

BILL ANALYSIS

H.B. 3621
By: Solomons
Pensions, Investments & Financial Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Current law authorizes a retail motor vehicle seller to charge a fee of no more than \$50 for preparing, handling, and processing documents related to the closing of a motor vehicle retail installment transaction.

H.B. 3621 removes the \$50 cap on the documentary fee for documentary services relating to a motor vehicle retail installment contract and instead prohibits the fee from exceeding a reasonable amount for the handling and processing of documents related to a motor vehicle sale. The bill authorizes the consumer credit commissioner to review the amount of a documentary fee for reasonableness and, if the fee is unreasonable, to require that the documentary fee charged be reduced or suspended.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Finance Commission of Texas in SECTION 1 of this bill.

ANALYSIS

H.B. 3621 amends the Finance Code to remove the \$50 cap on the documentary fee for documentary services relating to a motor vehicle retail installment contract and to apply the documentary fee provisions to services rendered in handling and processing documents relating to the sale generally, rather than to the closing of the transaction. The bill prohibits the documentary fee from exceeding a reasonable amount for the documentary services agreed to by the retail seller and retail buyer and removes provisions applying this reasonable amount agreement only to a heavy commercial vehicle retail installment contract. The bill requires a retail seller to post a prescribed documentary fee notice so that it is clearly visible in each place where a vehicle sale is finalized. The bill authorizes the consumer credit commissioner to review the amount of a documentary fee for reasonableness and, if the commissioner determines that a documentary fee charged is not reasonable, authorizes the commissioner to require that the documentary fee charged be reduced or suspended. The bill authorizes the Finance Commission of Texas to adopt rules, including rules relating to the standards for a reasonableness determination or disclosures, to enforce provisions relating to the documentary fee.

EFFECTIVE DATE

September 1, 2009.