



Speaking Multiple Languages Is Great for Business, but Do You Know When You Are Required to Provide Translated Documents?

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The United States is a big melting pot of cultures, ethnicities, and languages. This diversity is great for business, but if you are advertising that your business speaks “Spanish” or that your business can assist customers in multiple languages, do so with care.

In certain instances, federal and state laws and regulations require that providers in consumer-facing transactions conduct them in a manner that the consumer can understand. Some state and federal regulators require providers to offer consumer services, including legal disclosures, in a language other than English, especially if the provider has communicated with the consumer about the service in that language.

Although states do not uniformly specifically address whether and how a provider should comply with disclosure requirements for consumer products and services when the provider is working with a consumer with low (or no) English proficiency, some states, like California, Arizona, Illinois, Oregon, and Texas generally require that translations of the sales contract and other disclosures be provided in the consumer’s native language, if not English, prior to any execution of an agreement, when:

- the sale was negotiated entirely in the consumer’s native language; or
- the consumer relied on the salesperson to orally communicate in the consumer’s native language what he or she was signing.

Similarly, there are also federal laws and regulations that require translations of English-language disclosures for specific consumer transactions.

For example, the Federal Trade Commission’s Used Motor Vehicle Trade Regulation Rule requires that if a sale is conducted in Spanish, then the dealer must post the Spanish-language Buyers Guide on the vehicle before the vehicle is displayed or offered for sale. In addition, the rule requires that the contract disclosures about the information the consumer sees on the window form for the vehicle and how the window form overrides any contrary provisions in the contract of sale for the vehicle must be in Spanish. The FTC’s Dealers Guide to the Used Car Rule provides a link to the Buyers Guide in Spanish.

The Truth in Lending Act and Regulation Z requires creditors disclose certain finance costs,

interest rates, and fees in clear language so consumers can understand all the terms of the extension of credit and make informed decisions before they're obligated. Although not required, Reg. Z (12 C.F.R. § 1026.27) specifically *allows* a creditor to provide required consumer disclosures in languages other than English, provided the required disclosures are also available in English on request.

Keeping these requirements in mind, businesses should be aware of the potential missteps in marketing and sales practices that precede execution of a consumer agreement. Failure to comply with state and federal requirements can, in some cases, result in a consumer having the right to rescind the contract at any time or it can expose the business to potential regulatory investigations.

Further, even if not explicitly required by state or federal law, businesses could come under scrutiny for potential “Unfair and Deceptive Acts and Practices” (or “UDAP”) violations under federal and state law, or “Unfair, Deceptive, and Abusive Acts and Practices” (or “UDAAP”) violations of federal law under the Consumer Financial Protection Bureau’s authority (the “abusive” practices concept is unique to the CFPB’s enforcement authority). A UDAAP violation occurs when a practice is:

- *unfair* (something that is likely to cause or actually causes substantial injury to consumers);
- *deceptive* (representation or omission that is likely to mislead or actually misleads a consumer);
- or
- *abusive* (representation or omission that materially interferes with the ability of a consumer to understand a term or condition of a consumer product or service or takes unreasonable advantage of a lack of understanding on the part of the consumer of the material risks, costs, or conditions of the product or service, among other things).

For the reader’s convenience, we refer to UDAPs and UDAAPs collectively as “UDAAP.” A UDAAP violation can occur at any stage of the consumer transaction (advertising, contracts, consumer disclosures, or credit servicing and collection activities). A business must consider whether negotiating a sale or transaction in a language other than English requires the business to provide the consumer with any contracts and other transaction disclosures in the consumer’s non-English native language. For example, the Washington state attorney general brought an action alleging that an auto dealership misrepresented contract terms to Spanish-speaking consumers when its salespeople conducted sale negotiations in Spanish, but the finance department employees who finalized the sale and financing agreements did not also speak Spanish. The suit alleged that the dealership failed to provide Spanish-speaking customers with full and complete translations of documents and failed to provide any oral translation of key terms of the credit agreement.

Given these regulatory considerations that impact whether language translations are required when communicating with, advertising to, and/or contracting with consumers whose primary language is not English, businesses can help limit risk, investigations, and lawsuits by:

- proactively monitoring their operations for consumer complaints or potential issues, including reviewing communication and transaction processes to ensure that non-English speaking consumers are not misled by the advertising, sale, or fulfillment of any consumer product or service;
- conducting programs for consumer-facing employees to increase awareness and provide training

- on the appropriate handling of issues involving non-English speaking consumers;
- clearly disclosing the terms of any consumer product or service in English and, where applicable, the consumer's native language; and
 - making clear to consumers (in a language they clearly understand) the limitations, if any, on the business's ability to provide services (including documents) in languages other than English; and obtaining translation services where appropriate.

Doing business in languages other than English can be beneficial for providers and customers alike. Specifically, providers can expand their market reach and grow their business by offering products and services in languages other than English. And consumers for whom English is not their native language and who are more comfortable speaking and reading their native languages will gravitate naturally to providers who can offer services in their language. Businesses just have to be careful and transparent about what services and/or documents they can provide in languages other than English and, as in any other context, that their written transaction documents accurately reflect the negotiations that happened in another language.

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