

FINANCE CODE

TITLE 4. REGULATION OF INTEREST, LOANS, AND FINANCED TRANSACTIONS

SUBTITLE B. LOANS AND FINANCED TRANSACTIONS

CHAPTER 345. RETAIL INSTALLMENT SALES

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 345.001. DEFINITIONS. In this chapter:

(1) "Credit card issuer" means a person who issues an identification device, including a card or plate, that is used to obtain goods or services under a retail credit card arrangement, other than a person who is:

(A) a bank, savings association, or credit union;

(B) licensed to do business under Chapter 342;

or

(C) regularly and principally engaged in the business of lending money for personal, family, or household purposes.

(2) "Holder" means:

(A) for a retail installment contract:

(i) the retail seller of the goods or services under the contract if the contract or the outstanding balance under the contract has not been sold or otherwise transferred; or

(ii) if the contract or the outstanding balance under the contract has been sold or otherwise transferred, the person to whom it was transferred;

(B) for a retail charge agreement:

(i) the retail seller of the goods or services under the retail charge agreement if the agreement or the outstanding balance under the agreement has not been sold or otherwise transferred; or

(ii) if the agreement or the outstanding balance under the agreement has been sold or otherwise transferred, the person to whom it was sold or otherwise transferred; or

(C) for a retail credit card arrangement, the credit card issuer under the arrangement.

(3) "Retail buyer" means a person who:

(A) purchases or agrees to purchase goods from a retail seller; or

(B) obtains services from a retail seller or agrees to have services furnished by a retail seller.

(4) "Retail charge agreement" means one or more instruments that prescribe the terms of retail installment transactions that may be made under the agreement from time to time and under which a time price differential is computed on the unpaid balance from time to time. The term includes an instrument that prescribes the terms of a retail credit card arrangement.

(5) "Retail credit card arrangement" means an arrangement that is not regulated under another chapter of this code and under which:

(A) a retail seller or credit card issuer authorizes a retail buyer or lessee to use a credit card to purchase or lease goods or services from:

(i) the seller or issuer, as appropriate;

(ii) a person related to the seller or issuer;

(iii) a person licensed or franchised to do business under the seller's or issuer's business or trade name or designation; or

(iv) another person authorized to honor the card; and

(B) the debt for the purchase or lease is payable in one or more installments.

(6) "Retail installment contract" means one or more instruments entered into in this state that evidence a secured or unsecured retail installment transaction. The term includes a chattel mortgage, security agreement, and conditional sale contract and a document that evidences a bailment or lease described by Section [345.068](#), but does not include:

(A) an instrument that is a retail charge agreement;

(B) an instrument reflecting a sale under a retail charge agreement; or

(C) a rental-purchase agreement that complies with Chapter 92, Business & Commerce Code.

(7) "Retail installment transaction" means a transaction in which a retail buyer purchases goods or services from a retail seller under a retail installment contract or retail charge agreement that provides for a time price differential and under which the buyer agrees to pay the unpaid balance and the time price differential in one or more installments. The term includes a transaction:

(A) made under a retail credit card arrangement;
or

(B) for the sale of prepaid funeral benefits regulated under Chapter 154.

(8) "Retail seller" means a person who regularly and substantially engages in the business of selling goods or services to retail buyers, other than the services of a member of a learned profession not specifically included under Section 345.003(b).

(9) "Time price differential" means the amount paid or payable for accepting payment in installments for goods or services purchased, regardless of how the amount is denominated or expressed. The term includes an amount payable to a holder as consideration for accepting payment in installments for goods and services charged under a retail credit card arrangement. The term does not include an amount charged for insurance premiums, delinquency charges, attorney's fees, court costs, or official fees.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997. Amended by Acts 1999, 76th Leg., ch. 344, Sec. 2.035, eff. Sept. 1, 1999.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 2.17, eff. April 1, 2009.

Sec. 345.002. GOODS. (a) For the purposes of this chapter, goods are tangible personal property, other than property described by Subsection (d), that is:

(1) purchased primarily for personal, family, or household use; and

(2) not purchased for commercial or business use.

(b) "Goods" includes property described by Subsection (a) that is:

(1) personal property furnished for or used in the modernization, rehabilitation, repair, alteration, improvement, or construction of real property that is to become or becomes a part of the real property regardless of whether the personal property is severable from the real property;

(2) a structure, other than a mobile home, that is to be used as a residence;

(3) a boat;

(4) a boat-trailer;

(5) a motor scooter, moped, motorcycle, trailer designed or intended to be drawn by or to transport a motor scooter, moped, motorcycle or all-terrain vehicle;

(6) a recreational vehicle designed for temporary living accommodations and commonly known as a travel trailer;

(7) a camper-type trailer;

(8) a horse trailer; and

(9) a vehicle propelled or drawn exclusively by muscular power.

(c) "Goods" also includes a merchandise certificate or coupon that is:

(1) issued by a retail seller;

(2) not redeemable in cash; and

(3) to be used in its face amount instead of cash in exchange for other goods or services sold by the seller.

(d) This chapter does not apply to the sale of:

(1) money;

(2) a vehicle designed to run only on rails or tracks or in the air; or

(3) a motor vehicle, other than a vehicle included under Subsection (b), to which Chapter 348 applies or other goods that are included in a contract under Chapter 348.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.003. SERVICES. (a) For the purposes of this

chapter, services include work, labor, and other services, other than services described by Subsection (c), that are:

- (1) purchased primarily for personal, family, or household use; and

- (2) not purchased for commercial or business use.

(b) "Services" includes work or labor described by Subsection (a) and that is:

- (1) a medical or dental service;

- (2) a prepaid funeral benefit regulated under Chapter 154; and

- (3) a maintenance or service contract or warranty.

(c) This chapter does not apply to the sale of:

- (1) legal services;

- (2) services of a professional person licensed by this state, unless the services are:

- (A) provided in connection with the purchase of goods; or

- (B) described by Subsection (b)(1) or (2);

- (3) services for which the cost is:

- (A) set by law; or

- (B) filed with or subject to approval by the United States, this state, or an agency, instrumentality, or subdivision of this state;

- (4) educational services provided by:

- (A) an accredited college or university; or

- (B) a primary or secondary school providing education required by this state;

- (5) services provided by a kindergarten or nursery school; or

- (6) services that are included in a contract under Chapter 348.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.004. CASH PRICE. (a) The cash price in a retail installment transaction is the price at which the retail seller would have sold to the retail buyer, and the buyer would have bought from the seller, the goods or services that are subject to the

transaction if the sale had been a sale for cash.

