

By: Carona

S.B. No. 1096

A BILL TO BE ENTITLED

AN ACT

relating to certain charges included in a retail installment agreement.

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

SECTION 1. Sections 345.251(b) and (c), Finance Code, are amended to read as follows:

(b) If a documentary fee is charged under this section the fee:

(1) must be charged to cash buyers and credit buyers;

(2) may not exceed \$100 [~~\$50~~]; and

(3) must be disclosed on the retail installment contract as a separate itemized charge.

(c) A preliminary work sheet on which a sale price is computed and that is shown to the retail buyer, an order from the buyer, or a retail installment contract must include in reasonable proximity to the place on the document where the documentary fee is disclosed:

(1) the amount of the fee; and

(2) the following notice in type that is bold-faced, capitalized, or underlined or otherwise conspicuously set out from the surrounding written material:

"A DOCUMENTARY FEE IS NOT AN OFFICIAL FEE. A DOCUMENTARY FEE IS NOT REQUIRED BY LAW, BUT MAY BE CHARGED TO BUYERS FOR HANDLING DOCUMENTS AND PERFORMING SERVICES RELATING TO THE CLOSING OF A SALE. A

1 DOCUMENTARY FEE MAY NOT EXCEED \$100 [~~\$50~~]. THIS NOTICE IS REQUIRED
2 BY LAW."

3 SECTION 2. Section 348.006(c), Finance Code, is amended to
4 read as follows:

5 (c) For a documentary fee to be included in the principal
6 balance of a retail installment contract:

7 (1) the retail seller must charge the documentary fee
8 to cash buyers and credit buyers;

9 (2) the documentary fee may not exceed \$100 [~~\$50~~] for a
10 motor vehicle retail installment contract or a reasonable amount
11 agreed to by the retail seller and retail buyer for a heavy
12 commercial vehicle retail installment contract; and

13 (3) the buyer's order and the retail installment
14 contract must include:

15 (A) a statement of the amount of the documentary
16 fee; and

17 (B) in reasonable proximity to the place in each
18 where the amount of the documentary fee is disclosed, the following
19 notice in type that is bold-faced, capitalized, underlined, or
20 otherwise conspicuously set out from surrounding written material:

21 "A DOCUMENTARY FEE IS NOT AN OFFICIAL FEE. A DOCUMENTARY FEE IS NOT
22 REQUIRED BY LAW, BUT MAY BE CHARGED TO BUYERS FOR HANDLING DOCUMENTS
23 AND PERFORMING SERVICES RELATING TO THE CLOSING OF A SALE. A
24 DOCUMENTARY FEE MAY NOT EXCEED \$100 [~~\$50~~] FOR A MOTOR VEHICLE
25 CONTRACT OR A REASONABLE AMOUNT AGREED TO BY THE PARTIES FOR A HEAVY
26 COMMERCIAL VEHICLE CONTRACT. THIS NOTICE IS REQUIRED BY LAW."

27 SECTION 3. This Act takes effect immediately if it receives

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1 a vote of two-thirds of all the members elected to each house, as
2 provided by Section 39, Article III, Texas Constitution. If this
3 Act does not receive the vote necessary for immediate effect, this
4 Act takes effect September 1, 2009.