

## **BILL ANALYSIS**

Senate Research Center  
79R13530 DWS-F

H.B. 1547  
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Business & Commerce  
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Engrossed

### **AUTHOR'S/SPONSOR'S STATEMENT OF INTENT**

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 bill 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.

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

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends the heading to Section 342.502, Finance Code, to read as follows:

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

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

(a) Deletes existing text relating to the contract addressed in this subsection being written in English or Spanish. Makes conforming changes.

(a-1) Requires, 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 to 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. Effective date: September 1, 2005.