(b) The cash price may include:

- (1) the amount of taxes;
- (2) the amount of charges for delivery, installation, servicing, repair, alteration, or improvement; and
- (3) an amount described by Section [345.005](#)(1), (3), (4), or (6) that is not separately itemized in the retail installment contract or retail charge agreement.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.005. ITEMIZED CHARGE. An amount charged to a retail buyer in a retail installment contract or retail charge agreement is an itemized charge if the amount is not included in the cash price and is the amount of:

(1) fees prescribed by law for filing, recording, or otherwise perfecting, releasing, or satisfying a security interest created in connection with a retail installment transaction or nonfiling insurance premiums as authorized by Section [345.212](#);

(2) fees for registration or a certificate of title;

(3) any taxes;

(4) fees or charges prescribed by law and connected with the sale or inspection of the goods or services subject to the contract or agreement;

(5) premiums and other charges for insurance authorized by Subchapter E;

(6) official fees for a construction permit or the filing or recording of a construction permit;

(7) a documentary fee authorized under Section [345.251](#);

(8) in a retail installment transaction involving modernization, rehabilitation, repair, alteration, improvement, or construction of real property, reasonable and necessary costs, including amounts, paid by the holder:

(A) for title insurance or title examination and opinion that does not exceed the amount set by the commissioner of insurance for title insurance for the transaction;

(B) to a person who is not a salaried employee of

the holder for an appraisal or inspection or for investigating the credit standing or creditworthiness of the retail buyer; or

(C) to an attorney who is not a salaried employee of the holder as a legal fee for the preparation of documents in connection with the transaction; and

(9) charges for a debt cancellation agreement under Chapter 354.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 183 (S.B. 1052), Sec. 1, eff. September 1, 2017.

Sec. 345.006. TIME PRICE DIFFERENTIAL NOT INTEREST. An amount of time price differential is not interest.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.007. APPLICABILITY OF CHAPTER. (a) This chapter applies only to a retail installment transaction.

(b) This chapter does not affect or apply to a loan made or the business of making loans under other law of this state and does not affect a rule of law applicable to a retail installment sale that is not a retail installment transaction.

(c) The provisions of this chapter defining specific rates and amounts of charges and requiring certain credit disclosures to be made control over any contrary law of this state respecting those subjects.

(d) This chapter applies to a retail installment transaction extended to a person who is located in this state at the time the transaction is entered into.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 767 (H.B. 1442), Sec. 26, eff. September 1, 2019.

Sec. 345.008. APPLICABILITY OF OTHER STATUTES TO RETAIL INSTALLMENT TRANSACTION. (a) A loan or interest statute of this state other than Chapter 303 does not apply to a retail installment

transaction.

(b) Except as provided by this chapter, an applicable statute, including Title 1, Business & Commerce Code, or a principle of common law continues to apply to a retail installment transaction unless it is displaced by this chapter.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.009. DISCLOSURE REQUIREMENTS IF CONFLICT WITH FEDERAL LAW. If a disclosure requirement of this chapter and one of a federal law, including a regulation or an interpretation of law, are inconsistent or conflict, federal law controls and the inconsistent or conflicting disclosures required by this chapter need not be given.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

SUBCHAPTER B. RETAIL INSTALLMENT CONTRACT

Sec. 345.051. RETAIL INSTALLMENT CONTRACT GENERAL REQUIREMENTS. (a) A retail installment contract must be:

- (1) in writing;
- (2) dated;
- (3) signed by the retail buyer; and
- (4) completed as to all essential provisions, except as provided by Section [345.064](#).

(b) The contract must be designated "Retail Installment Contract."

(c) The printed or typed part of a retail installment contract, other than instructions for completion, must be in at least eight-point type unless a different size of type is required under this subchapter.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.052. CONTENTS OF CONTRACT. (a) A retail installment contract must contain:

- (1) the name of the retail seller and the name of the retail buyer;
- (2) the place of business of the retail seller;

(3) the residence or other address of the retail buyer as specified by the retail buyer;

(4) the cash price;

(5) the amount of the retail buyer's down payment, specifying the amount paid in money and the amount allowed for goods traded in; and

(6) each itemized charge.

(b) A charge for insurance authorized under Subchapter E may be disclosed as provided by that subchapter.

(c) A retail installment contract must reasonably identify the goods sold or services furnished under the contract. Multiple items of goods or services may be described in a separate writing in detail sufficient to identify them.

(d) The contract must contain substantially the following notice printed or typed in at least 10-point type that is bold-faced, capitalized, or underlined or otherwise conspicuously set out from the surrounding written material:

"NOTICE TO THE BUYER. DO NOT SIGN THIS CONTRACT BEFORE YOU READ IT OR IF IT CONTAINS BLANK SPACES. YOU ARE ENTITLED TO A COPY OF THE CONTRACT YOU SIGN. UNDER THE LAW YOU HAVE THE RIGHT TO PAY OFF IN ADVANCE THE FULL AMOUNT DUE AND UNDER CERTAIN CONDITIONS MAY OBTAIN A PARTIAL REFUND OF THE FINANCE CHARGE. KEEP THIS CONTRACT TO PROTECT YOUR LEGAL RIGHTS."

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.053. DISCLOSURE OF PROMISE TO COMPENSATE FOR REFERRAL. (a) A written or oral promise of a retail seller to compensate a retail buyer for referring customers or prospective customers to the seller or for referring the seller to customers or prospective customers must be disclosed in a retail installment contract if the promise is:

(1) part of the contract;

(2) made to induce the buyer to become a party to the contract; or

(3) made incidental to negotiations between the seller and the buyer with respect to the sale of the goods or services that

are the subject of the contract.

(b) A contract that contains a provision required by Subsection (a) must provide that the amount owed under the contract at any time is reduced by the amount of compensation owed under the promise.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.054. TIME PRICE DIFFERENTIAL FOR CONTRACT. A retail installment contract may provide for:

(1) any amount of time price differential permitted under Section [345.055](#), [345.056](#), [345.057](#), or [345.058](#); or

(2) any rate of time price differential not exceeding a yield permitted under Section [345.055](#), [345.056](#), [345.057](#), or [345.058](#).

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.055. TIME PRICE DIFFERENTIAL FOR CONTRACT PAYABLE IN EQUAL MONTHLY PAYMENTS. (a) A retail installment contract that is payable in substantially equal monthly payments beginning one month after the date of the contract may provide for a time price differential that does not exceed an add-on charge equal to:

(1) \$12 per \$100 per year on the part of the principal balance that is less than or equal to the amount computed under Subchapter [C](#), Chapter [341](#), using the reference amount of \$500;

(2) \$10 per \$100 per year on the part of the principal balance that is more than the amount computed for Subdivision (1) but less than or equal to the amount computed under Subchapter [C](#), Chapter [341](#), using the reference amount of \$1,000; and

(3) \$8 per \$100 per year on the part of the principal balance that is more than the amount computed for Subdivision (2).

(b) The time price differential is computed on the original principal balance from the date of the contract until the due date of the final installment, notwithstanding that the balance is payable in installments.

(c) If the retail installment contract is payable for a period that is shorter or longer than a year or is for an amount that is less or greater than \$100, the amount of the maximum time price

differential computed under this section is decreased or increased proportionately.

