

By: Martinez

H.B. No. 806

A BILL TO BE ENTITLED

AN ACT

relating to a retail installment contract or retail charge agreement that provides for payment of no time price differential or interest for a stated period.

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. CONTRACT OR AGREEMENT PROVIDING FOR PERIOD WITHOUT TIME PRICE DIFFERENTIAL OR INTEREST. (a) This section applies only to a retail installment contract or retail charge agreement that provides that no time price differential or interest is charged if the entire principal balance is paid on or before a certain due date.

(b) The retail seller shall:

(1) provide in the contract or agreement that:

(A) any payments required before the date provided under Subsection (a) are substantially equal and due monthly; and

(B) each required monthly payment is due on the same day of the month as the due date provided under Subsection (a); and

(2) provide to the retail buyer a written document, separate from the contract or agreement, that gives conspicuous notice of:

1 (A) the due date provided under Subsection (a);
2 and
3 (B) the time price differential or interest that
4 will be charged if the entire principal balance is not paid on or
5 before that date.

6 SECTION 2. The change in law made by this Act applies only
7 to a retail installment contract or retail charge agreement entered
8 into on or after the effective date of this Act.

9 SECTION 3. This Act takes effect September 1, 2005.