

## **NOTICE TO BORROWERS**

**TEXAS LAW (Section 26.02), Business and Commerce Code) requires that all financial institutions conspicuously post notices summarizing requirements that loan agreements must be in writing. You should know that:**

- **An agreement, promise, or commitment to loan more than \$50,000 MUST BE IN WRITING AND SIGNED BY THE LENDER OR IT WILL BE UNENFORCEABLE.**
- **The written loan agreement will be the ONLY source of rights and obligations for agreements to lend more than \$50,000.**
- **Oral agreements relating to loans over \$50,000 are NOT EFFECTIVE either to establish a commitment to lend or to vary the terms of a written loan agreement.**

**As part of the documentation required for loans over \$50,000, BORROWERS MUST BE PROVIDED AND MUST SIGN A NOTICE conspicuously stating that:**

**“THIS WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.”**

**THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

**The notice set forth above, which must be signed by both the borrower and the financial institution, can be in a separate document or incorporated in one or more of the documents constituting the loan agreement. The notice must be in a type that is boldfaced, capitalized, underlined or otherwise set out from surrounding written material so as to be conspicuous.**