

1-1 By: Truitt (Senate Sponsor - Harris) H.B. No. 2559
1-2 (In the Senate - Received from the House April 20, 2011;
1-3 April 26, 2011, read first time and referred to Committee on
1-4 Business and Commerce; May 3, 2011, reported favorably by the
1-5 following vote: Yeas 8, Nays 0; May 3, 2011, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to commercial motor vehicle installment sales.

1-9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-10 SECTION 1. Section 14.107(b), Finance Code, is amended to
1-11 read as follows:

1-12 (b) The finance commission by rule shall set the fees for
1-13 licensing and examination, as applicable, under Chapter 342, 347,
1-14 348, 351, 353, or 371 at amounts or rates necessary to recover the
1-15 costs of administering those chapters. The rules may provide that
1-16 the amount of a fee charged to a license holder is based on the
1-17 volume of the license holder's regulated business and other key
1-18 factors. The commissioner may provide for collection of a single
1-19 annual fee from a person licensed under Chapter 342, 347, 348, 351,
1-20 or 371 to include amounts due for both licensing and examination.

1-21 SECTION 2. Sections 303.001(b) and (c), Finance Code, are
1-22 amended to read as follows:

1-23 (b) A contract that is subject to Chapter 342, 345, 347,
1-24 ~~or~~ 348, or 353, including a contract for an open-end account, may,
1-25 as an alternative to an interest rate or amount of time price
1-26 differential allowed under that chapter, provide for a simple or
1-27 precomputed rate or amount of time price differential that does not
1-28 exceed the applicable ceiling provided by this chapter or by the
1-29 equivalent yield authorized by Chapter 342, 345, 347, ~~or~~ 348, or
1-30 353.

1-31 (c) Except as inconsistent with this chapter, a party to a
1-32 contract that is subject to Chapter 342, 345, 347, ~~or~~ 348, or 353,
1-33 or the party's assignee, has all rights, duties, and obligations
1-34 under the applicable chapter, including those relating to refund
1-35 credits on prepayment or acceleration.

1-36 SECTION 3. Section 303.002, Finance Code, is amended to
1-37 read as follows:

1-38 Sec. 303.002. WEEKLY CEILING. The parties to a written
1-39 agreement may agree to an interest rate, or in an agreement
1-40 described by Chapter 345, 347, ~~or~~ 348, or 353, an amount of time
1-41 price differential producing a rate, that does not exceed the
1-42 applicable weekly ceiling.

1-43 SECTION 4. Section 303.402(a), Finance Code, is amended to
1-44 read as follows:

1-45 (a) A person who contracts for, charges, or receives under a
1-46 contract subject to Chapter 342, 345, 346, 347, ~~or~~ 348, or 353,
1-47 including a contract for an open-end account, a rate or amount of
1-48 time price differential that exceeds the maximum applicable rate or
1-49 amount authorized by the applicable chapter or this chapter is
1-50 subject to a penalty for that violation determined under Chapter
1-51 349.

1-52 SECTION 5. Section 307.051(f), Finance Code, is amended to
1-53 read as follows:

1-54 (f) Collateral protection insurance does not include
1-55 insurance coverage that:

1-56 (1) is purchased by the creditor for which the debtor
1-57 is not charged;

1-58 (2) is purchased at the inception of a credit
1-59 transaction in which the debtor is a party or to which the debtor
1-60 agrees, whether or not costs are included in a payment plan under
1-61 the credit transaction;

1-62 (3) is maintained by the creditor for the protection
1-63 of collateral that comes into the possession or control of the
1-64 creditor through foreclosure, repossession, or a similar event;

2-1 (4) is credit insurance, mortgage protection
 2-2 insurance, insurance issued to cover the life or health of the
 2-3 debtor, or any other insurance maintained to cover the inability or
 2-4 failure of the debtor to make payment under the credit agreement;

2-5 (5) is title insurance;

2-6 (6) is flood insurance required to be placed by
 2-7 creditors under Section 102, National Flood Insurance Act of 1968
 2-8 (42 U.S.C. Section 4012a); or

2-9 (7) is insurance on a commercial vehicle securing a
 2-10 retail installment contract under Chapter 353 [~~348~~].

2-11 SECTION 6. Section 341.502(a), Finance Code, is amended to
 2-12 read as follows:

2-13 (a) A contract for a loan under Chapter 342, a retail
 2-14 installment transaction under Chapter 348 [~~other than a contract~~
 2-15 ~~for a commercial vehicle~~], or a home equity loan regulated by the
 2-16 Office of Consumer Credit Commissioner must be:

2-17 (1) written in plain language designed to be easily
 2-18 understood by the average consumer; and

2-19 (2) printed in an easily readable font and type size.

2-20 SECTION 7. Section 348.001(1-a), Finance Code, as added by
 2-21 Chapter 238 (S.B. 1965), Acts of the 81st Legislature, Regular
 2-22 Session, 2009, and Section 348.001(2), Finance Code, are amended to
 2-23 read as follows:

2-24 (1-a) "Commercial vehicle" has the meaning assigned by
 2-25 Section 353.001 [~~means a motor vehicle that is not used primarily~~
 2-26 ~~for personal, family, or household use. The term includes:~~

2-27 [~~(A) a motor vehicle with a gross vehicular~~
 2-28 ~~weight of 10,001 pounds or more;~~

2-29 [~~(B) a motor vehicle that will be owned by a~~
 2-30 ~~corporation, limited liability company, limited partnership, or~~
 2-31 ~~other business entity formed, organized, or registered in this~~
 2-32 ~~state, another state, or another country; and~~

2-33 [~~(C) a motor vehicle that will be part of a fleet~~
 2-34 ~~of five or more vehicles owned by the same person].~~

2-35 (2) "Heavy commercial vehicle" has the meaning
 2-36 assigned by Section 353.001 [~~means:~~

2-37 [~~(A) a truck or truck tractor that:~~

2-38 [~~(i) has a gross vehicular weight of 19,000~~
 2-39 ~~pounds or more; and~~

2-40 [~~(ii) is not used primarily for personal,~~
 2-41 ~~family, or household use; or~~

2-42 [~~(B) a trailer or semitrailer designed for use in~~
 2-43 ~~combination with a vehicle described by Paragraph (A)].~~

2-44 SECTION 8. Section 348.0015(a), Finance Code, is amended to
 2-45 read as follows:

2-46 (a) A motor vehicle that is not described by Section
 2-47 353.001(1)(A) [~~348.001(1-a)(A)~~], (B), or (C) or a motor vehicle
 2-48 that is of a type typically used for personal, family, or household
 2-49 use, as determined by finance commission rule, is presumed not to be
 2-50 a commercial vehicle.

2-51 SECTION 9. Section 348.006(c), Finance Code, is amended to
 2-52 read as follows:

2-53 (c) For a documentary fee to be included in the principal
 2-54 balance of a retail installment contract:

2-55 (1) the retail seller must charge the documentary fee
 2-56 to cash buyers and credit buyers;

2-57 (2) the documentary fee may not exceed[+]

2-58 [~~(A) for a motor vehicle retail installment~~
 2-59 ~~contract other than a contract for a commercial vehicle,~~ a
 2-60 reasonable amount agreed to by the retail seller and retail buyer
 2-61 for the documentary services; [~~or~~

2-62 [~~(B) for a commercial vehicle retail installment~~
 2-63 ~~contract, an amount agreed to in writing by the retail seller and~~
 2-64 ~~retail buyer,~~] and

2-65 (3) [~~except for a buyer's order or retail installment~~
 2-66 ~~contract for a commercial vehicle,~~] the buyer's order and the
 2-67 retail installment contract must include:

2-68 (A) a statement of the amount of the documentary
 2-69 fee; and

3-1 (B) in reasonable proximity to the place in each
 3-2 where the amount of the documentary fee is disclosed, the following
 3-3 notice in type that is bold-faced, capitalized, underlined, or
 3-4 otherwise conspicuously set out from surrounding written material:

3-5 "A DOCUMENTARY FEE IS NOT AN OFFICIAL FEE. A DOCUMENTARY FEE
 3-6 IS NOT REQUIRED BY LAW, BUT MAY BE CHARGED TO BUYERS FOR HANDLING
 3-7 DOCUMENTS RELATING TO THE SALE. A DOCUMENTARY FEE MAY NOT EXCEED A
 3-8 REASONABLE AMOUNT AGREED TO BY THE PARTIES. THIS NOTICE IS REQUIRED
 3-9 BY LAW."

3-10 SECTION 10. Section 348.007, Finance Code, is amended by
 3-11 adding Subsection (d) to read as follows:

3-12 (d) A retail installment transaction in which a retail buyer
 3-13 purchases a motor vehicle that is a commercial vehicle is not
 3-14 subject to this chapter and is subject to Chapter 353 if the retail
 3-15 installment contract states that Chapter 353 applies.

3-16 SECTION 11. Sections 348.104(b) and (c), Finance Code, are
 3-17 amended to read as follows:

3-18 (b) The add-on charge is \$7.50 per \$100 per year on the
 3-19 principal balance for a new motor vehicle [~~, other than a heavy~~
 3-20 ~~commercial vehicle,~~] designated by the manufacturer by a model year
 3-21 that is not earlier than the year in which the sale is made.

3-22 (c) The add-on charge is \$10 per \$100 per year on the
 3-23 principal balance for:

3-24 (1) a new motor vehicle not covered by Subsection (b);
 3-25 or

3-26 (2) a used motor vehicle designated by the
 3-27 manufacturer by a model year that is not more than two years before
 3-28 the year in which the sale is made [~~, or~~

3-29 [~~(3) a new or used heavy commercial vehicle designated~~
 3-30 ~~by the manufacturer by a model year that is not more than two years~~
 3-31 ~~before the year in which the sale is made].~~

3-32 SECTION 12. Section 348.107(a), Finance Code, is amended to
 3-33 read as follows:

3-34 (a) A retail installment contract may provide that if an
 3-35 installment remains unpaid after the [~~10th day after the maturity~~
 3-36 ~~of the installment for a heavy commercial vehicle or after the]~~ 15th
 3-37 day after the maturity of the installment [~~for any other motor~~
 3-38 ~~vehicle]~~ the holder may collect:

3-39 (1) a delinquency charge that does not exceed five
 3-40 percent of the amount of the installment; or

3-41 (2) interest on the amount of the installment accruing
 3-42 after the maturity of the installment and until the installment is
 3-43 paid in full at a rate that does not exceed the maximum rate
 3-44 authorized for the contract.