(d) For the purpose of a computation under this section, 15 or more days of a month may be considered a full month.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.056. USE OF OPTIONAL CEILING. As an alternative to the maximum rate or amount authorized for a time price differential under Section 345.055 or 345.057, a retail installment contract may provide for a rate or amount of time price differential that does not exceed the rate or amount authorized by Chapter 303.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.057. TIME PRICE DIFFERENTIAL FOR OTHER CONTRACTS. A retail installment contract that is payable other than in substantially equal successive monthly payments or the first installment of which is not payable one month from the date of the contract may provide for a time price differential that does not exceed an amount that provides the same effective return as if the contract were payable in substantially equal successive monthly installments beginning one month from the date of the contract.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.058. MINIMUM TIME PRICE DIFFERENTIAL FOR CONTRACT. Notwithstanding Section 345.055, 345.056, or 345.057:

(1) a retail installment contract with an initial principal balance of \$75 or more may provide for a minimum time price differential that does not exceed \$12;

(2) a retail installment contract with an initial principal balance of more than \$25 and less than \$75 may provide for a minimum time price differential that does not exceed \$9; and

(3) a retail installment contract with an initial principal balance of \$25 or less may provide for a minimum time price differential that does not exceed \$6.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.059. PRINCIPAL BALANCE COMPUTATION. The principal

balance of a retail installment contract is computed by:

(1) adding the cash price subject to the contract and the total of the contract's itemized charges, including a documentary fee authorized under Section 345.251; and

(2) subtracting the amount of the retail buyer's down payment in money and goods from the amount computed under Subdivision (1).

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.060. CHARGES FOR DEFAULT IN PAYMENT OF INSTALLMENT. (a) A retail installment contract may provide that if an installment remains unpaid after the 10th day after the maturity of the installment the retail seller may collect:

(1) a delinquency charge that is not more than five percent of an installment or \$5, whichever is less; or

(2) interest on the amount of the installment accruing after the maturity of the installment at a rate that does not exceed the maximum rate authorized for the contract.

(b) Only one delinquency charge may be collected under Subsection (a) on an installment regardless of the duration of the default.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.061. CHARGES FOR COLLECTING DEBT. A retail installment contract may provide for the payment of:

(1) an attorney's reasonable fees if the contract is referred for collection to an attorney who is not a salaried employee of the holder; and

(2) court costs and disbursements.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.062. ACCELERATION OF DEBT MATURITY. A retail installment contract or retail charge agreement may not authorize the holder to accelerate the maturity of all or a part of the amount owed under the contract or agreement unless:

(1) the retail buyer is in default in the performance of any of the buyer's obligations; or

(2) the holder believes in good faith that the prospect of the buyer's payment or performance is impaired.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.063. REQUIREMENTS FOR CONTRACT THAT IS MORE THAN ONE DOCUMENT. (a) A retail installment contract may be more than one document.

(b) One of the retail installment contract documents must:

(1) provide that it applies to purchases of goods or services to be made by the retail buyer from time to time; and

(2) be signed by the retail buyer.

(c) For each purchase, the document described by Subsection (b) and a written statement relating to the purchase, including a sales slip or account book, together must set forth all of the information required by this subchapter. The document described by Subsection (a) and the written statement under this subsection are the retail installment contract.

(d) If the retail seller elects, a written statement described by Subsection (c) satisfies the statement requirements of Section [345.082](#) for a purchase to which the statement applies.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.064. COMPLETION OF CONTRACT. (a) A person may not sign a retail installment contract that contains a blank space for an item that is an essential provision of the transaction.

(b) If delivery of the goods is not made at the time the contract is executed, the identifying numbers or marks of the goods or similar information and the due date of the first installment may be inserted by the retail seller in the seller's counterpart of the contract after the contract has been signed by the retail buyer.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.065. DELIVERY OF COPY OF CONTRACT. The retail seller shall:

(1) deliver to the retail buyer a copy of the retail installment contract as accepted by the retail seller; or

(2) mail to the retail buyer at the address shown on

the contract a copy of the retail installment contract as accepted by the retail seller.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.066. BUYER'S RIGHT TO RESCIND CONTRACT. Until a retail seller complies with Section 345.065, a retail buyer who has not received delivery of the goods or services is entitled to:

- (1) rescind the contract;
 - (2) receive a refund of all payments made under or in contemplation of the contract; and
 - (3) receive the return of all goods traded in to the seller under or in contemplation of the contract or, if those goods cannot be returned, receive the trade-in allowance of those goods.
- Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.067. BUYER'S ACKNOWLEDGMENT OF DELIVERY OF CONTRACT COPY. (a) Any retail buyer's acknowledgment of delivery of a copy of a retail installment contract must:

- (1) be in at least 10-point type that is bold-faced, capitalized, or underlined or otherwise conspicuously set out from the surrounding written material; and
- (2) appear directly above the buyer's signature if the acknowledgment is contained in the contract.

(b) Any retail buyer's acknowledgment conforming to this section of the delivery of a copy of the retail installment contract is, in any action or proceeding:

- (1) presumptive proof of the delivery of a copy of the contract and compliance with any requirement relating to the completion of the contract before execution of the contract by the buyer; or
- (2) conclusive proof of the delivery of a copy of the contract and compliance with any requirement relating to the completion of the contract before execution of the contract by the buyer if the holder purchased the contract without knowledge to the contrary.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.068. BAILMENT OR LEASE AS RETAIL INSTALLMENT TRANSACTION. A bailment or lease is a retail installment transaction if the bailee or lessee:

(1) contracts to pay as compensation for the use of goods an amount that substantially equals or exceeds the value of those goods; and

(2) on full compliance with the bailment or lease is bound to become the owner of the goods or has the option to become the owner of the goods for no or nominal additional consideration.
Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.069. DEFERMENT OF INSTALLMENT. (a) A holder of a retail installment contract, on request of the retail buyer, may agree to defer the scheduled due date of all or part of one or more installments.

(b) A holder may collect from the retail buyer for deferment of an installment:

(1) a charge that is a part of the time price differential and computed on the amount deferred for the period of deferment at the monthly rate of 15 cents for each \$10; and

(2) the amount of the additional cost to the holder for:

(A) premiums for continuing in force any insurance provided for by the contract; and

(B) additional necessary official fees.

(c) The minimum charge under Subsection (b)(1) is \$1.
Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.070. AMENDMENT OF CONTRACT. (a) On request of the retail buyer, the holder of a retail installment contract may:

(1) amend the contract to renew, restate, or reschedule the unpaid balance of the contract; and

(2) collect an amount computed on the principal balance of the amended contract for the term of the amended contract at the applicable rate under Section [345.055](#), [345.056](#), [345.057](#), or [345.058](#).

