

1-1 By: Carona S.B. No. 952  
 1-2 (In the Senate - Filed February 28, 2013; March 12, 2013,  
 1-3 read first time and referred to Committee on Business and Commerce;  
 1-4 March 21, 2013, reported adversely, with favorable Committee  
 1-5 Substitute by the following vote: Yeas 9, Nays 0; March 21, 2013,  
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 952 By: Carona

1-19 A BILL TO BE ENTITLED  
 1-20 AN ACT

1-21 relating to interest on commercial loans.  
 1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:  
 1-23 SECTION 1. Section 306.002, Finance Code, is amended by  
 1-24 adding Subsection (c) to read as follows:  
 1-25 (c) The provisions of this chapter providing authorizations  
 1-26 with respect to certain transactions do not affect or negatively  
 1-27 impact any rules of law applicable either to other transactions  
 1-28 subject to the chapter or to any transactions not subject to this  
 1-29 chapter.  
 1-30 SECTION 2. Section 306.003, Finance Code, is amended to  
 1-31 read as follows:  
 1-32 Sec. 306.003. COMPUTATION OF LOAN TERMS [~~TERM~~]. (a) In  
 1-33 addition to any other method otherwise permitted under this title,  
 1-34 a creditor and an obligor may agree to compute an annual interest  
 1-35 rate on a commercial loan on a 365/360 basis or a 366/360 basis, as  
 1-36 applicable, determined by applying the ratio of the percentage  
 1-37 annual interest rate agreed to by the parties over a year of 360  
 1-38 days, multiplied by the outstanding principal balance, multiplied  
 1-39 by the actual number of days the principal balance is outstanding.  
 1-40 A creditor and an obligor may also agree to compute the term and  
 1-41 rate of a commercial loan based on a 360-day year consisting of 12  
 1-42 30-day months. Each interest [For purposes of this chapter, each]  
 1-43 rate ceiling under Chapters 302 and 303 expressed as a rate per year  
 1-44 may mean a rate per year computed in accordance with this section  
 1-45 [consisting of 360 days and of 12 30-day months].  
 1-46 (b) A creditor and an obligor may agree that one or more  
 1-47 payments of interest due or that are scheduled to be due with  
 1-48 respect to a commercial loan may be paid on a periodic basis when  
 1-49 due wholly or partly by adding to the principal balance of the loan  
 1-50 the amount of unpaid interest due or scheduled to be due, regardless  
 1-51 of whether the interest added to the principal balance is evidenced  
 1-52 by an existing or a separate promissory note or other agreement. On  
 1-53 and after the date an amount of interest is added to the principal  
 1-54 balance under this subsection, that amount no longer constitutes  
 1-55 interest, but instead constitutes part of the principal for  
 1-56 purposes of calculating the maximum lawful rate or amount of  
 1-57 interest on the loan.  
 1-58 SECTION 3. The changes in law made by this Act apply only to  
 1-59 a loan agreement entered into on or after the effective date of this  
 1-60 Act. A loan agreement entered into before the effective date of

2-1 this Act is governed by the law in effect on the date the agreement  
2-2 was entered into, and the former law is continued in effect for that  
2-3 purpose.

2-4 SECTION 4. This Act takes effect September 1, 2013.

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