

By: Farrar

H.B. No. 1707

A BILL TO BE ENTITLED

AN ACT

Relating to capping interest rates in executory contracts.

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

SECTION 1. Sec. 5.073(a), Property Code, is amended to read as follows:

(a) A seller may not include as a term of the executory contract a provision that:

(1) imposes an additional late-payment fee that exceeds the lesser of:

(A) eight percent of the monthly payment under the contract; or

(B) the actual administrative cost of processing the late payment;

(2) prohibits the purchaser from pledging the purchaser's interest in the property as security to obtain a loan to place improvements, including utility improvements or fire protection improvements, on the property;

(3) imposes a prepayment penalty or any similar fee if the purchaser elects to pay the entire amount due under the contract before the scheduled payment date under the contract;

(4) forfeits an option fee or other option payment paid under the contract for a late payment, ~~or~~

(5) increases the purchase price, imposes a fee or charge of any type, or otherwise penalizes a purchaser leasing

1 property with an option to buy the property for requesting repairs  
2 or exercising any other right under Chapter 92; or

3 (6) imposes an interest rate that exceeds twelve  
4 percent.

5 (b) A provision of the executory contract that purports to  
6 waive a right or exempt a party from a liability or duty under this  
7 subchapter is void.

8 SECTION 2. This Act takes effect September 1, 2013.