

By: Canales

H.B. No. 287

A BILL TO BE ENTITLED

AN ACT

relating to accounting and payoff statements for certain seller-financed residential loans.

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

SECTION 1. Chapter 343, Finance Code, is amended by adding Subchapter D to read as follows:

SUBCHAPTER D. SELLER-FINANCED RESIDENTIAL LOANS

Sec. 343.301. APPLICATION. This subchapter applies only to a seller-financed loan that:

(1) is not a federally related mortgage loan, as defined by 12 U.S.C. Section 2602; and

(2) is secured by a purchase money lien on residential real property that was not the seller's principal residence at the time of sale.

Sec. 343.302. ANNUAL ACCOUNTING STATEMENT REQUIRED.

(a) The lender shall provide to the borrower an accounting statement in January of each year for the term of the loan. If the lender mails the statement to the borrower, the statement must be postmarked not later than January 31.

(b) The accounting statement must include the following information:

(1) the amount paid toward the outstanding balance of the loan during the preceding calendar year, including separate amounts showing the total amount applied to interest and the total

- 1 amount applied to principal;
2 (2) the remaining principal balance owed on the loan;
3 (3) the number of payments remaining on the loan;
4 (4) the amounts paid to taxing authorities on the
5 borrower's behalf if collected by the lender; and
6 (5) the amounts paid to insure the property on the
7 borrower's behalf if collected by the lender.

8 Sec. 343.303. PAYMENT CONSIDERED TIMELY. In a proceeding
9 related to a loan to which this subchapter applies, a loan payment
10 is considered to have been paid on the due date by the borrower if
11 the payment came due during a calendar year for which the lender did
12 not provide a required accounting statement to the borrower under
13 Section 343.302.

14 Sec. 343.304. OTHER PENALTIES AND LIABILITIES NOT
15 APPLICABLE. Chapter 349 does not apply to a violation of this
16 subchapter.

17 SECTION 2. Section 343.106, Finance Code, is amended by
18 adding Subsection (h) to read as follows:

19 (h) For purposes of providing a payoff statement required
20 under this section for a seller-financed loan to which Subchapter D
21 applies, a loan payment made to the lender is considered to have
22 been paid on the due date by the borrower if the payment came due
23 during a calendar year for which the lender did not provide a
24 required accounting statement to the borrower under Section
25 343.302.

26 SECTION 3. A lender is not required to provide an accounting
27 statement required by Section 343.302, Finance Code, as added by

1 this Act, before January 1, 2016.

2 SECTION 4. This Act takes effect September 1, 2015.