

By: Solomons, Pickett

H.B. No. 2534

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the transfer of a motor vehicle retail installment
3 contract to a holder.

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

5 SECTION 1. Section 348.101, Finance Code, is amended by
6 adding Subsections (e), (f), and (g) to read as follows:

7 (e) A retail installment contract may not be conditioned on
8 the subsequent sale of the contract to a holder. A provision in
9 violation of this subsection is void.

10 (f) Subject to this subsection, a retail installment
11 contract shall provide that it is subject to rescission at the
12 election of the seller in the event that the seller is unable to
13 assign the contract to a holder because the buyer provided
14 materially false information in negotiating the contract. In order
15 to provide the basis for rescission under this subsection,
16 information provided by the buyer must have been materially false,
17 and:

18 (1) included on an application for credit;

19 (2) included on an odometer statement; or

20 (3) related to whether or not the manufacturer of the
21 vehicle had ever been required by state law to repurchase the
22 vehicle.

23 (g) All money paid by the buyer to the seller under the
24 rescinded contract shall be refunded in hand to the buyer before the

1 parties may execute a new retail installment contract for a
2 vehicle.

3 SECTION 2. This Act takes effect September 1, 2007.