3-45 SECTION 13. Section 348.109, Finance Code, is amended to
 3-46 read as follows:

3-47 Sec. 348.109. ACCELERATION OF DEBT MATURITY. A retail
 3-48 installment contract may not authorize the holder to accelerate the
 3-49 maturity of all or a part of the amount owed under the contract
 3-50 unless:

3-51 (1) the retail buyer is in default in the performance
 3-52 of any of the buyer's obligations; or

3-53 (2) the holder believes in good faith that the
 3-54 prospect of buyer's payment or performance is impaired [~~, or~~

3-55 [~~(3) if the retail installment contract is for a~~
 3-56 ~~commercial vehicle, the retail buyer or an affiliate of the retail~~
 3-57 ~~buyer is in default in its obligations under another financing~~
 3-58 ~~agreement or leasing agreement held by the same holder or an~~
 3-59 ~~affiliate of the holder].~~

3-60 SECTION 14. Section 348.120(b), Finance Code, is amended to
 3-61 read as follows:

3-62 (b) On a contract for a motor vehicle [~~other than a heavy~~
 3-63 ~~commercial vehicle]~~ the minimum amount of the refund credit is
 3-64 computed by:

3-65 (1) subtracting an acquisition cost of \$25 from the
 3-66 original time price differential; and

3-67 (2) multiplying the amount computed under Subdivision
 3-68 (1) by the percentage of refund computed under Subsection (d).

3-69 SECTION 15. Section 348.213(b), Finance Code, is amended to

4-1 read as follows:

4-2 (b) A policy of insurance described by Subsection (a) must
4-3 comply with the applicable requirements of Sections 348.201,
4-4 348.203, ~~[and] 348.208, and~~~~[, except if the policy relates to a~~
4-5 ~~retail installment contract for a commercial vehicle, Section]~~
4-6 348.209.

4-7 SECTION 16. Section 348.413(b), Finance Code, is amended to
4-8 read as follows:

4-9 (b) The holder may charge for the transfer of equity an
4-10 amount that does not exceed~~[-~~

4-11 ~~[(1)] \$25 [for a motor vehicle that is not a heavy~~
4-12 ~~commercial vehicle; or~~

4-13 ~~[(2)] \$50 for a heavy commercial vehicle].~~

4-14 SECTION 17. Subtitle B, Title 4, Finance Code, is amended by
4-15 adding Chapter 353 to read as follows:

4-16 CHAPTER 353. COMMERCIAL MOTOR VEHICLE INSTALLMENT SALES

4-17 SUBCHAPTER A. GENERAL PROVISIONS

4-18 Sec. 353.001. DEFINITIONS. In this chapter:

4-19 (1) "Commercial vehicle" means a motor vehicle that is
4-20 not used primarily for personal, family, or household use. The term
4-21 includes:

4-22 (A) a motor vehicle with a gross vehicular weight
4-23 of 10,001 pounds or more;

4-24 (B) a motor vehicle that will be owned by a
4-25 corporation, limited liability company, limited partnership, or
4-26 other business entity formed, organized, or registered in this
4-27 state, another state, or another country; and

4-28 (C) a motor vehicle that will be part of a fleet
4-29 of five or more vehicles owned by the same person.

4-30 (2) "Debt cancellation agreement" means an agreement
4-31 of the holder of the retail installment contract to waive:

4-32 (A) all or part of the difference between the
4-33 amount owed under a retail installment contract and the amount paid
4-34 under a physical damage insurance policy maintained by the retail
4-35 buyer or its assign, in the event of a total loss or theft of the
4-36 commercial vehicle;

4-37 (B) all or part of the amount owed under the
4-38 retail installment contract, in the event of the death of the retail
4-39 buyer; or

4-40 (C) one or more payments owed under the retail
4-41 installment contract, in the event of the disability of the retail
4-42 buyer.

4-43 (3) "Heavy commercial vehicle" means:

4-44 (A) a commercial vehicle that has a gross
4-45 vehicular weight of 19,000 pounds or more; or

4-46 (B) a trailer or semitrailer designed for use in
4-47 combination with a vehicle described by Paragraph (A).

4-48 (4) "Holder" means a person who is:

4-49 (A) a retail seller; or

4-50 (B) the assignee or transferee of a retail
4-51 installment contract.

4-52 (5) "Motor vehicle" has the meaning assigned by
4-53 Section 348.001.

4-54 (6) "Precomputed earnings method" means a method of
4-55 computing the time price differential in which the time price
4-56 differential is computed at the inception of the contract based on
4-57 the principal balance for the full contract term, as if the
4-58 principal balance under the contract will not decline over the term
4-59 of the contract, and in which the retail buyer agrees to pay the
4-60 total of payments that includes both the principal balance of the
4-61 contract and the time price differential.

4-62 (7) "Retail buyer" means a person who purchases or
4-63 agrees to purchase a commercial vehicle from a retail seller in a
4-64 retail installment transaction.

4-65 (8) "Retail installment contract" means one or more
4-66 instruments entered into in this state that evidence a retail
4-67 installment transaction. The term includes a security agreement and
4-68 a document that evidences a bailment or lease described by Section
4-69 353.003.

5-1 (9) "Retail installment transaction" means a
 5-2 transaction in which a retail buyer purchases a commercial vehicle
 5-3 from a retail seller other than principally for the purpose of
 5-4 resale and agrees with the retail seller to pay part or all of the
 5-5 cash price in one or more deferred installments.

5-6 (10) "Retail seller" means a person in the business of
 5-7 selling commercial vehicles to retail buyers in retail installment
 5-8 transactions.

5-9 (11) "Scheduled installment earnings method" means a
 5-10 method of computing the time price differential by applying a daily
 5-11 rate to the unpaid principal balance as if each scheduled payment
 5-12 will be paid on the payment's scheduled installment date.

5-13 (12) "Time price differential" means the total amount
 5-14 added to the principal balance to determine the balance of the
 5-15 retail buyer's indebtedness under a retail installment contract.

5-16 (13) "True daily earnings method" means a method of
 5-17 computing the time price differential by applying a daily rate to
 5-18 the unpaid principal balance based on the actual payment date as
 5-19 provided by Section 353.016.

5-20 Sec. 353.002. PRESUMPTION REGARDING NONCOMMERCIAL
 5-21 VEHICLES; EXCEPTION. (a) A motor vehicle that is not described by
 5-22 Section 353.001(1)(A), (B), or (C) or a motor vehicle that is of a
 5-23 type typically used for personal, family, or household use, as
 5-24 determined by finance commission rule, is presumed not to be a
 5-25 commercial vehicle.

5-26 (b) Notwithstanding Subsection (a), if a retail buyer
 5-27 represents in writing that a motor vehicle is not for personal,
 5-28 family, or household use, or that the vehicle is for commercial use,
 5-29 a retail seller or holder may rely on that representation unless the
 5-30 retail seller or holder, as applicable, has actual knowledge that
 5-31 the representation is not true.

5-32 Sec. 353.003. BAILMENT OR LEASE AS RETAIL INSTALLMENT
 5-33 TRANSACTION. (a) A bailment or lease of a commercial vehicle is a
 5-34 retail installment transaction if the bailee or lessee:

5-35 (1) contracts to pay as compensation for use of the
 5-36 vehicle an amount that is substantially equal to or exceeds the
 5-37 value of the vehicle; and

5-38 (2) on full compliance with the bailment or lease is
 5-39 bound to become the owner or, for no or nominal additional
 5-40 consideration, has the option to become the owner of the vehicle.

5-41 (b) An agreement for the lease of a commercial vehicle does
 5-42 not create a retail installment transaction by merely providing
 5-43 that the rental price is permitted or required to be adjusted under
 5-44 the agreement as determined by the amount realized on the sale or
 5-45 other disposition of the vehicle, as provided by Section 501.112,
 5-46 Transportation Code.

5-47 Sec. 353.004. CLASSIFICATION AS RETAIL INSTALLMENT
 5-48 TRANSACTION UNAFFECTED. A transaction is not excluded as a retail
 5-49 installment transaction because:

5-50 (1) the retail seller arranges to transfer the retail
 5-51 buyer's obligation;

5-52 (2) the amount of any charge in the transaction is
 5-53 determined by reference to a chart or other information furnished
 5-54 by a financing institution;

5-55 (3) a form for all or part of the retail installment
 5-56 contract is furnished by a financing institution; or

5-57 (4) the credit standing of the retail buyer is
 5-58 evaluated by a financing institution.

5-59 Sec. 353.005. CASH PRICE. (a) The cash price is the price
 5-60 at which the retail seller offers in the ordinary course of business
 5-61 to sell for cash the goods or services that are subject to the
 5-62 transaction. An advertised price does not necessarily establish a
 5-63 cash price.

5-64 (b) The cash price does not include any finance charge.

5-65 (c) At the retail seller's option, the cash price may
 5-66 include:

5-67 (1) the price of accessories;

5-68 (2) the price of services related to the sale;

5-69 (3) the price of service contracts;

