

1-1 By: Pickett, et al. (Senate Sponsor - Van de Putte) H.B. No. 1547
1-2 (In the Senate - Received from the House May 11, 2005;
1-3 May 13, 2005, read first time and referred to Committee on Business
1-4 and Commerce; May 21, 2005, reported favorably by the following
1-5 vote: Yeas 6, Nays 0; May 21, 2005, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to the form of the loan contract and related documents for
1-9 a consumer loan.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. The heading to Section 341.502, Finance Code, is
1-12 amended to read as follows:

1-13 Sec. 341.502. FORM OF LOAN CONTRACT AND RELATED DOCUMENTS.

1-14 SECTION 2. Section 341.502, Finance Code, is amended by
1-15 amending Subsection (a) and adding Subsection (a-1) to read as
1-16 follows:

1-17 (a) A contract for a loan under Chapter 342, a retail
1-18 installment transaction under Chapter 348, or a home equity loan
1-19 regulated by the Office of Consumer Credit Commissioner [~~whether~~
1-20 ~~in English or Spanish,~~] must be:

1-21 (1) written in plain language designed to be easily
1-22 understood by the average consumer; and

1-23 (2) [~~The contract must be~~] printed in an easily
1-24 readable font and type size.

1-25 (a-1) If the terms of the agreement for a loan under
1-26 Subsection (a) were negotiated in Spanish, a copy of a summary of
1-27 those terms and other pertinent information shall be provided to
1-28 the debtor in Spanish in a form identical to disclosures required
1-29 for a closed-end transaction under 12 C.F.R. Section 226.18.

1-30 SECTION 3. This Act takes effect September 1, 2005.

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