

BILL ANALYSIS

Senate Research Center

S.B. 1430
By: Averitt
Business & Commerce
4/7/2003
As Filed

DIGEST AND PURPOSE

Currently, Chapter 342 of the Finance Code does not authorize lenders to charge late fees for late payment on secondary mortgage loans. Late charges are authorized on every type of consumer transaction except secondary mortgage loans. As proposed, S.B. 1430 authorizes additional interest to be charged for default on certain secondary mortgage loans.

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 the heading to Section 342.302, Finance Code, to read as follows:

Sec. 342.302. ADDITIONAL INTEREST FOR DEFAULT: REGULAR
TRANSACTION OR TRANSACTION INCLUDING SIMPLE INTEREST.

SECTION 2. Amends Section 342.302, Finance Code, by amending Subsection (c) and adding Subsection (e), as follows:

(c) Includes the phrase “under this section” in relation to additional interest.

(e) Authorizes a secondary mortgage loan that includes simple interest to provide for additional interest for default if any part of an installment remains unpaid after the tenth day after the date on which the installment is due, including Sundays and holidays.

SECTION 3. Effective date: upon passage or September 1, 2003.