(b) The principal balance of the amended contract is

computed by:

(1) adding:

(A) the amount of the unpaid balance on the date of the amendment;

(B) the cost of insurance;

(C) the amount of each additional necessary official fee; and

(D) the amount of each accrued delinquency charge; and

(2) subtracting from the total computed under Subdivision (1) an amount equal to the minimum refund credit that would be required under Section 345.075 or 345.076 for prepayment in full on the date of the amendment.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.071. CONFIRMATION OF AMENDMENT. An amendment to a retail installment contract must be confirmed in a writing signed by the retail buyer. The holder shall deliver a copy of the confirmation to the buyer at the time it is executed.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.072. CONTRACT AFTER AMENDMENT. After amendment a retail installment contract is the original contract and each amendment to the original contract.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.073. PREPAYMENT OF CONTRACT. A retail buyer may prepay the unpaid time balance of a retail installment contract in full at any time before the contract's final due date.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.074. REFUND CREDIT ON PREPAYMENT. If a retail buyer prepays a retail installment contract in full or if the holder demands payment of the unpaid balance of the contract in full before the contract's final installment is due, the buyer is entitled to receive a refund credit as provided by Section 345.075 or 345.076, as applicable.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.075. AMOUNT OF REFUND CREDIT FOR MONTHLY INSTALLMENT CONTRACT. (a) The minimum amount of a refund credit on prepayment of a contract that is payable in substantially equal successive monthly installments beginning one month after the date of the contract is computed by:

(1) subtracting an amount equal to the minimum charge authorized by this chapter for that contract from the original time price differential; and

(2) multiplying the amount computed under Subdivision (1) by the percentage computed by dividing the sum of all of the monthly balances under the contract's schedule of payments into the sum of the unpaid monthly balances under the contract's schedule of payments beginning on:

(A) the first day, after the date of the prepayment or demand for payment in full, that is the date of a month that corresponds to the date of the month that the first installment is due under the contract; or

(B) if the prepayment or demand for payment in full is made before the first installment date under the contract, the next monthly anniversary date of the contract occurring after prepayment or demand.

(b) A refund credit is not required if the amount of the refund credit is less than \$1.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.076. AMOUNT OF REFUND CREDIT FOR OTHER CONTRACTS. The refund credit on a contract to which Section [345.075](#) does not apply shall be computed in a manner proportionate to the method set out by that section, having due regard for:

(1) the amount of each installment; and

(2) the irregularity of the installment periods.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.077. REINSTATEMENT OF CONTRACT. After a demand for payment in full under a retail installment contract, the retail

buyer and holder may agree to reinstate the contract and may amend the contract under Section [345.070](#).

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.078. CONSOLIDATION OF CONTRACTS. (a) If a retail buyer purchases goods or services in a retail installment transaction from a retail seller from whom the buyer has previously purchased goods or services under one or more retail installment contracts and the amounts under those contracts have not been paid in full, the seller may consolidate the subsequent purchase with one or more of the contracts.

(b) If a purchase is consolidated with a retail installment contract under this section, the retail seller may prepare a written memorandum of the subsequent purchase instead of executing a retail installment contract for the purchase. Sections [345.051](#), [345.052](#), [345.053](#), [345.065](#), [345.066](#), and [345.067](#) do not apply to the memorandum. The seller shall deliver a copy of the memorandum to the retail buyer before the date on which the first installment under the consolidated contract is due.

(c) Each subsequent purchase that is consolidated with a retail installment contract is a separate retail installment contract under this chapter. The provisions of this chapter relating to a retail installment contract apply to the subsequent purchase except as provided by Subsection (b).

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.079. ALLOCATION OF PAYMENTS ON CONSOLIDATION OF CONTRACTS. (a) If a subsequent purchase is consolidated with a contract and the retail seller retains title or takes a security interest, including a lien, in any of the goods purchased under one of the contracts:

(1) the total of all payments made before the subsequent purchase is considered to have been applied to the previous purchases; and

(2) each payment made on the consolidated contract after the subsequent purchase is considered to be allocated to each purchase in the same ratio as the original cash price of the

purchase bears to the total of the original cash prices of all purchases under the contract.

(b) All of a down payment on a subsequent purchase shall be allocated to that purchase.

(c) If the amount of installment payments is increased after a subsequent purchase, the retail seller may elect to allocate:

(1) an amount of the payment equal to the original periodic payment to the previous purchase; and

(2) the remainder of the payment to the subsequent purchase.

(d) This section does not apply if the previous and subsequent purchases involve:

(1) goods, including equipment or parts, attached or affixed to goods previously purchased and for which full payment has not been made; or

(2) services rendered by the retail seller at the retail buyer's request in connection with goods described by Subdivision (1).

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.080. OBLIGATION UNDER MORE THAN ONE CONTRACT. (a) A retail seller may not induce a person or a husband and wife to become obligated at substantially the same time under more than one retail installment contract with the same seller for the deliberate purpose of obtaining a greater amount of time price differential than is permitted under this chapter for one retail installment contract.

(b) A contract made by a retail buyer and retail seller after the 30th day after the date of a contract between that buyer and seller is presumed not to violate this section.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.081. CERTIFICATE OF COMPLETION OR SATISFACTION OF CONTRACT. (a) A retail seller who has entered into a retail installment transaction under a retail installment contract to perform services or install goods for the modernization, rehabilitation, repair, alteration, improvement, or construction

of improvements on real property shall obtain a certificate of completion or certificate of satisfaction signed by the retail buyer when all of the services have been performed or goods have been installed as required under the contract. A certificate is required regardless of whether a guaranty or warranty of the services or goods remains in force.

(b) A certificate of completion or certificate of satisfaction must be a separate writing and must have at the top in at least 10-point type that is bold-faced, capitalized, or underlined or otherwise conspicuously set out from the surrounding written material:

WARNING TO BUYER--DO NOT SIGN THIS CERTIFICATE UNTIL
ALL SERVICES HAVE BEEN SATISFACTORILY PERFORMED AND
MATERIALS SUPPLIED OR GOODS RECEIVED AND FOUND
SATISFACTORY.

(c) The retail seller shall keep the signed certificate or a copy of the signed certificate until the second anniversary of the date of the certificate's execution.

(d) If performance of the services or installation of the goods required by the retail installment contract is not complete, a retail seller may not knowingly:

- (1) induce a retail buyer to sign a certificate; or
- (2) take or accept from the retail buyer an executed certificate.

(e) Execution of a certificate by the retail buyer is not a waiver of any guaranty or warranty made by the retail seller or a manufacturer or supplier.

(f) A retail buyer's failure or refusal to execute a certificate, without good cause, does not affect the validity of the retail installment contract.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.082. STATEMENT OF PAYMENTS AND AMOUNT DUE UNDER CONTRACT. (a) On written request of a retail buyer, the holder of a retail installment contract shall give or send to the buyer a written statement of the dates and amounts of installment payments and the total amount unpaid under the contract.

(b) A retail buyer is entitled to one statement without charge during a six-month period. The charge for each additional requested statement during the period may not exceed \$1.
Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.083. RECEIPT FOR CASH PAYMENT. A holder of a retail installment contract shall give to the retail buyer a written receipt for each cash payment.
Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.084. DEBT CANCELLATION AGREEMENT. A debt cancellation agreement under Chapter 354 may be offered in connection with a retail installment contract for a covered vehicle to which this chapter applies. For purposes of this section, "covered vehicle" has the meaning assigned by Section 354.001.
Added by Acts 2017, 85th Leg., R.S., Ch. 183 (S.B. 1052), Sec. 2, eff. September 1, 2017.