6-1 (4) taxes; and
6-2 (5) fees for license, title, and registration.
6-3 Sec. 353.006. ITEMIZED CHARGE. An amount in a retail
6-4 installment contract is an itemized charge if the amount is not
6-5 included in the cash price and is the amount of:
6-6 (1) fees for registration, certificate of title, and
6-7 license and any additional registration fees charged by a full
6-8 service deputy under Section 502.114, Transportation Code;
6-9 (2) any taxes;
6-10 (3) fees or charges prescribed by law and connected
6-11 with the sale or inspection of the commercial vehicle;
6-12 (4) charges authorized for insurance, service
6-13 contracts, and warranties by Subchapter C; and
6-14 (5) advances or payments authorized under Section
6-15 353.402(b) or (c) made by the retail seller to or for the benefit of
6-16 the retail buyer.
6-17 Sec. 353.007. ADDITIONAL CHARGES PERMITTED. (a) In
6-18 addition to the amounts allowed under Sections 353.005 and 353.006,
6-19 the following amounts may be included as an itemized charge or in
6-20 the cash price in a retail installment contract for a commercial
6-21 vehicle:
6-22 (1) any fees prescribed by law;
6-23 (2) any amounts charged by a titling or registration
6-24 service relating to the sale;
6-25 (3) any other amount agreed to by the retail buyer and
6-26 retail seller, including amounts payable to the retail seller or
6-27 another person for the provision of goods or services relating to:
6-28 (A) the commercial vehicle;
6-29 (B) the sale or use of the commercial vehicle; or
6-30 (C) the retail buyer's business in which the
6-31 commercial vehicle will be used; and
6-32 (4) an amount paid to the retail seller or other person
6-33 as consideration for a debt cancellation agreement.
6-34 (b) If a charge for a debt cancellation agreement is
6-35 included in the contract, the contract and debt cancellation
6-36 agreement must each conspicuously disclose that the debt
6-37 cancellation agreement is optional.
6-38 (c) Notwithstanding any other law, a charge for a debt
6-39 cancellation agreement is not a charge for insurance, and the sale,
6-40 provision, or waiving of a balance owed or other action relating to
6-41 a debt cancellation agreement is not considered insurance or
6-42 engaging in the business of insurance.
6-43 Sec. 353.008. PRINCIPAL BALANCE; INCLUSION OF DOCUMENTARY
6-44 FEE. (a) The principal balance under a retail installment contract
6-45 is computed by:
6-46 (1) adding:
6-47 (A) the cash price of the commercial vehicle;
6-48 (B) each amount included in the retail
6-49 installment contract for an itemized charge; and
6-50 (C) subject to Subsection (c), a documentary fee
6-51 for services rendered for or on behalf of the retail buyer in
6-52 handling and processing documents relating to the sale of the
6-53 commercial vehicle; and
6-54 (2) subtracting from the results under Subdivision (1)
6-55 the amount of the retail buyer's down payment in money, goods, or
6-56 both.
6-57 (b) The computation of the principal balance may include an
6-58 amount authorized under Section 353.402(b).
6-59 (c) For a documentary fee to be included in the principal
6-60 balance of a retail installment contract:
6-61 (1) the retail seller must charge the documentary fee
6-62 to cash buyers and credit buyers; and
6-63 (2) the documentary fee may not exceed an amount
6-64 agreed to in writing by the retail seller and retail buyer.
6-65 Sec. 353.009. APPLICABILITY OF CHAPTER. (a) Except as
6-66 provided by this section, this chapter applies to a retail
6-67 installment transaction for a commercial vehicle if the retail
6-68 installment contract states that this chapter applies.
6-69 (b) If a retail installment contract does not state that

7-1 this chapter applies, the transaction is governed by Chapter 348,
 7-2 and this chapter does not apply.

7-3 (c) This chapter does not affect or apply to a loan made or
 7-4 the business of making loans under other law of this state and does
 7-5 not affect a rule of law applicable to a retail installment sale
 7-6 that is not a retail installment transaction.

7-7 (d) The provisions of this chapter defining specific rates
 7-8 and amounts of charges and requiring certain credit disclosures to
 7-9 be made control over any contrary law of this state respecting those
 7-10 subjects.

7-11 Sec. 353.010. APPLICABILITY OF OTHER STATUTES TO RETAIL
 7-12 INSTALLMENT TRANSACTION. (a) A loan or interest statute of this
 7-13 state, other than Chapter 303, does not apply to a retail
 7-14 installment transaction subject to this chapter.

7-15 (b) Except as provided by this chapter, an applicable
 7-16 statute, including Title 1 and Chapter 322, Business & Commerce
 7-17 Code, or a principle of common law continues to apply to a retail
 7-18 installment transaction unless it is displaced by this chapter.

7-19 Sec. 353.011. FEDERAL DISCLOSURE REQUIREMENTS. If a
 7-20 disclosure requirement of this chapter and one of a federal law,
 7-21 including a regulation or an interpretation of federal law, are
 7-22 inconsistent or conflict, federal law controls and the inconsistent
 7-23 or conflicting disclosures required by this chapter need not be
 7-24 given.

7-25 Sec. 353.012. ADDITIONAL INFORMATION ALLOWED IN CONTRACT.
 7-26 Information not required by this chapter may be included in a retail
 7-27 installment contract.

7-28 Sec. 353.013. ORDER OF ITEMS IN CONTRACT. Items required by
 7-29 this chapter to be in a retail installment contract are not required
 7-30 to be stated in the order set forth in this chapter.

7-31 Sec. 353.014. APPLICABILITY OF INSURANCE PREMIUM FINANCING
 7-32 PROVISIONS. Chapter 651, Insurance Code, does not apply to a retail
 7-33 installment transaction.

7-34 Sec. 353.015. CONDITIONAL DELIVERY AGREEMENT. (a) In this
 7-35 section, "conditional delivery agreement" means a contract between
 7-36 a retail seller and prospective retail buyer under the terms of
 7-37 which the retail seller allows the prospective retail buyer the use
 7-38 and benefit of a commercial vehicle for a specified term.

7-39 (b) A retail seller and prospective retail buyer may enter
 7-40 into a conditional delivery agreement.

7-41 (c) A conditional delivery agreement is:

7-42 (1) an enforceable contract; and

7-43 (2) void on the execution of a retail installment
 7-44 contract between the parties to the conditional delivery agreement
 7-45 for the sale of the commercial vehicle that is the subject of the
 7-46 conditional delivery agreement.

7-47 (d) A conditional delivery agreement may only confer rights
 7-48 consistent with this section and may not confer any legal or
 7-49 equitable rights of ownership, including ownership of the
 7-50 commercial vehicle that is the subject of the conditional delivery
 7-51 agreement.

7-52 (e) A conditional delivery agreement may not exceed a term
 7-53 of 15 days.

7-54 (f) If a prospective retail buyer tenders to a retail seller
 7-55 a trade-in motor vehicle in connection with a conditional delivery
 7-56 agreement:

7-57 (1) the parties must agree on the value of the trade-in
 7-58 motor vehicle;

7-59 (2) the conditional delivery agreement must contain
 7-60 the agreed value of the trade-in motor vehicle described by
 7-61 Subdivision (1); and

7-62 (3) the retail seller must use reasonable care to
 7-63 conserve the trade-in motor vehicle while the vehicle is in the
 7-64 retail seller's possession.

7-65 (g) If the parties to a conditional delivery agreement do
 7-66 not subsequently enter into a retail installment contract for the
 7-67 sale of the commercial vehicle that is the subject of the
 7-68 conditional delivery agreement, the retail seller shall, not later
 7-69 than the seventh day after termination of the conditional delivery

8-1 agreement:

8-2 (1) deliver to the prospective retail buyer any
8-3 trade-in motor vehicle that the prospective retail buyer tendered
8-4 in connection with the conditional delivery agreement in the same
8-5 or substantially the same condition as it was at the time of
8-6 execution of the agreement and shall return any down payment or
8-7 other consideration received from the prospective retail buyer in
8-8 connection with the agreement; or

8-9 (2) if the trade-in motor vehicle cannot be returned
8-10 in the same or substantially the same condition as it was at the
8-11 time of execution of the conditional delivery agreement, deliver to
8-12 the prospective retail buyer a sum of money equal to the agreed
8-13 value of the trade-in motor vehicle as described by Subsection (f)
8-14 and shall return any down payment or other consideration described
8-15 by Subdivision (1).

8-16 (h) Any money that a retail seller is obligated to provide a
8-17 prospective retail buyer under Subsection (g) must be tendered at
8-18 the same time that the trade-in motor vehicle is delivered for
8-19 return to the prospective retail buyer or when the trade-in motor
8-20 vehicle would have been delivered if the vehicle was damaged or
8-21 could not be returned.

8-22 (i) If a prospective retail buyer returns a commercial
8-23 vehicle under a conditional delivery agreement at the request of
8-24 the retail seller, the retail seller, notwithstanding the period
8-25 prescribed by Subsection (g), must return the trade-in vehicle at
8-26 the same time that the commercial vehicle under the conditional
8-27 delivery agreement is returned by the prospective retail buyer.

8-28 (j) The prospective retail buyer shall return the
8-29 commercial vehicle received under the conditional delivery
8-30 agreement in the same or substantially the same condition as it was
8-31 at the time of the execution of the conditional delivery agreement.

8-32 (k) An amount paid or required to be paid by the retail
8-33 seller under Subsection (g) is subject to review by the
8-34 commissioner. If the commissioner determines that the retail
8-35 seller in fact owes the prospective retail buyer a certain amount
8-36 under Subsection (g), the commissioner may order the retail seller
8-37 to pay the amount to the prospective retail buyer. If the trade-in
8-38 motor vehicle is not returned by the retail seller in accordance
8-39 with this section and the retail seller does not pay the prospective
8-40 retail buyer an amount equal to the agreed value of the trade-in
8-41 motor vehicle within the period prescribed by this section, the
8-42 commissioner may assess an administrative penalty against the
8-43 retail seller in an amount that is reasonable in relation to the
8-44 value of the trade-in motor vehicle. The commissioner shall
8-45 provide notice to the retail seller and the prospective retail
8-46 buyer of the commissioner's determination under this subsection.

8-47 (l) Not later than the 30th day after the date the parties
8-48 receive notice of the commissioner's determination under
8-49 Subsection (k), the retail seller or prospective retail buyer may
8-50 file with the commissioner an appeal of the commissioner's
8-51 determination requesting a time and place for a hearing before a
8-52 hearings officer designated by the commissioner. A hearing under
8-53 this subsection is governed by Chapter 2001, Government Code.
8-54 After the hearing, based on the findings of fact, conclusions of
8-55 law, and recommendations of the hearings officer, the commissioner
8-56 shall enter a final order.

8-57 (m) A person who files an appeal under Subsection (l) is
8-58 required to pay a deposit to secure the payment of the costs of the
8-59 hearing in a reasonable amount as determined by the commissioner,
8-60 unless the person cannot afford to pay the deposit and files an
8-61 affidavit to that effect with the hearings officer in the form and
8-62 content prescribed by finance commission rule. The entire deposit
8-63 must be refunded to the person if the person prevails at the
8-64 hearing. If the person does not prevail, any portion of the deposit
8-65 in excess of the costs of the hearing assessed against the person is
8-66 refundable.

8-67 (n) Notice of the commissioner's final order under
8-68 Subsection (l), given to the person in accordance with Chapter
8-69 2001, Government Code, must include a statement of the person's

9-1 right to judicial review of the order.

9-2 (o) The hearings officer may order the retail seller or the
 9-3 prospective retail buyer, or both, to pay reasonable expenses
 9-4 incurred by the commissioner in connection with obtaining a final
 9-5 order under Subsection (l), including attorney's fees,
 9-6 investigative costs, and witness fees.

