

By: McCall

H.B. No. 2438

A BILL TO BE ENTITLED

1 AN ACT

2 relating to requirements regarding motor vehicle retail
3 installment transactions.

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

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

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

8 (A) a retail seller; or

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

13 SECTION 2. Sections 348.104(b), (c), (d), and (h), Finance
14 Code, are amended to read as follows:

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

17 [~~1~~] a new [~~domestic~~] motor vehicle, other than a
18 heavy commercial vehicle, designated by the manufacturer by a model
19 year that is not earlier than the year in which the sale is made[~~, or~~

20 [~~2~~] ~~a new foreign motor vehicle, other than a heavy~~
21 ~~commercial vehicle].~~

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

24 (1) a new [~~domestic~~] motor vehicle not covered by

1 Subsection (b);

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

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

7 [~~(4)~~] a new or used heavy commercial vehicle
8 designated by the manufacturer by a model year that is not more than
9 two years before the year in which the sale is made [~~old~~].

10 (d) The add-on charge is \$12.50 per \$100 per year on the
11 principal balance for a used motor vehicle not covered by
12 Subsection (c) that is[+]

13 [~~(1)~~] a [~~domestic~~] motor vehicle designated by the
14 manufacturer by a model year that is not more than four years before
15 the year in which the sale is made[+ ~~or~~

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

18 (h) For the purpose of a computation under this section, 16
19 [~~15~~] or more days of a month may be considered a full month.

20 SECTION 3. Section 348.404, Finance Code, is amended by
21 adding Subsection (d) to read as follows:

22 (d) A retail seller may include money advanced under
23 Subsection (b) in the retail installment contract only if it is
24 included as an itemized charge.

25 SECTION 4. Section 348.408, Finance Code, is amended by
26 adding Subsection (c) to read as follows:

27 (c) A retail seller must pay in full the outstanding balance

1 of a vehicle traded in not later than the 20th working day after the
2 date that:

3 (1) the retail installment contract is signed by the
4 retail buyer and the retail buyer receives delivery of the motor
5 vehicle; and

6 (2) the retail seller receives delivery of the motor
7 vehicle traded in and the necessary and appropriate documents to
8 transfer title from the buyer.

9 SECTION 5. Section 348.501, Finance Code, is amended by
10 amending Subsection (b) and adding Subsection (c) to read as
11 follows:

12 (b) A person who is required to hold a license under this
13 chapter must hold a separate license for each office at which retail
14 installment transactions are made, serviced, held, or collected
15 under this chapter.

16 (c) A person may not use any device, subterfuge, or pretense
17 to evade the application of this section.

18 SECTION 6. Section 348.514(c), Finance Code, is amended to
19 read as follows:

20 (c) During an examination or investigation the commissioner
21 or the commissioner's representative may administer oaths and
22 examine any person under oath on any subject pertinent to a matter
23 that the commissioner is authorized or required to consider,
24 investigate, or secure information about under this chapter.

25 SECTION 7. The heading to Section 348.517, Finance Code, is
26 amended to read as follows:

27 Sec. 348.517. LICENSE HOLDER'S RECORDS; DOCUMENT RETENTION

1 REQUIREMENTS.

2 SECTION 8. Section 348.517(b), Finance Code, is amended to
3 read as follows:

4 (b) A license holder shall keep the record until the later
5 of:

6 (1) the fourth [~~third~~] anniversary of the date of the
7 [~~last payment was made on the~~] retail installment transaction; or

8 (2) the second anniversary of the date on which the
9 final entry is made in the record.

10 SECTION 9. This Act takes effect September 1, 2009.