

BUSINESS AND COMMERCE CODE

TITLE 12. RIGHTS AND DUTIES OF CONSUMERS AND MERCHANTS

CHAPTER 603. REGULATION OF CONSUMER CONTRACTS CREATED BY
ACCEPTANCE OF CHECK OR OTHER DRAFT

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 603.001. DEFINITIONS. Unless the context requires a different definition, the definitions provided by Chapter 3 apply to this chapter.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 2.01, eff. April 1, 2009.

Sec. 603.002. APPLICABILITY OF CHAPTER. (a) Except as provided by Subsection (b), this chapter applies only to a person who solicits business in this state by mailing an individual a check or other draft payable to that individual.

(b) This chapter does not apply to a financial institution as defined by Section 201.101, Finance Code, or an authorized lender as defined by Section 341.001 of that code, that sends a check or other draft to an existing or prospective account holder authorizing that person to access an extension of credit.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 2.01, eff. April 1, 2009.

SUBCHAPTER B. REQUIRED DISCLOSURES AND NOTICES

Sec. 603.051. REQUIRED DISCLOSURE ON CHECK OR OTHER DRAFT.

(a) A person who makes an offer that the recipient may accept by endorsing and negotiating a check or other draft shall disclose on the check or other draft that by signing and negotiating the instrument, the depositor agrees to pay for future goods or services as a result of the contract.

(b) The disclosure required by Subsection (a) must be clear, conspicuous, and located on the check or other draft next to the place for endorsement.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 2.01,

eff. April 1, 2009.

Sec. 603.052. REQUIRED NOTICE OF RIGHT TO TERMINATE ACCEPTANCE OF OFFER. (a) If an offer described by Section 603.051 includes a free membership period, trial period, or other incentive with a time limit, and if the offer results in a contract unless the recipient terminates the acceptance of the offer not later than the end of the time period, the offeror shall send notice to the recipient, at least two weeks before debiting any account, of the recipient's obligation to terminate the recipient's acceptance of the offer.

(b) The notice required by Subsection (a) must be clear and conspicuous. If the offeror bills the recipient by mailing an invoice, the notice may be included with the invoice.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 2.01, eff. April 1, 2009.

Sec. 603.053. EFFECT OF NONCOMPLIANCE. (a) An offer described by Section 603.051 is void if the offeror:

(1) does not make the disclosure required by that section;

(2) does not send notice as required by Section 603.052, if applicable; or

(3) provides an incentive with a time limit, including a free membership period or trial period, that is less than two weeks in length.

(b) A delivery of goods or services to the recipient does not operate to form a contract between the offeror and the recipient if:

(1) the offer does not contain the disclosure required by Section 603.051;

(2) the offer is not followed by a notice required by Section 603.052, if applicable; or

(3) the offeror fails to honor the recipient's cancellation or termination of the acceptance of the offer made under the terms of the offer or as required by Section 603.052.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. 2278), Sec. 2.01,

eff. April 1, 2009.

SUBCHAPTER C. ENFORCEMENT

Sec. 603.101. DECEPTIVE TRADE PRACTICE. A violation of this chapter is a deceptive trade practice in addition to the practices described by Subchapter [E](#), Chapter [17](#), and is actionable under that subchapter.

Added by Acts 2007, 80th Leg., R.S., Ch. 885 (H.B. [2278](#)), Sec. 2.01, eff. April 1, 2009.