9-7 (p) This section does not:

9-8 (1) apply to a bailment agreement under Section
 9-9 353.003; or

9-10 (2) create a private right of action.

9-11 (q) Except as otherwise provided by this section, the
 9-12 commissioner has exclusive jurisdiction to enforce this section.

9-13 Sec. 353.016. COMPUTATION OF TIME PRICE DIFFERENTIAL USING
 9-14 TRUE DAILY EARNINGS METHOD. Under the true daily earnings method,
 9-15 the earned time price differential is computed by multiplying the
 9-16 daily rate of the time price differential by the number of days the
 9-17 actual unpaid principal balance is outstanding. Under this method:

9-18 (1) a payment is credited at the time received, with a
 9-19 payment received before the scheduled installment date resulting in
 9-20 a greater reduction in the unpaid principal balance than otherwise
 9-21 scheduled, and a payment received after the scheduled installment
 9-22 date resulting in less of a reduction in the unpaid principal
 9-23 balance than otherwise scheduled;

9-24 (2) a partial payment is applied first to time price
 9-25 differential with any remainder applied to the unpaid principal
 9-26 balance; and

9-27 (3) accrued but unpaid time price differential is not:

9-28 (A) added to the unpaid principal balance; or

9-29 (B) compounded.

9-30 [Sections 353.017-353.100 reserved for expansion]

9-31 SUBCHAPTER B. RETAIL INSTALLMENT CONTRACT

9-32 Sec. 353.101. RETAIL INSTALLMENT CONTRACT GENERAL
 9-33 REQUIREMENTS. (a) A retail installment contract is required for
 9-34 each retail installment transaction in which the retail buyer is
 9-35 purchasing a commercial vehicle. A retail installment contract may
 9-36 be more than one document.

9-37 (b) A retail installment contract must be:

9-38 (1) in writing;

9-39 (2) dated;

9-40 (3) signed by the retail buyer and retail seller; and

9-41 (4) completed as to all essential provisions before it
 9-42 is signed by the retail buyer except as provided by Subsection (d).

9-43 (c) The printed part of a retail installment contract, other
 9-44 than instructions for completion, must be in at least eight-point
 9-45 type unless a different size of type is required under this
 9-46 subchapter.

9-47 (d) If the commercial vehicle is not delivered when the
 9-48 retail installment contract is executed, the following information
 9-49 may be inserted after the contract is executed:

9-50 (1) the identifying numbers or marks of the vehicle or
 9-51 similar information; and

9-52 (2) the due date of the first installment.

9-53 Sec. 353.102. CONTRACT CONDITIONED ON SUBSEQUENT
 9-54 ASSIGNMENT PROHIBITED. (a) A retail installment contract may not
 9-55 be conditioned on the subsequent assignment of the contract to a
 9-56 holder.

9-57 (b) A provision in violation of this section is void. This
 9-58 subsection does not affect the validity of other provisions of the
 9-59 contract that may be given effect without the voided provision, and
 9-60 to that extent those provisions are severable.

9-61 (c) This section does not create a private right of action.

9-62 (d) The commissioner has exclusive jurisdiction to enforce
 9-63 this section.

9-64 Sec. 353.103. TIME PRICE DIFFERENTIAL FOR RETAIL
 9-65 INSTALLMENT CONTRACT. (a) A retail installment contract may
 9-66 provide for:

9-67 (1) any amount of time price differential permitted
 9-68 under Section 353.104, 353.105, or 353.106; or

9-69 (2) any rate of time price differential not exceeding

10-1 a yield permitted under Section 353.104, 353.105, or 353.106.

10-2 (b) The time price differential may be computed using the:

10-3 (1) precomputed earnings method;

10-4 (2) scheduled installment earnings method; or

10-5 (3) true daily earnings method.

10-6 Sec. 353.104. TIME PRICE DIFFERENTIAL FOR CONTRACT WITH
 10-7 EQUAL MONTHLY SUCCESSIVE PAYMENTS. (a) A retail installment
 10-8 contract that is payable in substantially equal successive monthly
 10-9 installments beginning one month after the date of the contract may
 10-10 provide for a time price differential that does not exceed the
 10-11 add-on charge provided by this section.

10-12 (b) The add-on charge is \$7.50 per \$100 per year on the
 10-13 principal balance for a new commercial vehicle, other than a heavy
 10-14 commercial vehicle, designated by the manufacturer by a model year
 10-15 that is not earlier than the year in which the sale is made.

10-16 (c) The add-on charge is \$10 per \$100 per year on the
 10-17 principal balance for:

10-18 (1) a new commercial vehicle not covered by Subsection

10-19 (b);

10-20 (2) a used commercial vehicle designated by the
 10-21 manufacturer by a model year that is not more than two years before
 10-22 the year in which the sale is made; or

10-23 (3) a new or used heavy commercial vehicle designated
 10-24 by the manufacturer by a model year that is not more than two years
 10-25 before the year in which the sale is made.

10-26 (d) The add-on charge is \$12.50 per \$100 per year on the
 10-27 principal balance for a used commercial vehicle not covered by
 10-28 Subsection (c) that is a commercial vehicle designated by the
 10-29 manufacturer by a model year that is not more than four years before
 10-30 the year in which the sale is made.

10-31 (e) For a used commercial vehicle not covered by Subsection
 10-32 (c) or (d), the add-on charge is:

10-33 (1) \$15 per \$100 per year on the principal balance; or

10-34 (2) \$18 per \$100 per year on the principal balance if
 10-35 the principal balance under the retail installment contract does
 10-36 not exceed \$300.

10-37 (f) The time price differential is computed on the original
 10-38 principal balance under the retail installment contract from the
 10-39 date of the contract until the maturity of the final installment,
 10-40 notwithstanding that the balance is payable in installments.

10-41 (g) If the retail installment contract is payable for a
 10-42 period that is shorter or longer than a year or is for an amount that
 10-43 is less or greater than \$100, the amount of the maximum time price
 10-44 differential computed under this section is decreased or increased
 10-45 proportionately.

10-46 (h) For the purpose of a computation under this section, 16
 10-47 or more days of a month may be considered a full month.

10-48 Sec. 353.105. USE OF OPTIONAL CEILING. As an alternative to
 10-49 the maximum rate or amount authorized for a time price differential
 10-50 under Section 353.104 or 353.106, a retail installment contract may
 10-51 provide for a rate or amount of time price differential that does
 10-52 not exceed the rate or amount authorized by Chapter 303.

10-53 Sec. 353.106. TIME PRICE DIFFERENTIAL FOR OTHER CONTRACTS.
 10-54 A retail installment contract that is payable other than in
 10-55 substantially equal successive monthly installments or the first
 10-56 installment of which is not payable one month from the date of the
 10-57 contract may provide for a time price differential that does not
 10-58 exceed an amount that, having due regard for the schedule of
 10-59 payments, provides the same effective return as if the contract
 10-60 were payable in substantially equal successive monthly
 10-61 installments beginning one month from the date of the contract.

10-62 Sec. 353.107. CHARGE FOR DEFAULT IN PAYMENT OF INSTALLMENT.

10-63 (a) A retail installment contract may provide that if an
 10-64 installment remains unpaid after the 10th day after the maturity of
 10-65 the installment for a heavy commercial vehicle or after the 15th day
 10-66 after the maturity of the installment for any other commercial
 10-67 vehicle the holder may collect:

10-68 (1) a delinquency charge that does not exceed five
 10-69 percent of the amount of the installment; or

11-1 (2) interest on the amount of the installment accruing
 11-2 after the maturity of the installment and until the installment is
 11-3 paid in full at a rate that does not exceed the maximum rate
 11-4 authorized for the contract.

11-5 (b) A retail installment contract that provides for the true
 11-6 daily earnings method or the scheduled installment earnings method
 11-7 may provide for the delinquency charge authorized by Subsection
 11-8 (a)(1), the interest authorized by Subsection (a)(2), or both.

11-9 (c) Only one delinquency charge under Subsection (a)(1) may
 11-10 be collected on an installment under this section regardless of the
 11-11 duration of the default.

11-12 Sec. 353.108. CHARGES FOR COLLECTING DEBT. A retail
 11-13 installment contract may provide for the payment of:

11-14 (1) reasonable attorney's fees if the contract is
 11-15 referred for collection to an attorney who is not a salaried
 11-16 employee of the holder;

11-17 (2) court costs and disbursements; and

11-18 (3) reasonable out-of-pocket expenses incurred in
 11-19 connection with the repossession or sequestration of the commercial
 11-20 vehicle securing the payment of the contract or foreclosure of a
 11-21 security interest in the vehicle, including the costs of storing,
 11-22 reconditioning, and reselling the vehicle, subject to the standards
 11-23 of good faith and commercial reasonableness set by Title 1,
 11-24 Business & Commerce Code.

11-25 Sec. 353.109. ACCELERATION OF DEBT MATURITY. A retail
 11-26 installment contract may not authorize the holder to accelerate the
 11-27 maturity of all or a part of the amount owed under the contract
 11-28 unless:

11-29 (1) the retail buyer is in default in the performance
 11-30 of any of the buyer's obligations;

11-31 (2) the holder believes in good faith that the
 11-32 prospect of the buyer's payment or performance is impaired; or

11-33 (3) the retail buyer or an affiliate of the retail
 11-34 buyer is in default in its obligations under another financing
 11-35 agreement or leasing agreement held by the same holder or an
 11-36 affiliate of the holder.

11-37 Sec. 353.110. DELIVERY OF COPY OF CONTRACT. A retail seller
 11-38 shall:

11-39 (1) deliver to the retail buyer a copy of the retail
 11-40 installment contract as accepted by the retail seller; or

11-41 (2) mail to the retail buyer at the address shown on
 11-42 the retail installment contract a copy of the retail installment
 11-43 contract as accepted by the retail seller.

11-44 Sec. 353.111. BUYER'S RIGHT TO RESCIND CONTRACT. Until the
 11-45 retail seller complies with Section 353.110, a retail buyer who has
 11-46 not received delivery of the commercial vehicle is entitled to:

11-47 (1) rescind the contract;

11-48 (2) receive a refund of all payments made under or in
 11-49 contemplation of the contract; and

11-50 (3) receive the return of all goods traded in to the
 11-51 retail seller under or in contemplation of the contract or, if those
 11-52 goods cannot be returned, to receive the value of those goods.

