

By: Pickett

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(a), Finance Code, is amended 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, and all documents related to the contract that include terms of repayment ~~[whether in English or Spanish]~~, must be:

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

(2) written in the language in which the terms of the loan were negotiated; and

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

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