

By: Longoria

H.B. No. 3855

A BILL TO BE ENTITLED

AN ACT

relating to methods of computing interest charges on certain consumer loans.

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

SECTION 1. Section 342.201, Finance Code, is amended by adding Subsection (e-1) to read as follows:

(e-1) The interest charge under Subsection (e) must be contracted for, charged, or received using the scheduled installment earnings method or the true daily earnings method under one of the following methods:

(1) applying the applicable daily rate to each part of the unpaid principal balance corresponding to the brackets described by Subsection (e) for the actual or scheduled number of days during a payment period; or

(2) applying a single equivalent daily rate to the unpaid principal balance for the actual or scheduled number of days during a payment period, where the single equivalent daily rate is determined at the inception of the loan using the scheduled installment earnings method and would earn an amount of interest authorized under Subsection (e) if the debt were paid to maturity according to the schedule of payments.

SECTION 2. This Act takes effect September 1, 2019.