11-53 Sec. 353.112. BUYER'S ACKNOWLEDGMENT OF DELIVERY OF
 11-54 CONTRACT COPY. (a) Any retail buyer's acknowledgment of delivery
 11-55 of a copy of the retail installment contract must:

11-56 (1) be in at least 10-point type that is boldfaced,
 11-57 capitalized, or underlined or otherwise conspicuously set out from
 11-58 the surrounding written material; and

11-59 (2) appear directly above the buyer's signature.

11-60 (b) Any retail buyer's acknowledgment conforming to this
 11-61 section of delivery of a copy of the retail installment contract is,
 11-62 in an action or proceeding by or against a holder of the contract
 11-63 who was without knowledge to the contrary when the holder purchased
 11-64 it, conclusive proof:

11-65 (1) that the copy was delivered to the buyer;

11-66 (2) that the contract did not contain a blank space
 11-67 that was required to have been completed under this chapter when the
 11-68 contract was signed by the buyer; and

11-69 (3) of compliance with Sections 353.011, 353.101,

12-1 353.205, 353.403, 353.404, and 353.405.

12-2 Sec. 353.113. AMENDMENT OF RETAIL INSTALLMENT CONTRACT. On
 12-3 request by a retail buyer, the holder may agree to one or more
 12-4 amendments to the retail installment contract to:

12-5 (1) extend or defer the scheduled due date of all or a
 12-6 part of one or more installments; or

12-7 (2) renew, restate, or reschedule the unpaid balance
 12-8 under the contract.

12-9 Sec. 353.114. CHARGES FOR DEFERRING INSTALLMENT. (a) If a
 12-10 retail installment contract is amended to defer all or a part of one
 12-11 or more installments for not longer than three months, the holder
 12-12 may collect from the retail buyer:

12-13 (1) an amount computed on the amount deferred for the
 12-14 period of deferment at a rate that does not exceed the effective
 12-15 return for time price differential permitted for a monthly payment
 12-16 retail installment contract; and

12-17 (2) the amount of the additional cost to the holder
 12-18 for:

12-19 (A) premiums for continuing in force any
 12-20 insurance coverages provided for by the contract; and

12-21 (B) any additional necessary official fees.

12-22 (b) The minimum charge under Subsection (a)(1) is \$1.

12-23 Sec. 353.115. CHARGE FOR OTHER AMENDMENT. (a) If the
 12-24 unpaid balance of a retail installment contract is extended,
 12-25 renewed, restated, or rescheduled under this subchapter and Section
 12-26 353.114 does not apply, the holder may collect an amount computed on
 12-27 the principal balance of the amended contract for the term of the
 12-28 amended contract at the time price differential for a retail
 12-29 installment contract that is applicable after reclassifying the
 12-30 commercial vehicle by its model year at the time of the amendment.

12-31 (b) The principal balance of the amended contract is
 12-32 computed by:

12-33 (1) adding:

12-34 (A) the unpaid balance as of the date of
 12-35 amendment;

12-36 (B) the cost of any insurance incidental to the
 12-37 amendment;

12-38 (C) the amount of each additional necessary
 12-39 official fee; and

12-40 (D) the amount of each accrued delinquency or
 12-41 collection charge; and

12-42 (2) if the time price differential was computed using
 12-43 the precomputed earnings method or the scheduled installment
 12-44 earnings method, subtracting from the total computed under
 12-45 Subdivision (1) an amount equal to the prepayment refund credit
 12-46 required by Section 353.120 or 353.121, as applicable.

12-47 (c) Subsection (b)(2) does not apply to a retail installment
 12-48 contract in which the time price differential is computed using the
 12-49 true daily earnings method.

12-50 (d) The provisions of this chapter relating to acquisition
 12-51 costs under the refund schedule under Section 353.120 do not apply
 12-52 in computing the principal balance of the amended contract.

12-53 Sec. 353.116. CONFIRMATION OF AMENDMENT. An amendment to a
 12-54 retail installment contract must be confirmed in a writing signed
 12-55 by the retail buyer. The holder shall:

12-56 (1) deliver a copy of the confirmation to the buyer; or

12-57 (2) mail a copy of the confirmation to the buyer at the
 12-58 buyer's most recent address shown on the records of the holder.

12-59 Sec. 353.117. CONTRACT AFTER AMENDMENT. After amendment
 12-60 the retail installment contract is the original contract and each
 12-61 amendment to the original contract.

12-62 Sec. 353.118. PREPAYMENT OF CONTRACT. A retail buyer may
 12-63 prepay a retail installment contract in full at any time before
 12-64 maturity. This section prevails over a conflicting provision of the
 12-65 contract.

12-66 Sec. 353.119. REFUND CREDIT ON PREPAYMENT. (a) This
 12-67 section does not apply to a retail installment contract in which the
 12-68 time price differential is computed using the true daily earnings
 12-69 method.

13-1 (b) If a retail buyer prepays a retail installment contract
 13-2 in full or if the holder of the contract demands payment of the
 13-3 unpaid balance of the contract in full before the contract's final
 13-4 installment is due and the time price differential is computed
 13-5 using the precomputed earnings method or the scheduled installment
 13-6 earnings method, the buyer is entitled to receive a refund credit as
 13-7 provided by Section 353.120 or 353.121, as applicable.

13-8 Sec. 353.120. AMOUNT OF REFUND CREDIT FOR MONTHLY
 13-9 INSTALLMENT CONTRACT. (a) This section:

13-10 (1) applies only to a refund credit on the prepayment
 13-11 of a retail installment contract that is payable in substantially
 13-12 equal successive monthly installments beginning one month after the
 13-13 date of the contract; and

13-14 (2) does not apply to a retail installment contract in
 13-15 which the time price differential is computed using the true daily
 13-16 earnings method or the scheduled installment earnings method.

13-17 (b) On a contract for a commercial vehicle other than a
 13-18 heavy commercial vehicle the minimum amount of the refund credit is
 13-19 computed by:

13-20 (1) subtracting an acquisition cost of \$25 from the
 13-21 original time price differential; and

13-22 (2) multiplying the amount computed under Subdivision
 13-23 (1) by the percentage of refund computed under Subsection (d).

13-24 (c) On a contract for a heavy commercial vehicle the minimum
 13-25 amount of the refund credit is computed by:

13-26 (1) multiplying the amount of the original time price
 13-27 differential by the percentage of refund computed under Subsection
 13-28 (d); and

13-29 (2) subtracting an acquisition cost of \$150 from the
 13-30 amount computed under Subdivision (1).

13-31 (d) The percentage of refund is computed by:

13-32 (1) computing the sum of all of the monthly balances
 13-33 under the contract's schedule of payments; and

13-34 (2) dividing the amount computed under Subdivision (1)
 13-35 into the sum of the unpaid monthly balances under the contract's
 13-36 schedule of payments beginning:

13-37 (A) on the first day, after the date of the
 13-38 prepayment or demand for payment in full, that is the date of a
 13-39 month that corresponds to the date of the month that the first
 13-40 installment is due under the contract; or

13-41 (B) if the prepayment or demand for payment in
 13-42 full is made before the first installment date under the contract,
 13-43 one month after the next monthly anniversary date of the contract
 13-44 occurring after the prepayment or demand.

13-45 (e) A refund credit is not required if the amount of the
 13-46 refund credit is less than \$1.

13-47 Sec. 353.121. REFUND ON CONTRACTS USING SCHEDULED
 13-48 INSTALLMENT EARNINGS METHOD. (a) This section:

13-49 (1) applies to a retail installment contract:

13-50 (A) that includes precomputed time price
 13-51 differential; and

13-52 (B) to which Section 353.120 does not apply; and

13-53 (2) does not apply to a retail installment contract in
 13-54 which the time price differential is computed using the true daily
 13-55 earnings method.

13-56 (b) If a retail installment contract is prepaid in full or
 13-57 if the holder demands payment in full of the unpaid balance before
 13-58 final maturity of the contract, the holder earns time price
 13-59 differential for the period beginning on the date of the contract
 13-60 and ending on the date of the earlier of the prepayment or demand,
 13-61 in an amount that does not exceed the amount allowed by this
 13-62 section.

13-63 (c) If prepayment in full or demand for payment in full
 13-64 occurs during an installment period, the holder may retain, in
 13-65 addition to time price differential that accrued during any elapsed
 13-66 installment periods, an amount computed by:

13-67 (1) multiplying the simple annual rate under the
 13-68 contract by the unpaid principal balance of the contract determined
 13-69 according to the schedule of payments to be outstanding on the

14-1 preceding installment due date;
 14-2 (2) dividing 365 into the product computed under
 14-3 Subdivision (1); and
 14-4 (3) multiplying the number of days in the period,
 14-5 beginning on the day after the installment due date and ending on
 14-6 the date of the earlier of the prepayment or demand, by the result
 14-7 obtained under Subdivision (2).

14-8 (d) In addition to the earned time price differential
 14-9 computed under this section, the holder may also earn a \$150
 14-10 acquisition fee for a heavy commercial vehicle, or a \$25
 14-11 acquisition fee for other commercial vehicles, if the sum of the
 14-12 earned time price differential and the acquisition fee does not
 14-13 exceed the time price differential disclosed in the contract.

14-14 (e) The holder shall refund or credit, as applicable, to the
 14-15 retail buyer the amount computed by subtracting the total amount
 14-16 earned or retained under Subsections (b), (c), and (d) from the
 14-17 total amount of time price differential contracted for and
 14-18 precomputed in the contract.

14-19 Sec. 353.122. REINSTATEMENT OF CONTRACT AFTER DEMAND FOR
 14-20 PAYMENT. After a demand for payment in full under a retail
 14-21 installment contract, the retail buyer and holder of the contract
 14-22 may:

- 14-23 (1) agree to reinstate the contract; and
 14-24 (2) amend the contract as provided by Section 353.113.
 14-25 [Sections 353.123-353.200 reserved for expansion]

14-26 SUBCHAPTER C. INSURANCE

14-27 Sec. 353.201. PROPERTY INSURANCE. (a) A holder may require
 14-28 a retail buyer to insure the commercial vehicle purchased under a
 14-29 retail installment transaction and accessories and related goods
 14-30 subject to the holder's security interest.

14-31 (b) The holder may offer to provide insurance on a
 14-32 commercial vehicle purchased under a retail installment
 14-33 transaction and accessories and related goods subject to the
 14-34 holder's security interest, regardless of whether the holder
 14-35 requires a retail buyer to insure the commercial vehicle.

