

By: Solomons

H.B. No. 2556

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the transfer of a motor vehicle retail installment
3 contract to a holder and to certain contracts made in contemplation
4 of a motor vehicle retail installment contract.

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

6 SECTION 1. Subchapter A, Chapter 348, Finance Code, is
7 amended by adding Section 348.013 to read as follows:

8 Sec. 348.013. CONDITIONAL DELIVERY AGREEMENT. (a) This
9 section applies only to a contract between a retail seller and
10 prospective retail buyer under the terms of which:

11 (1) no legal or equitable rights of ownership to
12 property are conferred; and

13 (2) the retail seller allows the prospective retail
14 buyer the use and benefit of a motor vehicle for a specified term.

15 (b) A contract to which this section applies may not exceed
16 a term of 15 days.

17 (c) The retail seller shall refund or return any
18 consideration, including any payments and trade-in motor vehicle,
19 made by the prospective retail buyer under a contract to which this
20 section applies if, not later than the seventh day after the
21 termination date of that contract, the retail seller and
22 prospective retail buyer do not subsequently enter into a retail
23 installment contract.

24 (d) This section does not create a private right of action.

1 (e) The commissioner has exclusive jurisdiction to enforce
2 this section.

3 SECTION 2. Section 348.101, Finance Code, is amended by
4 adding Subsection (e) to read as follows:

5 (e) A retail installment contract may not be conditioned on
6 the subsequent sale of the contract to a holder. A provision in
7 violation of this subsection is void. This subsection does not
8 create a private right of action. The commissioner has exclusive
9 jurisdiction to enforce this subsection.

10 SECTION 3. The changes in law made by this Act apply only to
11 a contract entered into on or after the effective date of this Act.
12 A contract entered into before the effective date of this Act is
13 governed by the law in effect when the contract was entered into,
14 and the former law is continued in effect for that purpose.

15 SECTION 4. This Act takes effect September 1, 2009.