

By: Howard

H.B. No. 1916

A BILL TO BE ENTITLED

AN ACT

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relating to a prepayment penalty on a commercial loan.

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

SECTION 1. Section 306.005, Finance Code, is amended to read as follows:

Sec. 306.005. PREPAYMENT PENALTY. A creditor and an obligor may agree to a reasonable prepayment penalty in a loan subject to this chapter. A prepayment penalty is not interest.

SECTION 2. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2003.