14-36 (c) The insurance required by the holder, and the premiums
 14-37 or charges for any insurance that is provided by the holder, must
 14-38 bear a reasonable relationship to:

- 14-39 (1) the amount, term, and conditions of the retail
 14-40 installment contract; and
 14-41 (2) the existing hazards or risk of loss, damage, or
 14-42 destruction.

14-43 (d) Any insurance under this section may not:

- 14-44 (1) cover unusual or exceptional risks; or
 14-45 (2) provide coverage not ordinarily included in
 14-46 policies issued to the public or for commercial purposes.

14-47 (e) The holder may include the cost of the insurance as a
 14-48 separate charge in the contract.

14-49 Sec. 353.202. CREDIT LIFE AND CREDIT HEALTH AND ACCIDENT
 14-50 INSURANCE. (a) A holder may require a retail buyer to provide
 14-51 credit life insurance and credit health and accident insurance.

14-52 (b) The holder may offer to provide credit life insurance
 14-53 and credit health and accident insurance, regardless of whether the
 14-54 holder requires a retail buyer to provide the insurance under
 14-55 Subsection (a).

14-56 (c) A retail seller may offer involuntary unemployment
 14-57 insurance to the buyer at the time the contract is negotiated or
 14-58 executed.

14-59 (d) A holder may include the cost of insurance provided
 14-60 under this section, and a policy or agent fee charged in connection
 14-61 with insurance provided under Subsection (b) or (c), as a separate
 14-62 charge in the contract.

14-63 Sec. 353.203. MAXIMUM AMOUNT OF CREDIT LIFE AND CREDIT
 14-64 HEALTH AND ACCIDENT COVERAGE. (a) At any time the total amount of
 14-65 the policies of credit life insurance in force on one retail buyer
 14-66 on one retail installment contract may not exceed:

- 14-67 (1) the total amount repayable under the contract; and
 14-68 (2) the greater of the scheduled or actual amount of
 14-69 unpaid indebtedness if the indebtedness is repayable in

15-1 substantially equal installments.

15-2 (b) At any time the total amount of the policies of credit
 15-3 health and accident insurance in force on one retail buyer on one
 15-4 retail installment contract may not exceed the total amount payable
 15-5 under the contract, and the amount of each periodic indemnity
 15-6 payment may not exceed the scheduled periodic payment on the
 15-7 indebtedness.

15-8 Sec. 353.204. INSURANCE STATEMENT. (a) If insurance is
 15-9 required in connection with a retail installment contract, the
 15-10 holder shall give to the retail buyer a written statement that
 15-11 clearly and conspicuously states that:

15-12 (1) insurance is required in connection with the
 15-13 contract; and

15-14 (2) the buyer as an option may furnish the required
 15-15 insurance through:

15-16 (A) an existing policy of insurance owned or
 15-17 controlled by the buyer; or

15-18 (B) an insurance policy obtained through an
 15-19 insurance company authorized to do business in this state.

15-20 (b) A statement under Subsection (a) may be provided with or
 15-21 as part of the retail installment contract or separately.

15-22 Sec. 353.205. STATEMENT IF LIABILITY INSURANCE NOT INCLUDED
 15-23 IN CONTRACT. If liability insurance coverage for bodily injury and
 15-24 property damage caused to others is not included in a retail
 15-25 installment contract, the retail installment contract or a separate
 15-26 writing must contain, in at least 10-point type that is boldfaced,
 15-27 capitalized, underlined, or otherwise conspicuously set out from
 15-28 the surrounding written material, a specific statement that
 15-29 liability insurance coverage for bodily injury and property damage
 15-30 caused to others is not included.

15-31 Sec. 353.206. BUYER'S FAILURE TO PROVIDE EVIDENCE OF
 15-32 INSURANCE. (a) If a retail buyer fails to present to the holder
 15-33 reasonable evidence that the buyer has obtained or maintained a
 15-34 coverage required by the retail installment contract, the holder
 15-35 may:

15-36 (1) obtain substitute insurance coverage that is
 15-37 substantially equal to or more limited than the coverage required;
 15-38 and

15-39 (2) add the amount of the premium advanced for the
 15-40 substitute insurance to the unpaid balance of the contract.

15-41 (b) Substitute insurance coverage under Subsection (a)(1):

15-42 (1) may at the holder's option be limited to coverage
 15-43 only of the interest of the holder or the interest of the holder and
 15-44 the buyer; and

15-45 (2) must be written at lawful rates in accordance with
 15-46 the Insurance Code by a company authorized to do business in this
 15-47 state.

15-48 (c) If substitute insurance is obtained by the holder under
 15-49 Subsection (a), the amendment adding the premium or rescheduling
 15-50 the contract is not required to be signed by the retail buyer. The
 15-51 holder shall deliver to the buyer or send to the buyer's most recent
 15-52 address shown on the records of the holder specific written notice
 15-53 that the holder has obtained substitute insurance.

15-54 Sec. 353.207. CHARGES FOR OTHER INSURANCE AND FORMS OF
 15-55 PROTECTION INCLUDED IN RETAIL INSTALLMENT CONTRACT. (a) A retail
 15-56 installment contract may include as a separate charge an amount for
 15-57 insurance coverage that is:

15-58 (1) for a risk of loss or liability reasonably related
 15-59 to:

15-60 (A) the commercial vehicle;

15-61 (B) the use of the commercial vehicle; or

15-62 (C) goods or services that:

15-63 (i) are related to the commercial vehicle;

15-64 and

15-65 (ii) may ordinarily be insured with a
 15-66 commercial vehicle;

15-67 (2) written on policies or endorsement forms
 15-68 prescribed or approved by the commissioner of insurance; and

15-69 (3) ordinarily available in policies or endorsements

16-1 offered to the public or for commercial purposes.

16-2 (b) A retail installment contract may include as a separate
 16-3 charge an amount for:

16-4 (1) motor vehicle property damage or bodily injury
 16-5 liability insurance;

16-6 (2) mechanical breakdown insurance;

16-7 (3) participation in a motor vehicle theft protection
 16-8 plan;

16-9 (4) insurance to pay all or part of the amount computed
 16-10 by subtracting the proceeds of the retail buyer's basic collision
 16-11 policy on the commercial vehicle from the amount owed on the vehicle
 16-12 in the event of a total loss or theft of the vehicle;

16-13 (5) a warranty or service contract relating to the
 16-14 commercial vehicle;

16-15 (6) an identity recovery service contract defined by
 16-16 Section 1306.003, Occupations Code; or

16-17 (7) a debt cancellation agreement.

16-18 (c) Notwithstanding any other law, service contracts and
 16-19 debt cancellation agreements sold by a retail seller of a
 16-20 commercial vehicle to a retail buyer are not subject to Chapter 101
 16-21 or 226, Insurance Code.

16-22 (d) In addition to the charges for insurance coverage
 16-23 permitted under Subsection (a) or (b), a retail installment
 16-24 contract may include a charge for insurance coverage relating to:

16-25 (1) the commercial vehicle;

16-26 (2) the use of the commercial vehicle; or

16-27 (3) the retail installment contract.

16-28 (e) Insurance coverage under Subsection (d) may be provided
 16-29 only by:

16-30 (1) an insurer authorized under the Insurance Code to
 16-31 engage in the business of insurance in this state; or

16-32 (2) if permitted under the Insurance Code, a surplus
 16-33 lines insurer eligible to provide the insurance under Chapter 981,
 16-34 Insurance Code.

16-35 (f) A retail installment contract must set forth the amount
 16-36 of each charge for insurance coverage under Subsection (d) and the
 16-37 type of the coverage provided for that charge.

16-38 Sec. 353.208. HOLDER'S DUTY IF INSURANCE IS ADJUSTED OR
 16-39 TERMINATED. (a) If insurance for which a charge is included in or
 16-40 added to a retail installment contract is canceled, adjusted, or
 16-41 terminated, the holder shall, at the holder's option:

16-42 (1) apply the amount of the refund for unearned
 16-43 insurance premiums received by the holder to replace required
 16-44 insurance coverage; or

16-45 (2) credit the refund to the final maturing
 16-46 installments of the retail installment contract.

16-47 (b) If the amount to be applied or credited under Subsection
 16-48 (a) is more than the amount unpaid on the retail installment
 16-49 contract, the holder shall refund to the retail buyer the
 16-50 difference between those amounts.

16-51 (c) A cash refund is not required under this section if the
 16-52 amount of the refund is less than \$1.

16-53 Sec. 353.209. GAIN OR ADVANTAGE FROM INSURANCE NOT
 16-54 ADDITIONAL CHARGE. Any gain or advantage to the holder or the
 16-55 holder's employee, officer, director, agent, general agent,
 16-56 affiliate, or associate from insurance or the provision or sale of
 16-57 insurance under this subchapter is not an additional charge or
 16-58 additional time price differential in connection with a retail
 16-59 installment contract except as specifically provided by this
 16-60 chapter.

16-61 Sec. 353.210. ADDING TO RETAIL INSTALLMENT CONTRACT
 16-62 PREMIUMS FOR INSURANCE ACQUIRED AFTER TRANSACTION. (a) A retail
 16-63 buyer and holder may agree to add to the unpaid balance of a retail
 16-64 installment contract premiums for insurance policies obtained
 16-65 after the date of the retail installment transaction for coverages
 16-66 of the types allowed under Sections 353.201, 353.202, and 353.207,
 16-67 including premiums for the renewal of a policy included in the
 16-68 contract.

16-69 (b) A policy of insurance described by Subsection (a) must

17-1 comply with the requirements of Sections 353.201, 353.202, 353.203,
 17-2 and 353.207, as applicable.

17-3 Sec. 353.211. EFFECT OF ADDING PREMIUM TO CONTRACT. If a
 17-4 premium is added to the unpaid balance of a retail installment
 17-5 contract under Section 353.206 or 353.210, the rate applicable to
 17-6 the time price differential agreed to in the retail installment
 17-7 contract remains in effect and shall be applied to the new unpaid
 17-8 balance, or the contract may be rescheduled in accordance with
 17-9 Sections 353.114 and 353.115, without reclassifying the commercial
 17-10 vehicle by its year model at the time of the amendment.

17-11 Sec. 353.212. FINANCING ENTITY MAY NOT REQUIRE INSURANCE
 17-12 FROM PARTICULAR SOURCE. If a retail installment contract presented
 17-13 to a financing entity for acceptance includes any insurance
 17-14 coverage, the financing entity may not directly or indirectly
 17-15 require, as a condition of its agreement to finance the commercial
 17-16 vehicle, that the retail buyer purchase the insurance coverage from
 17-17 a particular source.