SUBCHAPTER C. RETAIL CHARGE AGREEMENT

Sec. 345.101. MAKING RETAIL CHARGE AGREEMENT. On the request of a retail buyer or prospective buyer, a retail seller or credit card issuer may establish a retail charge agreement.
Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.102. AGREEMENT GENERAL REQUIREMENTS. (a) A retail charge agreement must be in writing and signed by the retail buyer.

(b) An agreement must contain substantially the following notice printed or typed in at least 10-point type that is bold-faced, capitalized, underlined, or otherwise conspicuously set out from the surrounding written material:

"NOTICE TO THE BUYER--DO NOT SIGN THIS AGREEMENT BEFORE YOU READ IT OR IF IT CONTAINS BLANK SPACES. YOU ARE ENTITLED TO A COPY OF THE AGREEMENT YOU SIGN. KEEP THIS AGREEMENT TO PROTECT YOUR LEGAL RIGHTS."

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.103. TIME PRICE DIFFERENTIAL FOR AGREEMENT. (a) Notwithstanding any other law a retail charge agreement may provide for a time price differential for the payment in installments under the agreement.

(b) The time price differential may not be more than the amount computed on the unpaid amount under the retail charge agreement at a rate equal to:

(1) 15 cents per \$10 per month on the part of the unpaid balance that is equal to or less than the amount computed under Subchapter C, Chapter 341, using the reference amount of \$500; and

(2) 10 cents per \$10 per month on the part of the unpaid balance that is more than the amount computed for Subdivision (1).

(c) If the amount computed under Subsection (b) for any month for which a balance is due is less than 75 cents, the time price differential for that month may be 75 cents.

(d) If the period between installment payments is not a month, the time price differential shall be computed proportionately.

(e) The time price differential may be computed for all unpaid balances within a \$10 range by applying the amount of the time price differential for the median amount within the range to those unpaid balances.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.104. USE OF OPTIONAL CEILING.

(a) As an alternative to the maximum rate or amount authorized for a time price differential under Section 345.103, a retail charge agreement may provide for a rate or amount of time price differential that does not exceed the rate or amount authorized by Chapter 303.

(b) The provisions of Chapter 303 applicable to open-end accounts apply to a retail charge agreement to which this section applies.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Amended by:

Acts 2005, 79th Leg., Ch. 1018 (H.B. [955](#)), Sec. 2.16, eff. September 1, 2005.

Sec. 345.105. CHARGES FOR COLLECTION OF PAYMENT OF AGREEMENT. A retail charge agreement may provide for the payment of:

(1) an attorney's reasonable fee if the agreement is referred for collection to an attorney who is not a salaried employee of the holder; and

(2) court costs and disbursements.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.106. PROCESSING FEE FOR RETURNED CHECK. A retail charge agreement may provide that the holder of the agreement may:

(1) charge the retail buyer, on return of a dishonored check given in payment under the agreement, a reasonable processing fee that does not exceed the amount prescribed by Section [3.506](#), Business & Commerce Code; and

(2) add the fee to the unpaid balance under the agreement.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Amended by:

Acts 2023, 88th Leg., R.S., Ch. 159 (S.B. [1371](#)), Sec. 16, eff. September 1, 2023.

Sec. 345.107. PROHIBITED FEES. An annual, membership, or participation fee may not be charged to or collected from a retail buyer in connection with a retail charge agreement.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.108. PROHIBITION ON SIGNING OF AGREEMENT WITH BLANK SPACES. A retail buyer may not sign a retail charge agreement that contains blank spaces.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.109. DELIVERY OF COPY OF AGREEMENT. (a) A retail

seller or credit card issuer shall deliver or mail a copy of the executed retail charge agreement to the retail buyer before the date on which the first payment under the agreement is due.

(b) If a copy of the retail charge agreement is not retained by the retail seller, a notation in the seller's permanent record showing that the agreement was mailed and the date of mailing is presumptive proof of the mailing.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.110. BUYER'S ACKNOWLEDGMENT OF DELIVERY OF AGREEMENT COPY. (a) Any retail buyer's acknowledgment of delivery of a copy of a retail charge agreement that is contained in the body of the agreement must:

(1) be in at least 10-point type that is bold-faced, capitalized, or underlined or otherwise conspicuously set out from the surrounding written material; and

(2) appear directly above the buyer's signature.

(b) A retail buyer's acknowledgment, conforming to this section, of delivery of a copy of the agreement is, in an action or proceeding, presumptive proof that:

(1) the copy was delivered to the buyer; and

(2) the agreement did not contain a blank space when it was signed by the buyer.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.111. STATEMENT OF CASH PRICE. The cash price in a retail installment transaction under a retail charge agreement shall be stated in a sales slip or other memorandum furnished by a retail seller to a retail buyer under or in connection with the agreement.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.112. AGREEMENT BALANCE STATEMENT. (a) At the end of each statement period of a retail charge agreement in which an unpaid balance exists, the retail seller shall provide to the retail buyer a statement of the unpaid balance.

(b) The statement must set out that the retail buyer at any

time may pay all or any part of the unpaid balance.

(c) In this section, "statement period" means a monthly period, which is not required to be a calendar month. The term may include a regular period, other than a monthly period, to which the retail charge agreement parties agree in writing.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.113. COMPLIANCE WITH FEDERAL LAW CONSIDERED COMPLIANCE WITH CHAPTER'S DISCLOSURE REQUIREMENTS. A retail charge agreement that complies with the applicable disclosure provisions of the Consumer Credit Protection Act (15 U.S.C. Section 1601 et seq.) is considered to comply with the disclosure requirements of Section [345.112](#).

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

SUBCHAPTER D. ALTERNATE FINANCE CHARGE CEILING

Sec. 345.155. TIME PRICE DIFFERENTIAL COMPUTATION AND AMOUNT. (a) A time price differential authorized under Subchapter C shall be computed using the average daily balance method.

(b) If the amount of a time price differential otherwise authorized under Subchapter C for a billing cycle in which a balance is due is less than 75 cents a month, the holder may charge an amount that does not exceed 75 cents a month.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1182 (H.B. [3453](#)), Sec. 7, eff. September 1, 2011.

Sec. 345.156. WHEN CHARGING OF TIME PRICE DIFFERENTIAL PROHIBITED. A time price differential may not be charged for a billing cycle of a retail charge agreement that provides for a time price differential under this subchapter if:

(1) the payments received for the agreement and amounts credited during the billing cycle that are attributable to amounts included in the balance owed at the end of the preceding billing cycle equal or exceed the balance owed under the agreement

at the end of the preceding billing cycle; or

(2) a balance is not owed at the end of the preceding billing cycle.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

The following section was amended by the 89th Legislature. Pending publication of the current statutes, see H.B. [4739](#), 89th Legislature, Regular Session, for amendments affecting the following section.

Sec. 345.157. DELINQUENCY CHARGE. (a) A retail charge agreement may provide for the payment of:

(1) a delinquency charge on each installment that is in default for a period that is longer than 21 days;

(2) an attorney's reasonable fee if the agreement is referred for collection to an attorney who is not a salaried employee of the holder; and

(3) court costs and disbursements.

