

By: Averitt

S.B. No. 1430

A BILL TO BE ENTITLED

AN ACT

1
2 relating to additional interest for default on certain secondary
3 mortgage loans.

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

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

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

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

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

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

18 SECTION 3. This Act takes effect immediately if it receives
19 a vote of two-thirds of all members elected to each house, as
20 provided by Section 39, Article III, Texas Constitution. If this
21 Act does not receive the vote necessary for immediate effect, this
22 Act takes effect September 1, 2003.