

By: Pickett, Chavez, Guillen, Quintanilla

H.B. No. 1547

Substitute the following for H.B. No. 1547:

By: Solomons

C.S.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.