

BILL ANALYSIS

C.S.H.B. 1547
By: Pickett
Financial Institutions
Committee Substitute (Reported)

BACKGROUND AND PURPOSE

Under current law, consumer loan contracts, retail installment contracts, and home equity loan contracts regulated by the Office of Consumer Credit Commissioner must be written in plain language designed to be easily understood by the average consumer and printed in an easily readable font and type size, regardless of whether the contract is written in English or Spanish.

The purpose of this substitute is to broaden the scope of the current law by allowing the borrower to be provided a copy of the loan contract written in the language the terms were negotiated under, if a language other than English is used.

C.S.H.B. 1547 makes certain requirements to the form of a loan contract for a consumer loan.

RULEMAKING AUTHORITY

It is the committee's opinion that this substitute does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 1547 amends Section 341.502(a), Finance Code, as follows:

The substitute provides that if the terms of an agreement for a retail installment transaction or home equity loan were negotiated in Spanish, a copy of the summary of those terms and other pertinent information shall be provided to the debtor in Spanish in a form that is compliant with the disclosure requirements under the federal Truth-In-Lending Act, codified in 12 C.F.R. Section 226.18.

EFFECTIVE DATE

September 1, 2005

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 1547 modifies the original by removing language that required a contract and all documents relating to the contract that include terms of repayment be written in the language in which the terms of the loan were negotiated.

The substitute modifies the original by adding language that provides if the terms of a retail installment transaction or home equity loan were negotiated in Spanish, a copy of the summary of those terms and other pertinent information be provided to the customer in Spanish in a form that is compliant with the disclosure requirements of the federal Truth In Lending Act.