



STATE OF TEXAS

# OFFICE OF CONSUMER CREDIT COMMISSIONER

AL ENDSLEY, Commissioner

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Mr. Michael C. O'Connor  
O'Connor, Wisner, Craig & Young P.C.  
2603 Augusta, Suite 800  
Houston, Texas 77057

Dear Mr. O'Connor:

You have requested an interpretation as to whether the installment sale of a trailer for hauling heavy commercial equipment is subject to Chapter 7 of the Texas Credit Code.

You have described the facts of the transaction as follows:

"I represent an assignee of installment sale contracts concerning trenchers, which are heavy equipment for digging and which are being sold for commercial use only. Occasionally, trailers are sold and financed along with the trenchers. These trailers require certificates of title and are designed to transport the trenchers from job to job. The cost of the trailers are generally much less (20% or less) than the cost of the trenchers."

In defining "motor vehicles" in Article 7.01(a) trailers and semi-trailers designed and used primarily to transport property on a public highway including commercial vehicles and heavy commercial vehicles are defined as subject to Chapter 7. You have urged a view that the equipment trailers are akin to boat trailers that are expressly excluded from Chapter 7. I believe the equipment trailer is a commercial vehicle although that term is not defined in Chapter 7. The legislature clearly intended to regulate the financing of trailers and semi-trailers. Their exclusion of boat trailers from Chapter 7 was coordinated with expressed inclusion of boat trailers under Chapter 6 (perhaps to facilitate financing of a consumer purchase of a boat, motor and boat trailer in a single transaction). If I found the equipment trailer to be equivalent to a boat trailer it would not be subject to Chapter 6 since it is not for personal, family or household use. In that case the financing would evade the intended regulation by the legislature of commercial motor vehicles.

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It is therefore my opinion that the retail installment sales financing of equipment trailers as described above must comply with Chapter 7 of the Texas Credit Code.

Sincerely,



Al Endsley  
Commissioner