BILL ANALYSIS

Senate Research Center
77R6108 DWS-F

H.B. 2154
By: Averitt (Sponsor Unknown)
State Affairs
5/11/2001
Engrossed

DIGEST AND PURPOSE

Under current law, the holder of a delinquent motor vehicle retail installment sales contract may be assessed either a late charge or simple interest charge, at the contracted rate, on delinquent contracts. During the 76th Legislature, legislation was enacted to facilitate the charging of late fees, in addition to interest accrual, on many types of loan contracts. However, motor vehicle retail installment sales contracts were not included in the legislation. Under current law, the holder of such a contract with an unpaid installment may collect a delinquency charge or simple interest, but not both. H.B. 2154 allows the assessment of a late charge, in addition to regular interest accrual, on contracts.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 348.107, Finance Code, to authorize a retail installment contract to provide that if an installment remains unpaid after the 10th day after the maturity of the installment for a heavy commercial vehicle or after the 15th day after the maturity of the installment for any other motor vehicle the holder is authorized to collect a delinquency charge that does not exceed five percent of the amount of the installment, or interest on the amount of the installment accruing after the maturity of the installment and until the installment is paid in full at a rate that does not exceed the maximum rate authorized for the contract. Authorizes a retail installment contract that provides for the accrual earnings method to provide for the delinquency charge authorized by this section, the interest authorized by this section, or both.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: upon passage or September 1, 2001.