Texas

References are to Revised Civil Statutes of 1925; *Vernon's Annotated Revised Civil Statutes, as amended*

INSTALMENT LOANS, ART. 4.01–4.03, *as added by Laws* 1967, *H. B. No.* 452, *approved May* 23, 1967, *effective "at midnight on September* 30, 1967"

Lenders.—Any bank, savings and loan association or credit union doing business under the laws of Texas or of the United States and any person licensed under the Regulated Loans (small loans) chapter. (Art. 4.01(1))

Maximum Loan.—No special provision.

Interest Charges.—Add-on interest of $8 per $100 per annum for the full term of the loan contract. (Art. 4.01(1))

Maximum Time.—No special provisions.

Payments and Refunds.—*Instalments:* May be substantially equal regular instalments of month to month or irregular or unequal instalments. (Art. 4.01(1)(3)) *Prepayment:* allowed in full at any time, but if before the first instalment due date, the lender may retain for each elapsed day from making of loan, 1/13 of portion of interest which could be retained if first instalment due date was one month and prepayment in full had occurred thereon; refund credit amount must equal as great a proportion of the total interest as the sum of the periodic balances scheduled to follow the instalment date after prepayment in full bears to the sum of all periodic time balances; no refund for partial prepayments and no refund of less than $1. (Art. 4.01(6)) If prepayment is less than in full, must be in an amount equal to one or more full instalments. (Art. 4.03(3))

Special Charges.—*Delinquency:* if contracted for, not over 5¢ for each $1 unpaid for 10 days or more following date payment is due, including Sundays and holidays, only one charge per instalment. (Art. 4.01(5)) *Collection:* collection charges are considered to be included in the authorized charges. (Art. 4.01(7)) *Insurance Premiums:* credit life, and health and accident may be required on any loan, and on loans of $300 or more additional property insurance may be required on property offered as security for the loan. (Art. 4.02(1)(2) *Investigation:* investigating fees considered part of authorized charges. (Art. 4.01(7)) *Other:* the prohibition against any fees other than authorized interest does not apply to amounts paid as court costs, attorney fees assessed by a court, filing fees and costs for repossessing, storing, preparing for sale or selling any security, and fees for noting a lien on a certificate of title, or insurance premiums. (Art. 4.01(7))

Disclosure.—Loan made under the law requires that the lender deliver to the borrower a copy of the note and all other documents signed by the borrower and a statement in writing in English showing: names and addresses of parties; date and amount of advance, maturity date and schedule of payments; nature of security, if any; filing fees; charges for default and deferment; types of insurance, if any; premiums; amount in dollars and cents of interest charges or the percentage the interest charges bears to the total amount of the loan expressed as the nominal rate on the average outstanding unpaid balance of the principal amount of the loan; total of all charges included in the loan, in dollars and cents. (Art. 4.03(1)) When insurance is required with the loan, the lender must furnish a statement which clearly and conspicuously states that insurance is required and that the borrower has the option of furnishing it. (Art. 4.02(3)) Special provisions govern disclosure in a check loan type of transaction, see summaries at ¶ 73.

Penalty for Excessive Interest.—Forfeit to obligor twice the amount of interest and default and deferment charges contracted for and reasonable attorneys' fees fixed by the court. (Art. 8.01). Charge of double the authorized interest rate is subject to forfeiture of all principal as well as all interest and is also a misdemeanor. (Art. 8.02)

Miscellaneous Provisions.—*Insurance:* purchase from an agent or broker designated by the lender is prohibited and a lender must not at any time decline existing coverages providing substantially equal benefits that comply with the law. (Art. 4.02(8)) If insurance is procured by the lender, he must within 30 days after execution of the loan contract deliver or mail the insurance policy or con-