

12-1023.1.

(A) ANY STATEMENT OR CHARACTERIZATION THAT INDICATES THE BORROWER INTENDS TO OBTAIN A LOAN SOLELY TO ACQUIRE AN INTEREST IN OR TO CARRY ON A BUSINESS OR COMMERCIAL ENTERPRISE MAY BE RELIED UPON BY A CREDIT GRANTOR IN MAKING THE LOAN, UNLESS THE CREDIT GRANTOR KNOWS OR SHOULD KNOW THAT THE STATEMENT OR CHARACTERIZATION IS FALSE OR MISLEADING.

(B) AS A CONDITION TO MAKING A LOAN, A CREDIT GRANTOR MAY NOT REQUIRE A BORROWER TO MAKE ANY FALSE OR MISLEADING STATEMENT OR CHARACTERIZATION THAT THE LOAN IS A COMMERCIAL LOAN OR FOR A COMMERCIAL PURPOSE IF THE CREDIT GRANTOR KNOWS OR SHOULD KNOW IT IS NOT A COMMERCIAL LOAN OR FOR A COMMERCIAL PURPOSE.

(C) THE BORROWER HAS THE BURDEN OF PROVING THAT A CREDIT GRANTOR KNEW OR SHOULD HAVE KNOWN THAT A STATEMENT OR CHARACTERIZATION DESCRIBED IN SUBSECTION (A) OR (B) OF THIS SECTION WAS FALSE OR MISLEADING WHEN MADE AND THAT THE LOAN WAS NOT A COMMERCIAL LOAN OR FOR A COMMERCIAL PURPOSE.

(D) UNLESS A CREDIT GRANTOR KNEW OR SHOULD HAVE KNOWN THAT A STATEMENT OR CHARACTERIZATION DESCRIBED IN SUBSECTION (A) OR (B) OF THIS SECTION WAS FALSE OR MISLEADING WHEN MADE, A CREDIT GRANTOR SHALL HAVE NO LIABILITY UNDER THIS SUBTITLE IF A LOAN IS ACTUALLY USED BY THE BORROWER OTHER THAN AS A COMMERCIAL LOAN OR FOR A COMMERCIAL PURPOSE.

12-1024.

(A) THIS SECTION APPLIES ONLY TO A LOAN MADE BY A CREDIT GRANTOR TO A CONSUMER BORROWER.

(B) WITHIN A REASONABLE TIME AFTER A LOAN TO A CONSUMER BORROWER HAS BEEN REPAYED IN FULL AND ALL OTHER OBLIGATIONS UNDER THE AGREEMENT, NOTE, OR OTHER EVIDENCE OF THE LOAN HAVE BEEN FULFILLED, A CREDIT GRANTOR SHALL:

(1) (I) INDELIBLY MARK WITH THE WORD "PAID" OR "CANCELED" AND RETURN TO THE CONSUMER BORROWER EACH AGREEMENT, NOTE, OR OTHER EVIDENCE OF THE LOAN; OR

(II) FURNISH THE CONSUMER BORROWER WITH A WRITTEN STATEMENT THAT IDENTIFIES THE LOAN TRANSACTION AND STATES THAT THE LOAN HAS BEEN PAID IN FULL; AND

(2) RELEASE ANY RECORDED MORTGAGE, DEED OF TRUST, SECURITY AGREEMENT, OR OTHER LIEN SECURING THE LOAN.

(C) THE RELEASE SHALL BE:

(1) IN WRITING; AND