(b) The amount of a delinquency charge may not exceed \$15.

(c) Only one delinquency charge may be collected on an installment regardless of the duration of the default.

(d) The holder shall remit 50 cents of each delinquency charge in excess of \$10 collected under this section to the comptroller, in the time and manner established by the comptroller, for deposit to the credit of an account in the general revenue fund. One-half of the money in the account may be appropriated only to finance research conducted by the commissioner under Section [11.305](#) and the other one-half of the money in the account may be appropriated only to finance educational activities and counseling services under Section [394.001](#).

(e) A customer's monthly statement must contain the following notice printed or typed in at least 10-point type that is boldfaced, capitalized, underlined, or otherwise conspicuously set out from the surrounding written material: "A DELINQUENCY CHARGE OF \$15 MAY BE ASSESSED FOR A PAYMENT THAT IS IN DEFAULT FOR A PERIOD THAT IS LONGER THAN 21 DAYS."

(f) If the commissioner determines that a retail seller or creditor that was operating under this subchapter on September 1,

1999, and that charges a delinquency charge in excess of \$10, moved its credit operations out of this state after September 1, 1999, in a manner that results in the retail seller's or creditor's retail charge agreements not being subject to this subchapter, the commissioner shall collect from the retail seller or creditor an amount equal to 25 cents for each delinquency charge in excess of \$10 collected during the 12-month period preceding the date of the move.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997. Amended by Acts 1999, 76th Leg., ch. 1348, Sec. 4, eff. Sept. 1, 1999.

Amended by:

Acts 2011, 82nd Leg., R.S., Ch. 1182 (H.B. [3453](#)), Sec. 8, eff. September 1, 2011.

Acts 2019, 86th Leg., R.S., Ch. 767 (H.B. [1442](#)), Sec. 27, eff. September 1, 2019.

Sec. 345.158. RETAIL CHARGE AGREEMENT TO WHICH SUBCHAPTER DOES NOT APPLY. This subchapter does not apply to a retail charge agreement that:

(1) is a home solicitation transaction that is subject to Chapter [601](#), Business & Commerce Code;

(2) is secured by a lien on the obligor's homestead; and

(3) provides for credit that is extended by the retail seller or the seller's owner, subsidiary, or corporate affiliate.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. [2278](#)), Sec. 2.18, eff. April 1, 2009.

SUBCHAPTER E. INSURANCE

Sec. 345.201. PROPERTY INSURANCE. (a) A holder may request or require a retail buyer to insure the property purchased or improved under a retail installment transaction, including the purchase of title insurance on real property that is involved in the retail installment contract or retail charge agreement and that is

subject to a security interest of the holder, including a lien.

(b) If the property is a boat that may be enrolled or licensed as a yacht with the United States Coast Guard and subject to the maritime laws of the United States, a holder may also require a retail buyer to provide in connection with the boat:

- (1) protection and indemnity insurance;
- (2) longshoremen's and harbor worker's compensation insurance; and
- (3) medical payments insurance.

(c) The insurance and the premiums or charges for the insurance must bear a reasonable relationship to:

- (1) the amount, term, and conditions of the retail installment contract or retail charge agreement;
- (2) the existing hazards or risk of loss, damage, or destruction; or
- (3) the potential liability.

(d) The insurance may not:

- (1) cover unusual or exceptional risks; or
- (2) provide coverage not ordinarily included in policies issued to the public.

(e) The holder may include the cost of insurance provided under this section as a separate charge in the contract or agreement.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.202. CREDIT LIFE, CREDIT HEALTH AND ACCIDENT, AND CREDIT INVOLUNTARY UNEMPLOYMENT INSURANCE. (a) As additional protection for the contract or agreement, a holder may:

- (1) request or require a retail buyer to provide credit life insurance and credit health and accident insurance; and
- (2) request or allow a retail buyer to provide credit involuntary unemployment insurance.

(b) A holder may include the cost of insurance provided under Subsection (a) as a separate charge in the contract or agreement.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.203. MAXIMUM AMOUNT OF INSURANCE COVERAGE. (a) At any time the total amount of the policies of credit life insurance in force on one retail buyer on one retail installment contract or retail charge agreement may not exceed:

(1) the total amount repayable under the contract or agreement; and

(2) the greater of the scheduled or actual amount of unpaid indebtedness if the indebtedness is repayable in substantially equal installments.

(b) At any time the total amount of the policies of credit health and accident insurance or credit involuntary unemployment insurance in force on one retail buyer on one retail installment contract or retail charge agreement may not exceed the total amount repayable under the contract or agreement, and the amount of each periodic indemnity payment may not exceed the scheduled periodic payment on the indebtedness.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.204. INSURANCE STATEMENT. (a) If insurance is required in connection with a retail installment contract or retail charge agreement, the holder shall give to the retail buyer a statement that clearly and conspicuously states that:

(1) insurance is required in connection with the contract or agreement; and

(2) the buyer as an option may furnish the insurance through:

(A) an existing policy of insurance owned or controlled by the buyer; or

(B) an insurance policy obtained from an insurance company authorized to do business in this state.

(b) If requested or required insurance is sold or obtained by the holder and the retail installment contract or retail charge agreement includes a premium or rate of charge that is not fixed or approved by the commissioner of insurance, the holder shall deliver or mail to the retail buyer a written statement that includes that fact.

(c) A statement under Subsection (a) or (b) may be provided with or as part of the retail installment contract or the retail charge agreement, as appropriate, or separately.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.205. INSURANCE MAY BE FURNISHED BY BUYER. (a) If insurance is requested or required in connection with a retail installment contract or retail charge agreement and the retail installment contract or retail charge agreement includes a premium or rate of charge that is not fixed or approved by the commissioner of insurance, the retail buyer is entitled to furnish the insurance coverage not later than the 10th day after the date of the contract or agreement or the delivery or mailing of the written statement required under Section 345.204, as appropriate, through:

(1) an existing insurance policy owned or controlled by the buyer; or

(2) an insurance policy obtained from an insurance company authorized to do business in this state.

(b) When a retail installment contract or retail charge agreement is executed, the retail buyer is entitled to purchase the insurance described by Section 345.201, 345.202, or 345.207 and select:

(1) the agent or broker; and

(2) an insurance company acceptable to the holder.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.206. BUYER'S FAILURE TO PROVIDE EVIDENCE OF INSURANCE. (a) If the retail buyer fails to present to the holder reasonable evidence that the buyer has obtained or maintained a coverage required by the retail installment contract or retail charge agreement, the holder may:

(1) obtain substitute insurance coverage that is substantially equivalent to or more limited than the coverage required; and

(2) add the amount of the premium advanced for the substitute coverage to the unpaid balance of the contract or agreement.

(b) Substitute insurance coverage under Subsection (a)(1):

(1) may be limited to coverage only of the interest of the holder or the interest of the holder and the buyer; and

(2) must be written at lawful rates and in accordance with the Insurance Code by a company authorized to do business in this state.

