

By: Walle

H.B. No. 777

A BILL TO BE ENTITLED

AN ACT

relating to the repossession of a motor vehicle after default on an agreement.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subtitle B, Title 4, Finance Code, is amended by adding Chapter 355 to read as follows:

CHAPTER 355. REPOSSESSION OF MOTOR VEHICLE AFTER DEFAULT

Sec. 355.001. DEFINITION. In this chapter, "motor vehicle" has the meaning assigned by Section 348.001.

Sec. 355.002. RESTRICTION ON COLLECTION OF DEFICIENCY BALANCE AFTER REPOSSESSION SALE. (a) Notwithstanding any other law, a lender or other person who repossesses a motor vehicle after a default under a loan, lease, or other agreement and who sells the vehicle to secure repayment of the debt is not entitled to collect from the borrower any amount for a deficiency balance resulting from the sale if the value of the vehicle is less than \$2,000 unless the borrower:

(1) damages the vehicle; or

(2) wrongfully fails, after default and demand, to make the vehicle available to the lender or other person.

(b) For purposes of Subsection (a), the value of a motor vehicle is the fair market value of the vehicle on the date of repossession.

SECTION 2. The changes in law made by this Act apply only to

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1 an agreement entered into on or after the effective date of this
2 Act.

3 SECTION 3. This Act takes effect September 1, 2021.