

By: Flynn

H.B. No. 3673

A BILL TO BE ENTITLED

AN ACT

relating to deferred payments under motor vehicle retail installment contracts.

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

SECTION 1. Section 348.114, Finance Code, is amended by amending Subsection (a) and adding Subsection (c) to read as follows:

(a) If a retail installment contract that provides for a time price differential that is computed using the add-on method or the scheduled installment earnings method is amended to defer all or a part of one or more installments for not longer than three months, the holder may collect from the retail buyer:

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

(2) the amount of the additional cost to the holder for:

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

(B) any additional necessary official fees.

(c) A holder of a retail installment contract that provides for a time price differential that is computed using the true daily earnings method may defer all or a part of one or more installments

1 and continue to accrue time price differential on the unpaid  
2 balance of the contract at the rate agreed to in the contract. A  
3 holder does not collect a deferment charge by the accrual of time  
4 price differential on the unpaid balance of the contract.

5 SECTION 2. This Act takes effect September 1, 2017.