(c) If substitute insurance is obtained by the holder under Subsection (a), the amendment adding the premium or rescheduling the contract is not required to be signed by the retail buyer. The holder shall deliver to the buyer or send to the buyer's most recent address shown in the records of the holder specific written notice that the holder has obtained substitute insurance.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.207. CHARGES FOR OTHER INSURANCE INCLUDED IN RETAIL INSTALLMENT CONTRACT. A retail buyer and retail seller may agree in a retail installment contract to include charges for insurance coverage that is:

(1) for risk of loss or liability reasonably related to:

(A) the goods or services sold;

(B) the anticipated use of the goods or services sold; or

(C) goods or services that:

(i) are related to the goods or services sold; and

(ii) may be insured with the goods and services sold;

(2) written on policies or endorsement forms prescribed or approved by the commissioner of insurance; and

(3) ordinarily offered in policies or endorsements offered to the public.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.208. REQUIREMENTS FOR INCLUDING INSURANCE CHARGE IN CONTRACT OR AGREEMENT. (a) For insurance to be included as an itemized charge in a retail installment contract or a retail charge

agreement:

(1) the insurance must be written:

(A) at lawful rates;

(B) in accordance with the Insurance Code; and

(C) by a company authorized to do business in this state; and

(2) the disclosure requirements of this section must be satisfied.

(b) If the insurance is described by Section 345.201, 345.202, or 345.207, the retail installment contract or retail charge agreement, or a separate written statement or specimen copy of a certificate or policy of insurance that is given to the retail buyer, must identify the:

(1) type of the coverage;

(2) term of the coverage; and

(3) amount of the premium for the coverage.

(c) If the insurance is described by Section 345.207, the retail installment contract must also clearly indicate that the coverage is optional.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.209. DELIVERY OF INSURANCE DOCUMENT TO BUYER. A holder who obtains insurance shall, not later than the 45th day after the date of the delivery of goods or the furnishing of services under a retail installment contract or retail charge agreement, deliver, mail, or cause to be mailed to the retail buyer at the buyer's address specified in the contract or agreement a policy or certificate of insurance that clearly sets forth:

(1) the amount of the premium;

(2) the kind of insurance provided;

(3) the coverage of the insurance; and

(4) all terms, including options, limitations, restrictions, and conditions, of the policy.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.210. HOLDER'S DUTY IF INSURANCE IS ADJUSTED OR TERMINATED. (a) If insurance for which a charge is included in or

added to a retail installment contract or retail charge agreement is canceled, adjusted, or terminated, the holder shall, at the holder's option:

(1) apply the amount of the refund for unearned insurance premiums received by the holder to replace required insurance coverage; or

(2) credit the refund to the final maturing installments of the retail installment contract or retail charge agreement.

(b) If the amount to be applied or credited under Subsection (a) is more than the amount unpaid on the retail installment contract or retail charge agreement, the holder shall refund to the retail buyer the difference between those amounts.

(c) A cash refund is not required under this section if the amount of the refund is less than \$1.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.211. GAIN OR ADVANTAGE FROM INSURANCE NOT ADDITIONAL CHARGE. Any gain or advantage to the holder or the holder's employee, officer, director, agent, general agent, affiliate, or associate from insurance or the provision or sale of insurance under this subchapter is not an additional charge or additional time price differential in connection with a retail installment contract or retail sales agreement made under this chapter except as specifically provided by this chapter.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.212. NONFILING INSURANCE. (a) Instead of charging fees for the filing, recording, and releasing of documents for the perfection of a security interest created in connection with a retail installment transaction, the holder may include in the retail installment contract or retail charge agreement a charge for a nonfiling insurance premium.

(b) The amount of a charge under Subsection (a) may not exceed the amount of fees authorized for filing and recording an original financing statement in the standard form prescribed by the secretary of state.

(c) A holder may receive a charge authorized by this section only if the holder purchases nonfiling insurance in connection with the retail installment transaction.

(d) A holder is not required to furnish to a retail buyer a policy or certificate of insurance evidencing nonfiling insurance. Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.213. INCLUSION OF INSURANCE PREMIUMS. A retail seller may include any type of insurance premium in the billing of its accounts if:

(1) a charge, other than the premium, is not made to the retail buyer in connection with that inclusion; and

(2) a charge is not made and a premium is not charged under a retail credit agreement when there is no monthly balance or the monthly balances are paid in full.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.214. ADDING TO RETAIL INSTALLMENT CONTRACT PREMIUMS FOR INSURANCE ACQUIRED AFTER TRANSACTION. (a) A retail buyer and holder may agree to add to the unpaid balance of a retail installment contract premiums for insurance policies covering goods or services sold in a prior retail installment transaction under the contract or goods or services related to those goods or services, including premiums for the renewal of a policy included in the contract.

(b) A policy of insurance described by Subsection (a) must comply with the applicable requirements of Sections [345.201](#), [345.203](#), [345.207](#), and [345.208](#).

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.215. EFFECT OF ADDING PREMIUM TO CONTRACT OR AGREEMENT. (a) If a premium is added to the unpaid balance of a retail installment contract under Section [345.206](#) or [345.214](#), the rate of time price differential agreed to in the retail installment contract remains in effect and shall be applied to the new unpaid balance or the contract may be rescheduled in accordance with Section [345.070](#).

(b) If a premium is added under a retail charge agreement, the premium shall be added to the unpaid balance under the agreement.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

SUBCHAPTER F. SPECIAL FEES AND FINANCE RATES

Sec. 345.251. DOCUMENTARY FEE FOR CERTAIN VEHICLES. (a) A retail seller may charge a documentary fee for services rendered to, for, or on behalf of a retail buyer in handling and processing documents relating to the sale of a motorcycle, moped, all-terrain vehicle, boat, boat motor, boat trailer, or towable recreational vehicle.

(b) If a documentary fee is charged under this section the fee:

(1) must be charged to cash buyers and credit buyers;

(2) may not exceed a reasonable amount agreed to by the retail seller and retail buyer for the documentary services, subject to a reasonable maximum amount set by rule by the finance commission; and

(3) must be disclosed on the buyer's order or retail installment contract as a separate itemized charge.

(c) A preliminary work sheet on which a sale price is computed and that is shown to the retail buyer, an order from the buyer, or a retail installment contract must include in reasonable proximity to the place on the document where the documentary fee is disclosed:

(1) the amount of the fee; and

(2) the following notice in type that is bold-faced, capitalized, or underlined or otherwise conspicuously set out from the surrounding written material:

"A DOCUMENTARY FEE IS NOT AN OFFICIAL FEE. A DOCUMENTARY FEE IS NOT REQUIRED BY LAW, BUT MAY BE CHARGED TO BUYERS FOR HANDLING DOCUMENTS RELATING TO THE SALE. A DOCUMENTARY FEE MAY NOT EXCEED A REASONABLE AMOUNT AGREED TO BY THE PARTIES THAT IS NOT MORE THAN THE MAXIMUM AMOUNT ALLOWED BY THE

STATE. THIS NOTICE IS REQUIRED BY LAW."

