

By: Solomons, Pickett

H.B. No. 2534

Substitute the following for H.B. No. 2534:

By: Solomons

C.S.H.B. No. 2534

A BILL TO BE ENTITLED

AN ACT

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

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

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

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

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

(1) included on an application for credit;

(2) included on an odometer statement; or

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

(g) All money paid by the buyer to the seller under the rescinded contract shall be refunded in hand to the buyer before the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