17-18 [Sections 353.213-353.300 reserved for expansion]

17-19 SUBCHAPTER D. ACQUISITION OF CONTRACT OR BALANCE

17-20 Sec. 353.301. AUTHORITY TO ACQUIRE. A person may acquire a
 17-21 retail installment contract or an outstanding balance under a
 17-22 contract from another person on the terms, including the price, to
 17-23 which they agree. Notwithstanding any other law of this state, a
 17-24 person acquiring or assigning a retail installment contract, or any
 17-25 balance under a contract, does not have a duty to disclose to any
 17-26 other person the terms on which a contract or balance under a
 17-27 contract is acquired or assigned, including the consideration for
 17-28 the acquisition or assignment and any discount or difference
 17-29 between the rates, charges, or balance under the contract and the
 17-30 consideration rates, charges, or balance acquired or assigned, as
 17-31 applicable.

17-32 Sec. 353.302. LACK OF NOTICE DOES NOT AFFECT VALIDITY AS TO
 17-33 CERTAIN CREDITORS. Notice to a retail buyer of an assignment or
 17-34 negotiation of a retail installment contract or an outstanding
 17-35 balance under the contract or a requirement that the retail seller
 17-36 be deprived of dominion over payments on a retail installment
 17-37 contract or over the commercial vehicle if returned to or
 17-38 repossessed by the retail seller is not necessary for a written
 17-39 assignment or negotiation of the contract or balance to be valid as
 17-40 against a creditor, subsequent purchaser, pledgee, mortgagee, or
 17-41 lien claimant of the retail seller.

17-42 Sec. 353.303. PAYMENT BY BUYER. Unless a retail buyer has
 17-43 notice of the assignment or negotiation of the buyer's retail
 17-44 installment contract or an outstanding balance under the contract,
 17-45 a payment by the buyer to the most recent holder known to the buyer
 17-46 is binding on all subsequent holders.

17-47 [Sections 353.304-353.400 reserved for expansion]

17-48 SUBCHAPTER E. HOLDER'S RIGHTS, DUTIES, AND LIMITATIONS

17-49 Sec. 353.401. SELLER'S PROMISE TO PAY OR TENDER OF CASH TO
 17-50 BUYER AS PART OF TRANSACTION. A retail seller may not promise to
 17-51 pay, pay, or otherwise tender cash to a retail buyer as a part of a
 17-52 transaction under this chapter unless specifically authorized by
 17-53 this chapter.

17-54 Sec. 353.402. SELLER'S ACTION FOR INCENTIVE PROGRAM OR TO
 17-55 PAY FOR BUYER'S MOTOR VEHICLE. (a) A retail seller may pay,
 17-56 promise to pay, or tender cash or another thing of value to the
 17-57 manufacturer, distributor, or retail buyer of the product if the
 17-58 payment, promise, or tender is made in order to participate in a
 17-59 financial incentive program offered by the manufacturer or
 17-60 distributor of the vehicle to the buyer.

17-61 (b) A retail seller, in connection with a retail installment
 17-62 transaction, may:

17-63 (1) advance money to retire:

17-64 (A) an amount owed against a motor vehicle used
 17-65 as a trade-in or a motor vehicle owned by the buyer that has been
 17-66 declared a total loss by the buyer's insurer; or

17-67 (B) the retail buyer's outstanding obligation
 17-68 under a motor vehicle lease contract, a credit transaction for the
 17-69 purchase of a motor vehicle, or another retail installment

18-1 transaction; and

18-2 (2) finance repayment of that money in a retail
18-3 installment contract.

18-4 (c) A retail seller may pay in cash to the retail buyer any
18-5 portion of the net cash value of a motor vehicle owned by the buyer
18-6 and used as a trade-in in a transaction involving the sale of a
18-7 commercial vehicle. In this subsection, "net cash value" means the
18-8 cash value of a motor vehicle after payment of all amounts secured
18-9 by the motor vehicle.

18-10 Sec. 353.403. STATEMENT OF PAYMENTS AND AMOUNT DUE UNDER
18-11 CONTRACT. (a) On written request of a retail buyer, the holder of a
18-12 retail installment contract shall give or send to the buyer a
18-13 written statement of the dates and amounts of payments and the total
18-14 amount unpaid under the contract.

18-15 (b) A retail buyer is entitled to one statement during a
18-16 six-month period without charge. The charge for each additional
18-17 requested statement may not exceed \$1.

18-18 Sec. 353.404. RECEIPT FOR CASH PAYMENT. A holder of a
18-19 retail installment contract shall give the retail buyer a written
18-20 receipt for each cash payment.

18-21 Sec. 353.405. OUTSTANDING BALANCE INFORMATION; PAYMENT IN
18-22 FULL. (a) The holder of a retail installment contract who gives
18-23 the retail buyer or the buyer's designee outstanding balance
18-24 information relating to the contract is bound by that information
18-25 and shall honor that information for a reasonable time.

18-26 (b) If the retail buyer or the buyer's designee tenders to
18-27 the holder as payment in full an amount derived from that
18-28 outstanding balance information, the holder shall:

18-29 (1) accept the amount as payment in full; and

18-30 (2) release the holder's lien against the commercial
18-31 vehicle within a reasonable time not later than the 10th day after
18-32 the date on which the amount is tendered.

18-33 (c) A retail seller must pay in full the outstanding balance
18-34 of a vehicle traded in to the retail seller as part of the retail
18-35 installment transaction not later than the 25th day after the date
18-36 that:

18-37 (1) the retail installment contract is signed by the
18-38 retail buyer and the retail buyer receives delivery of the
18-39 commercial vehicle; and

18-40 (2) the retail seller receives delivery of the motor
18-41 vehicle traded in and the necessary and appropriate documents to
18-42 transfer title from the buyer.

18-43 Sec. 353.406. LIABILITY RELATING TO OUTSTANDING BALANCE
18-44 INFORMATION. A holder who violates Section 353.405 is liable to the
18-45 retail buyer or the buyer's designee in an amount computed by
18-46 adding:

18-47 (1) three times the difference between the amount
18-48 tendered and the amount sought by the holder at the time of tender;

18-49 (2) interest;

18-50 (3) reasonable attorney's fees; and

18-51 (4) costs.

18-52 Sec. 353.407. PROHIBITION ON POWER OF ATTORNEY TO CONFESS
18-53 JUDGMENT OR ASSIGNMENT OF WAGES. A retail installment contract may
18-54 not contain:

18-55 (1) a power of attorney to confess judgment in this
18-56 state; or

18-57 (2) an assignment of wages.

18-58 Sec. 353.408. PROHIBITION ON CERTAIN ACTS OF REPOSSESSION.
18-59 A retail installment contract may not:

18-60 (1) authorize the holder or a person acting on the
18-61 holder's behalf to:

18-62 (A) enter the retail buyer's premises in
18-63 violation of Chapter 9, Business & Commerce Code; or

18-64 (B) commit a breach of the peace in the
18-65 repossession of the commercial vehicle; or

18-66 (2) contain, or provide for the execution of, a power
18-67 of attorney by the retail buyer appointing, as the buyer's agent in
18-68 the repossession of the vehicle, the holder or a person acting on
18-69 the holder's behalf.

19-1 Sec. 353.409. BUYER'S WAIVER. (a) A retail installment
 19-2 contract may not:

19-3 (1) provide for a waiver of the retail buyer's rights
 19-4 of action against the holder or a person acting on the holder's
 19-5 behalf for an illegal act committed in:

19-6 (A) the collection of payments under the
 19-7 contract; or

19-8 (B) the repossession of the commercial vehicle;
 19-9 or

19-10 (2) provide that the retail buyer agrees not to assert
 19-11 against the holder a claim or defense arising out of the sale.

19-12 (b) An act or agreement of the retail buyer before or at the
 19-13 time of the making of a retail installment contract or a purchase
 19-14 under the contract does not waive any provision of this chapter.

19-15 Sec. 353.410. TRANSFER OF EQUITY. (a) With the written
 19-16 consent of the holder, a retail buyer may transfer at any time the
 19-17 buyer's equity in the commercial vehicle subject to the retail
 19-18 installment contract to another person.

19-19 (b) The holder may charge for the transfer of equity an
 19-20 amount that does not exceed:

19-21 (1) \$25 for a commercial vehicle that is not a heavy
 19-22 commercial vehicle; or

19-23 (2) \$50 for a heavy commercial vehicle.

19-24 [Sections 353.411-353.500 reserved for expansion]

19-25 SUBCHAPTER F. LICENSING; ADMINISTRATION OF CHAPTER

19-26 Sec. 353.501. LICENSE REQUIRED. (a) A person may not act
 19-27 as a holder under this chapter unless the person:

19-28 (1) is an authorized lender or a credit union; or

19-29 (2) holds a license issued under Chapter 348 or this
 19-30 chapter.

19-31 (b) A person who is required to hold a license under this
 19-32 chapter must ensure that each office at which retail installment
 19-33 transactions are made, serviced, held, or collected under this
 19-34 chapter is licensed or otherwise authorized to make, service, hold,
 19-35 or collect retail installment transactions in accordance with this
 19-36 chapter and rules implementing this chapter.

19-37 (c) A person may not use any device, subterfuge, or pretense
 19-38 to evade the application of this section.

19-39 Sec. 353.502. APPLICATION REQUIREMENTS. (a) The
 19-40 application for a license under this chapter must:

19-41 (1) be under oath;

19-42 (2) identify the applicant's principal parties in
 19-43 interest; and

19-44 (3) contain other relevant information that the
 19-45 commissioner requires.

19-46 (b) On the filing of a license application, the applicant
 19-47 shall pay to the commissioner:

19-48 (1) an investigation fee not to exceed \$200; and

19-49 (2) for the license's year of issuance, a license fee
 19-50 in an amount determined as provided by Section 14.107.

19-51 Sec. 353.503. INVESTIGATION OF APPLICATION. On the filing
 19-52 of an application and payment of the required fees, the
 19-53 commissioner shall conduct an investigation to determine whether to
 19-54 issue the license.

