

TEXAS USURY LAWS & TEXAS PLACEMENT ADVISORY

Referrals to Williams & Williams, Inc. must include a breakdown of all charges. Any documentation, which remotely references interest, finance charges or service charges that cannot be referenced back to a signed debtor acknowledgment, is considered “usury” under Texas statutes, if the rate exceeds 6%. Whether or not the charges are itemized is immaterial. The wording of any document is sufficient grounds to substantiate a violation.

To avoid the disastrous penalties, we suggest that it be your company policy not to extend credit to a Texas customer without first securing a signed credit application identifying an annual interest rate of 18% or less, together with the assessment of collection costs, attorney fees and all related legal expenditures.

On all Texas debtor placements which do not include a breakdown of the charges, Williams & Williams will handle the matter on the premise that all paperwork is void of language or symbolism which remotely suggests assessment of any charges which would be in addition to the principal amount owing.

The penalty of a usurious violation in Texas is forfeiture of the principal amount and an award to the debtor of triple the amount of interest originally demanded plus court costs and attorney fees.

If one suspects that conditions exist which may be interpreted to the detriment of a creditor’s position, there is a means of “curing” the problem.

For more details concerning the avoidance of Texas usury and “curing,” please contact Williams & Williams, Inc.