(d) If the language primarily used in an oral sales presentation is not the same as the language in which the retail installment contract is written, the retail seller shall furnish to the retail buyer a written statement containing the notice set out in Subsection (c) in the language primarily used in the oral sales presentation.

(e) The finance commission may adopt rules necessary to implement and enforce this section.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 43 (S.B. [1248](#)), Sec. 1, eff. September 1, 2013.

Acts 2019, 86th Leg., R.S., Ch. 882 (H.B. [3171](#)), Sec. 2.01, eff. September 1, 2019.

Sec. 345.252. TIME PRICE DIFFERENTIAL FOR CERTAIN PREPAID FUNERAL BENEFITS. Prepaid funeral benefits regulated under Chapter [154](#) may be financed only at rates authorized by Chapter [303](#).

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.253. TIME PRICE DIFFERENTIAL FOR MEDICAL AND DENTAL SERVICES. Medical or dental services may be financed only at rates authorized by Chapter [303](#).

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

SUBCHAPTER G. ACQUISITION OF CONTRACT, AGREEMENT, OR BALANCE

Sec. 345.301. AUTHORITY TO ACQUIRE. Notwithstanding any other law, a person may acquire a retail installment contract or retail charge agreement or an outstanding balance under a contract or agreement from another person on the terms, including the price, to which they agree.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.302. LACK OF NOTICE DOES NOT AFFECT VALIDITY AS TO CERTAIN CREDITORS. Notice to a retail buyer of an assignment or

negotiation of a retail installment contract or retail charge agreement or an outstanding balance under a contract or agreement or a requirement that the retail seller be deprived of dominion over payments on a contract or agreement or over the goods if returned to or repossessed by the seller is not necessary for a written assignment or negotiation of the contract or agreement or an outstanding balance under the contract or agreement to be valid as against a creditor, subsequent purchaser, pledgee, mortgagee, or lien claimant of the seller.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.303. PAYMENT BY BUYER. Unless a retail buyer has notice of the assignment or negotiation of the buyer's retail installment contract or retail charge agreement or an outstanding balance under the contract or agreement, a payment by the buyer to the holder last known to the buyer is binding on all subsequent holders.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.304. PRESERVATION OF BUYER'S RIGHT OF ACTION OR DEFENSE. (a) A right of action or defense of a retail buyer arising out of a retail installment transaction is not affected by the negotiation of the retail installment contract or retail charge agreement to a third party except as authorized by other law and the third party:

(1) acquires the contract relying in good faith on a certificate of completion or certificate of satisfaction, if required by Section [345.081](#);

(2) gives notice of the negotiation to the buyer under Subsection (b); and

(3) does not receive from the buyer, before the 31st day after the day on which that notice is mailed, written notice of a fact that gives rise to a claim or defense of the buyer.

(b) A notice of negotiation must:

(1) be in writing addressed to the retail buyer at the address shown on the contract;

(2) identify the contract;

(3) state the names and addresses of the retail seller and retail buyer;

(4) describe the goods or services;

(5) state the time balance and a description of the payment schedule; and

(6) contain the following warning in at least 10-point type that is bold-faced, capitalized, or underlined or otherwise conspicuously set out from the surrounding written material:

ARE THE TERMS OF THE CONTRACT DESCRIBED ABOVE CORRECT
AND ARE YOU SATISFIED WITH THE GOODS OR SERVICES
FURNISHED? IF NOT, YOU SHOULD NOTIFY US GIVING DETAILS
WITHIN 30 DAYS FROM THE DATE THE ABOVE NOTICE WAS
MAILED.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

SUBCHAPTER H. OTHER PROVISIONS APPLICABLE TO CONTRACTS AND AGREEMENTS

Sec. 345.351. REGISTRATION OF HOLDER. (a) A holder who is not an authorized lender under Chapter 342 or a credit union shall:

(1) register with the Office of Consumer Credit Commissioner; and

(2) pay a fee in an amount determined under Section 14.107 for each location at which a retail installment transaction is originated, serviced, or collected.

(b) Subject to Section 14.112, the finance commission by rule may establish procedures to facilitate the registration and collection of fees under this section.

(c) A registration issued under this section is valid for the period prescribed by finance commission rule adopted under Section 14.112.

(d) The commissioner may refuse to renew the registration of a holder who fails to comply with an order issued by the commissioner to enforce this chapter.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997. Amended by Acts 2001, 77th Leg., ch. 867, Sec. 96, eff. Sept. 1, 2001.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 767 (H.B. [1442](#)), Sec. 28, eff. September 1, 2019.

Acts 2023, 88th Leg., R.S., Ch. 159 (S.B. [1371](#)), Sec. 17, eff. September 1, 2023.

Sec. 345.352. SELLER'S PROMISE TO PAY OR TENDER OF CASH TO BUYER AS PART OF TRANSACTION. A retail seller may not promise to pay, pay, or otherwise tender cash to a retail buyer as a part of a transaction under this chapter unless specifically authorized by this chapter.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.353. MAKING OF CONTRACT OR AGREEMENT BY MAIL OR TELEPHONE. The designation requirement of Section [345.051](#)(b) and the notice requirement of Section [345.052](#)(d) do not apply to a sale under a retail installment contract or retail charge agreement negotiated and entered into by mail or telephone without solicitation in person by a salesperson or other representative of the retail seller if the contract or agreement is based on a printed solicitation, including a catalog of the seller, that clearly sets forth the cash price of sales to be made through the printed solicitation.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.354. PROHIBITION ON POWER OF ATTORNEY TO CONFESS JUDGMENT AND ASSIGNMENT OF WAGES. A retail installment contract or retail charge agreement may not contain:

- (1) a power of attorney to confess judgment; or
- (2) an assignment of wages.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.355. PROHIBITION ON CERTAIN ACTS OF REPOSSESSION. A retail installment contract or retail charge agreement may not:

(1) authorize the holder or a person acting on the holder's behalf to:

(A) enter the retail buyer's premises unlawfully; or

(B) commit a breach of the peace in the repossession of goods; or

(2) provide for the retail buyer to execute a power of attorney appointing, as the buyer's agent in the repossession of goods, the holder or a person acting on the holder's behalf.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.356. BUYER'S WAIVER. (a) A retail installment contract or retail charge agreement may not:

(1) provide for a waiver of the retail buyer's rights of action against the holder or a person acting on the holder's behalf for an illegal act committed in:

(A) the collection of payments under the contract or agreement; or

(B) the repossession of goods; or

(2) provide that the retail buyer agrees not to assert against the retail seller a claim or defense arising out of the sale.

(b) A retail buyer may not waive any provision of this chapter before or at the time of the making of a retail installment contract, retail charge agreement, or purchase under the contract or agreement.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 345.357. PROHIBITION ON CERTAIN LIENS. A retail installment contract or retail charge agreement may not provide for a first lien on real property to secure the obligation, other than a lien:

(1) created by law on the recording of an abstract of judgment; or

(2) provided for or granted by a contract or series of contracts for the sale or construction and sale of a structure to be used as a residence if the time price differential provided in the contract or agreement does not exceed an annual percentage rate permitted under this chapter or Chapter 303.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.