

By: Eissler

H.B. No. 42

A BILL TO BE ENTITLED

AN ACT

relating to application of a payment under a credit card account.

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

SECTION 1. Subchapter H, Chapter 345, Finance Code, is amended by adding Section 345.358 to read as follows:

Sec. 345.358. APPLICATION OF PAYMENT ON RETAIL CREDIT CARD ARRANGEMENT. If a retail credit card agreement provides that different rates of interest or time price differential apply to different parts of the balance on the account, the holder shall apply any payment received on the account first to the part of the balance bearing the highest rate.

SECTION 2. Subchapter C, Chapter 346, Finance Code, is amended by adding Section 346.207 to read as follows:

Sec. 346.207. APPLICATION OF PAYMENT. If an account agreement under this chapter under which a credit card may be used provides that different rates of interest apply to different parts of the balance on the account, the holder shall apply any payment received on the account first to the part of the balance bearing the highest rate.

SECTION 3. This Act applies only to an account agreement entered into, amended, or renewed on or after the effective date of this Act.

SECTION 4. This Act takes effect September 1, 2005.