

By: Averitt

S.B. No. 1430

A BILL TO BE ENTITLED

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AN ACT

relating to additional interest for default on certain secondary mortgage loans.

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

SECTION 1. The heading of Section 342.302, Finance Code, is amended to read as follows:

Sec. 342.302. ADDITIONAL INTEREST FOR DEFAULT: REGULAR TRANSACTION OR TRANSACTION INCLUDING SIMPLE INTEREST.

SECTION 2. Section 342.302, Finance Code, is amended by amending Subsection (c) and adding Subsection (e) to read as follows:

(c) The additional interest for default under this section may not exceed five cents for each \$1 of a scheduled installment.

(e) A secondary mortgage loan that includes simple interest may provide for additional interest for default if any part of an installment remains unpaid after the 10th day after the date on which the installment is due, including Sundays and holidays.

SECTION 3. 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.