditor and an obligor in connection with which:

(i) the creditor reasonably contemplates repeated transactions and the obligor is authorized to make purchases or borrow money;

(ii) interest or time price differential may be charged from time to time on an outstanding unpaid balance; and

(iii) the amount of credit that may be extended during the term of the account is generally made available to the extent that any outstanding balance is repaid; and

(B) includes an account under an agreement

described by Section 342.455 or Chapter 345 or 346.

(15) "Prepayment penalty" means consideration agreed on and contracted for a discharge of a loan, other than a loan governed by Chapter 306, before its maturity or a regularly scheduled date of payment, as a result of an obligor's election to pay all of the principal amount before its stated maturity or a regularly scheduled date of payment.

(16) "Time price differential" means an amount, however denominated or expressed, that is:

(A) added to the price at which a seller offers to sell services or property to a purchaser for cash payable at the time of sale; and

(B) paid or payable to the seller by the purchaser for the privilege of paying the offered sales price after the time of sale.

(17) "Usurious interest" means interest that exceeds the applicable maximum amount allowed by law.

(b) The Finance Commission of Texas by rule may adopt other definitions to accomplish the purposes of this title.

Amended by Acts 1999, 76th Leg., ch. 62, Sec. 7.18(a), eff. Sept. 1, 1999; Acts 1999, 76th Leg., ch. 909, Sec. 2.01, eff. Sept. 1, 1999.

Amended by:

Acts 2005, 79th Leg., Ch. 1018 (H.B. 955), Sec. 2.01, eff. September 1, 2005.