19-55 Sec. 353.504. APPROVAL OR DENIAL OF APPLICATION. (a) The
 19-56 commissioner shall approve the application and issue to the
 19-57 applicant a license under this chapter if the commissioner finds
 19-58 that the financial responsibility, experience, character, and
 19-59 general fitness of the applicant are sufficient to:

19-60 (1) command the confidence of the public; and

19-61 (2) warrant the belief that the business will be
 19-62 operated lawfully and fairly, within the purposes of this chapter.

19-63 (b) If the commissioner does not find the eligibility
 19-64 requirements of Subsection (a), the commissioner shall notify the
 19-65 applicant.

19-66 (c) If an applicant requests a hearing on the application
 19-67 not later than the 30th day after the date of notification under
 19-68 Subsection (b), the applicant is entitled to a hearing not later
 19-69 than the 60th day after the date of the request.

20-1 (d) The commissioner shall approve or deny the application
 20-2 not later than the 60th day after the date of the filing of a
 20-3 completed application with payment of the required fees, or if a
 20-4 hearing is held, after the date of the completion of the hearing on
 20-5 the application. The commissioner and the applicant may agree to a
 20-6 later date in writing.

20-7 Sec. 353.505. DISPOSITION OF FEES ON DENIAL OF APPLICATION.
 20-8 If the commissioner denies the application, the commissioner shall
 20-9 retain the investigation fee and shall return to the applicant the
 20-10 license fee submitted with the application.

20-11 Sec. 353.506. ANNUAL LICENSE FEE. Not later than December
 20-12 1, a license holder shall pay to the commissioner for each license
 20-13 held an annual fee for the year beginning the next January 1, in an
 20-14 amount determined as provided by Section 14.107.

20-15 Sec. 353.507. EXPIRATION OF LICENSE ON FAILURE TO PAY
 20-16 ANNUAL FEE. If the annual fee for a license is not paid before the
 20-17 16th day after the date on which the written notice of delinquency
 20-18 of payment has been given to the license holder, the license expires
 20-19 on the later of:

20-20 (1) that day; or
 20-21 (2) December 31 of the last year for which an annual
 20-22 fee was paid.

20-23 Sec. 353.508. LICENSE SUSPENSION OR REVOCATION. After
 20-24 notice and a hearing the commissioner may suspend or revoke a
 20-25 license if the commissioner finds that:

20-26 (1) the license holder failed to pay the annual
 20-27 license fee, an investigation fee, or another charge imposed by the
 20-28 commissioner;

20-29 (2) the license holder, knowingly or without the
 20-30 exercise of due care, violated this chapter or a rule adopted or
 20-31 order issued under this chapter; or

20-32 (3) a fact or condition exists that, if it had existed
 20-33 or had been known to exist at the time of the original application
 20-34 for the license, clearly would have justified the commissioner's
 20-35 denial of the application.

20-36 Sec. 353.509. REINSTATEMENT OF SUSPENDED LICENSE; ISSUANCE
 20-37 OF NEW LICENSE AFTER REVOCATION. The commissioner may reinstate a
 20-38 suspended license or issue a new license on application to a person
 20-39 whose license has been revoked if at the time of the reinstatement
 20-40 or issuance no fact or condition exists that clearly would have
 20-41 justified the commissioner's denial of an original application for
 20-42 the license.

20-43 Sec. 353.510. SURRENDER OF LICENSE. A license holder may
 20-44 surrender a license issued under this chapter by delivering to the
 20-45 commissioner:

20-46 (1) the license; and
 20-47 (2) a written notice of the license's surrender.

20-48 Sec. 353.511. EFFECT OF LICENSE SUSPENSION, REVOCATION, OR
 20-49 SURRENDER. (a) The suspension, revocation, or surrender of a
 20-50 license issued under this chapter does not affect the obligation of
 20-51 a contract between the license holder and a retail buyer entered
 20-52 into before the suspension, revocation, or surrender.

20-53 (b) Surrender of a license does not affect the license
 20-54 holder's civil or criminal liability for an act committed before
 20-55 surrender.

20-56 Sec. 353.512. TRANSFER OR ASSIGNMENT OF LICENSE. A license
 20-57 may be transferred or assigned only with the approval of the
 20-58 commissioner.

20-59 Sec. 353.513. ADOPTION OF RULES. (a) The finance
 20-60 commission may adopt rules to enforce this chapter.

20-61 (b) The commissioner shall recommend proposed rules to the
 20-62 finance commission.

20-63 Sec. 353.514. GENERAL INVESTIGATION. To discover a
 20-64 violation of this chapter or to obtain information required under
 20-65 this chapter, the commissioner or the commissioner's
 20-66 representative may investigate the records, including books,
 20-67 accounts, papers, and correspondence, of a person, including a
 20-68 license holder, who the commissioner has reasonable cause to
 20-69 believe is violating this chapter, regardless of whether the person

21-1 claims to not be subject to this chapter.

21-2 Sec. 353.515. SHARING OF INFORMATION. To ensure consistent
 21-3 enforcement of law and minimization of regulatory burdens, the
 21-4 commissioner and the Texas Department of Motor Vehicles may share
 21-5 information, including criminal history information, relating to a
 21-6 person licensed under this chapter. Information otherwise
 21-7 confidential remains confidential after it is shared under this
 21-8 section.

21-9 SECTION 18. Section 411.095, Government Code, is amended to
 21-10 read as follows:

21-11 Sec. 411.095. ACCESS TO CRIMINAL HISTORY RECORD
 21-12 INFORMATION: CONSUMER CREDIT COMMISSIONER. The consumer credit
 21-13 commissioner is entitled to obtain from the department criminal
 21-14 history record information that relates to a person who is an
 21-15 applicant for or holder of a license under Chapter 342, 347, 348,
 21-16 351, 353, or 371, Finance Code.

21-17 SECTION 19. Section 1304.003(b), Occupations Code, is
 21-18 amended to read as follows:

21-19 (b) A service contract may also provide for:

21-20 (1) incidental payment or indemnity under limited
 21-21 circumstances, including towing, rental, and emergency road
 21-22 service;

21-23 (2) the repair or replacement of a product for damage
 21-24 resulting from a power surge or for accidental damage incurred in
 21-25 handling the product; or

21-26 (3) identity recovery, as defined by Section 1306.002,
 21-27 if the service contract is financed under Chapter 348 or 353,
 21-28 Finance Code.

21-29 SECTION 20. Section 1306.003, Occupations Code, is amended
 21-30 to read as follows:

21-31 Sec. 1306.003. IDENTITY RECOVERY SERVICE CONTRACT. In this
 21-32 chapter, "identity recovery service contract" means an agreement:

21-33 (1) to provide identity recovery;

21-34 (2) that is entered into for a separately stated
 21-35 consideration and for a specified term; and

21-36 (3) that is financed through a retail installment
 21-37 contract under Chapter 348 or 353, Finance Code.

21-38 SECTION 21. Section 2305.007(b), Occupations Code, is
 21-39 amended to read as follows:

21-40 (b) For the purposes of tracing or locating a stolen motor
 21-41 vehicle on the premises of a person engaging in a business or
 21-42 activity regulated under this chapter who is also licensed under
 21-43 Chapter 348 or 353, Finance Code, only an officer of the Department
 21-44 of Public Safety may at a reasonable time:

21-45 (1) enter the premises of the person's business; and

21-46 (2) inspect or copy any document, record, vehicle,
 21-47 part, or other item regulated under:

21-48 (A) this chapter; or

21-49 (B) Chapter 348 or 353, Finance Code.

21-50 SECTION 22. Section 2306.003(c), Occupations Code, is
 21-51 amended to read as follows:

21-52 (c) A vehicle protection product may also include identity
 21-53 recovery, as defined by Section 1306.002, if the vehicle protection
 21-54 product is financed under Chapter 348 or 353, Finance Code.

21-55 SECTION 23. Section 152.002(b), Tax Code, is amended to
 21-56 read as follows:

21-57 (b) "Total consideration" does not include:

21-58 (1) a cash discount;

21-59 (2) a full cash or credit refund to a customer of the
 21-60 sales price of a motor vehicle returned to the seller;

21-61 (3) the amount charged for labor or service rendered
 21-62 in installing, applying, remodeling, or repairing the motor vehicle
 21-63 sold;

21-64 (4) a financing, carrying, or service charge or
 21-65 interest on credit extended on a motor vehicle sold under a
 21-66 conditional sale or other deferred payment contract;

21-67 (5) the value of a motor vehicle taken by a seller as
 21-68 all or a part of the consideration for sale of another motor
 21-69 vehicle, including any cash payment to the buyer under Section

22-1 348.404 or 353.402, Finance Code;
22-2 (6) a charge for transportation of the motor vehicle
22-3 after a sale;

22-4 (7) motor vehicle inventory tax; or
22-5 (8) an amount made available to the customer under
22-6 Subchapter G, Chapter 382, Health and Safety Code.

22-7 SECTION 24. Section 501.115(a), Transportation Code, is
22-8 amended to read as follows:

22-9 (a) When a debt or claim secured by a lien has been
22-10 satisfied, the lienholder shall, within a reasonable time not to
22-11 exceed the maximum time allowed by Section 348.408 or 353.405(b),
22-12 Finance Code, as applicable, execute and deliver to the owner, or
22-13 the owner's designee, a discharge of the lien on a form prescribed
22-14 by the department.

22-15 SECTION 25. Section 26.342(7), Water Code, is amended to
22-16 read as follows:

22-17 (7) "Lender" means:
22-18 (A) a state or national bank;
22-19 (B) a state or federal savings and loan
22-20 association or savings bank;
22-21 (C) a credit union;
22-22 (D) a state or federal agency that customarily
22-23 provides financing; or

22-24 (E) an entity that is registered with the Office
22-25 of Consumer Credit Commissioner pursuant to Chapter 348 or 353,
22-26 Finance Code, if the entity is regularly engaged in the business of
22-27 extending credit and if extending credit represents the majority of
22-28 the entity's total business activity.

22-29 SECTION 26. The following provisions of the Finance Code
22-30 are repealed:

22-31 (1) Section 348.007(a-2), as added by Chapter 238
22-32 (S.B. 1965), Acts of the 81st Legislature, Regular Session, 2009;

22-33 (2) Section 348.007(a-2), as added by Chapter 676
22-34 (H.B. 2438), Acts of the 81st Legislature, Regular Session, 2009;
22-35 and

22-36 (3) Sections 348.0051, 348.006(j), 348.120(c), and
22-37 348.208(d), (e), and (f).

22-38 SECTION 27. This Act takes effect September 1, 2011.

22-39

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