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H.B. No. 1547

A BILL TO BE ENTITLED

AN ACT

relating to the form of the loan contract and related documents for  
a consumer loan.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. The heading to Section 341.502, Finance Code, is  
amended to read as follows:

Sec. 341.502. FORM OF LOAN CONTRACT AND RELATED DOCUMENTS.

SECTION 2. Section 341.502, Finance Code, is amended by  
amending Subsection (a) and adding Subsection (a-1) to read as  
follows:

(a) A contract for a loan under Chapter 342, a retail  
installment transaction under Chapter 348, or a home equity loan  
regulated by the Office of Consumer Credit Commissioner [~~, whether~~  
~~in English or Spanish,~~] must be:

(1) written in plain language designed to be easily  
understood by the average consumer; and

(2) [~~. The contract must be~~] printed in an easily  
readable font and type size.

(a-1) If the terms of the agreement for a loan under  
Subsection (a) were negotiated in Spanish, a copy of a summary of  
those terms and other pertinent information shall be provided to  
the debtor in Spanish in a form identical to disclosures required  
for a closed-end transaction under 12 C.F.R. Section 226.18.

SECTION 3. This Act takes effect September 1, 2005.