

By: McCall

H.B. No. 2590

A BILL TO BE ENTITLED

AN ACT

relating to requirements regarding motor vehicle retail installment transactions.

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

SECTION 1. Section 348.001(3), Finance Code, is amended to read as follows:

(3) "Holder" means a person who is:

(A) a retail seller even if the retail installment contract is assigned or transferred; or

(B) the assignee or transferee of [if] a retail installment contract ~~[or the outstanding balance under the contract is sold or otherwise transferred, the person to whom it is sold or otherwise transferred]~~.

SECTION 2. Section 348.004, Finance Code, is amended by adding Subsection (d) to read as follows:

(d) The cash price may not be increased to include any amount of negative equity of a vehicle being traded in.

SECTION 3. Sections 348.104(b), (c), (d), and (h), Finance Code, are amended to read as follows:

(b) The add-on charge is \$7.50 per \$100 per year on the principal balance for[+]

~~[(1)]~~ a new ~~[domestic]~~ motor vehicle, other than a heavy commercial vehicle, designated by the manufacturer by a model year that is not earlier than the year in which the sale is made~~[+or~~

1           ~~[(2) a new foreign motor vehicle, other than a heavy~~  
2 ~~commercial vehicle].~~

3           (c) The add-on charge is \$10 per \$100 per year on the  
4 principal balance for:

5                 (1) a new ~~[domestic]~~ motor vehicle not covered by  
6 Subsection (b);

7                 (2) ~~[a used domestic motor vehicle designated by the~~  
8 ~~manufacturer by a model year that is not more than two years before~~  
9 ~~the year in which the sale is made;~~

10                ~~[(3)]~~ a used ~~[foreign]~~ motor vehicle that is not more  
11 than two years old; or

12                (3) ~~[(4)]~~ a new or used heavy commercial vehicle that  
13 is not more than two years old.

14           (d) The add-on charge is \$12.50 per \$100 per year on the  
15 principal balance for a used motor vehicle not covered by  
16 Subsection (c) that is~~+~~

17                ~~[(1) a domestic motor vehicle designated by the~~  
18 ~~manufacturer by a model year that is not more than four years before~~  
19 ~~the year in which the sale is made; or~~

20                ~~[(2) a foreign motor vehicle that is]~~ not more than  
21 four years old.

22           (h) For the purpose of a computation under this section, 16  
23 ~~[15]~~ or more days of a month may be considered a full month.

24           SECTION 4. Section 348.405, Finance Code, is amended to  
25 read as follows:

26           Sec. 348.405. STATEMENT OF PAYMENTS AND AMOUNT DUE UNDER  
27 CONTRACT. (a) On written request of a retail buyer, the holder of a

1 retail installment contract shall give or send to the buyer a  
2 written statement of the dates and amounts of payments and the total  
3 amount unpaid under the contract. A holder shall respond to a  
4 written payoff request of a retail buyer not later than the third  
5 business day after the date of the request.

6 (b) A retail buyer is entitled to one statement or payoff  
7 quotation during a six-month period without charge. The charge for  
8 each additional requested statement may not exceed \$1.

9 SECTION 5. Section 348.408, Finance Code, is amended by  
10 adding Subsection (c) to read as follows:

11 (c) A retail seller must, not later than the 20th day after  
12 the date the retail installment contract becomes enforceable, pay  
13 in full the outstanding balance of a debt on a vehicle traded in.

14 SECTION 6. Subchapter E, Chapter 348, Finance Code, is  
15 amended by adding Section 348.414 to read as follows:

16 Sec. 348.414. AMOUNT AUTHORIZED. A retail seller or holder  
17 may not directly or indirectly charge, contract for, or receive an  
18 amount that is not authorized under this chapter in connection with  
19 a retail installment sales contract to which this chapter applies,  
20 including any fee, compensation, bonus, commission, brokerage,  
21 discount, expense, or other charge of any nature, regardless of  
22 whether listed by this section.

23 SECTION 7. This Act takes effect September 1, 2007.