

CHAPTER 812

H.B. No. 1881

AN ACT

relating to notice of the law that applies to a contract and the state in which a conflict under the contract must be settled.

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

SECTION 1. Subchapter D, Chapter 35, Business & Commerce Code, is amended by adding Section 35.53 to read as follows:

*Sec. 35.53. NOTICE OF LAW APPLICABLE TO CONTRACT. (a) This section applies to a contract only if any element of the execution of the contract occurred in this state and a party to the contract is:*

*(1) an individual resident of this state; or*

*(2) an association or corporation created under the laws of this state or having its principal place of business in this state.*

*(b) If a contract to which this section applies contains a provision making the contract or any conflict arising under the contract subject to the laws of another state, to litigation in the courts of another state, or to arbitration in another state, the provision must be set out in boldfaced print. If the provision is not set out in boldfaced print, the provision is voidable by a party against whom it is sought to be enforced.*

SECTION 2. This Act applies only to a contract executed on or after the effective date of this Act. A contract executed before the effective date of this Act is governed by the law in effect when the contract was executed, and that law is continued in effect for that purpose.

SECTION 3. This Act takes effect September 1, 1987.

SECTION 4. 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.

Passed by the House on May 8, 1987, by a non-record vote. Passed by the Senate on May 25, 1987, by the following vote: Yeas 30, Nays 0.

Approved June 19, 1987.

Effective Sept. 1, 1987.