

**CHAPTER 214**

**H.B. No. 899**

An Act relating to notice of changes under certain credit agreements.

*Be it enacted by the Legislature of the State of Texas:*

**SECTION 1.** Section (h)(2), Article 1.04, Title 79, Revised Statutes (Article 5069-1.04, Vernon's Texas Civil Statutes), is amended to read as follows:

(2) If an open-end account agreement provides, or is amended pursuant to Article 1A.01 of this Title or Section (i) of this Article to provide, for a variable rate or amount, according to any index, formula, or provision of law disclosed to the obligor, the applicable rate ceiling is the annualized ceiling, quarterly ceiling, or indicated rate ceiling as disclosed to the obligor, except for variable rate commercial contracts subject to Section (c) of this Article. The annualized ceiling shall be adjusted every 12 months, the quarterly ceiling shall be adjusted every three months, and the indicated rate ceiling shall be adjusted weekly.

Except to the extent inconsistent with any federal law, regulation, or interpretation from time to time in effect, on any open-end account entered under authority of this Article 1.04 which is primarily for personal, family, or household use, the creditor shall disclose any changes in the rate resulting from operation of the index, formula, or provision of law by giving notice of the change in the rate on or with the billing statement for a billing cycle preceding the first cycle as to which the change in the rate is effective or by a separate document mailed on or before the beginning of the first cycle as to which the change in the rate is effective, *except that this notice may be given on or with any billing statement if the open-end account is not covered by Article 1.11 or 15.02(d) of this Title.* Variations in the rate on the account due to operation of the previously disclosed index, formula, or provision of law need not be further disclosed under this Section (h) or under Section (i) of this Article.

**SECTION 2.** The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed by the House on April 4, 1985, by a non-record vote; passed by the Senate on May 9, 1985, by the following vote: Yeas 31, Nays 0.

Filed: May 25, 1985, without signature.

Effective: August 26, 1985