

Plain Language Contracts ... and Spanish Language Disclosures

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In addition to the restrictions on fees and charges, Texas law requires that any secondary mortgage loan with interest above 10 percent be written in plain language designed to be easily understood by the average consumer, and printed in an easily readable font and type size.

The Texas Finance Commission has adopted rules governing the form of contracts which may be used. The rules include model plain-language contract forms for secondary mortgage loans.

For adopted contract forms and related rules, see the [Texas Consumer Credit Commission's website](#). Lenders are not required to use a model contract; however, they may not use a contract other than the adopted model forms unless such contract has been submitted to the Finance Commission. The lender may then use its own contract form unless and until the Finance Commission issues an order disapproving the contract.

In addition, if the terms of the loan were negotiated in Spanish, a summary of those terms and other pertinent information shall be provided to the borrower in Spanish in a form identical to the disclosures required for a closed-end transaction under Reg Z.

As evidence that the lender has provided the disclosure, the following statement should be added to the original promissory note or loan contract and should be signed or initialed by the borrower(s): "RECIBI LA FORMA INFORME DE PRESTAMO."