

BILL ANALYSIS

Senate Research Center
77R6108 DWS-F

S.B. 1836
By: Armbrister
State Affairs
5/7/2001
As Filed

DIGEST AND PURPOSE

Under Chapter 348 of the Texas Finance Code, a holder of a delinquent motor vehicle retail installment sales contract may assess either a delinquency charge or a simple interest charge, but not both. The 76th Legislature enacted laws to facilitate the charging of delinquency fees, in addition to simple interest accrual, on many other types of loan contracts. As proposed, S.B. 1836 allows the holder of a delinquent motor vehicle retail installment sales contract to assess a delinquency charge, simple interest, or both, as determined by the contract and prescribed by law.

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, as follows:

Sec. 348.107. (a) Authorizes 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.

(b) Authorizes a retail installment contract that provides for the accrual earnings method to provide for the delinquency charge authorized by Subsection (a)(1), the interest authorized by Subsection (a)(2), or both.

(c) Makes a nonsubstantive change.

SECTION 2. Makes application of this Act prospective regarding a retail installment transaction entered into on or after the effective date of this Act.

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