



STATE OF TEXAS

# OFFICE OF CONSUMER CREDIT COMMISSIONER

SAM KELLEY, Commissioner

POST OFFICE BOX 2107    1011 SAN JACINTO BOULEVARD  
AUSTIN, TEXAS 78768    512/475-2111

September 9, 1981 No. 81-20

Mr. J. Scott Sheehan  
Butler, Binion, Rice, Cook & Knapp  
Esperson Buildings  
Houston, Texas 77002

Dear Mr. Sheehan:

This is to acknowledge receipt of your letter dated August 14, 1981 concerning implementation of the provisions of Art. 1.04, Article 5069, V.T.C.S. as to existing retail charge agreements subject to the provisions of Chapter 6, Article 5069.

The circumstances and question you pose are as follows: (paraphrased)

A chain of retail stores conducts a credit card program for its retail charge customers. All of the accounts are evidenced by signed written agreements and are subject to the provisions of Chapter 6, Article 5069, V.T.C.S. The creditor wants to continue to operate under Chapter 6 but wants to implement new rates as are now authorized by Art. 1.04, as recently amended. Is it necessary for the creditor to have all existing charge account customers execute new signed written agreements?

It is our position that if the creditor follows the procedure for amendment of existing open-end accounts as is outlined in Articles 1A.01 and 1.04(i), Article 5069, there is no requirement that there be new contracts executed.

The creditor must allow the customers to pay off existing balances as is required by Art. 1A.01 and must allow the customers to accept or reject the new terms as is required by Art. 1.04(i). There is no requirement, however, that the creditor obtain from existing customers new signed written agreements. Of course, new customers joining the program after implementation would have to execute signed written agreements evidencing the terms of the contract.

Sincerely yours,

A handwritten signature in cursive script that reads "Sam Kelley".

Sam Kelley  
Commissioner