

BILL ANALYSIS

Senate Research Center
77R1197 MTB-D

S.B. 105
By: Carona
Business & Commerce
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As Filed

DIGEST AND PURPOSE

Currently, loans of more than \$100 but less than \$480 possess two different charges under Chapter 342, Texas Finance Code: an acquisition charge, which is a one time charge; and an installment account handling charge, which is a monthly charge that is subject to refund upon prepayment. As proposed, S.B. 105 would make the one-time acquisition charge on loans of more than \$100 not subject to refund.

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 342.256, Finance Code, to provide that an acquisition charge authorized under Section 342.252 (1), (2), or (3) is considered to be earned at the time a loan is made and is not subject to refund. Provides that on the prepayment of a loan with a cash advance of \$30 or more, rather than not more than \$100, the installment account handling charge authorized under Section 342.252 (2) or (3) is subject to refund in accordance with Subchapter H. Deletes text regarding prepayment of a loan.

SECTION 2. Makes application of this Act prospective.

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