

BILL ANALYSIS

S.B. 1430
By: Averitt
Financial Institutions
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Current law authorizes late charges for secondary mortgage loans which include precomputed interest or use the scheduled installment earnings method, and for all other consumer loans. However, secondary mortgage loans that include simple interest are not permitted to include additional interest when payments are late.

S.B. 1430 corrects this oversight by authorizing additional interest when payments are late for secondary mortgage loans that include simple interest.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 1430 amends Section 342.302, Finance Code to permit a secondary mortgage loan that includes simple interest to provide for additional interest for default if any part of an installment is 10 days late.

EFFECTIVE DATE

On passage, or if the Act does not receive the necessary vote, the Act takes effect September 1, 2003.