

# 2014 Regulated Lender Annual Report

Annual Report Due Date: May 1, 2015 (§83.835, Texas Administrative Code)

### **AVOID PAYING FINES AND LOSING YOUR LICENSE**

You may face administrative enforcement actions (fines and license suspension or revocation) if you fail to:

- file a complete, correct report by the May 1, 2015 deadline, AND
- maintain the appropriate level of net assets

**Net asset requirements are applied to each license, whether active or inactive.**

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## ***Report Submission***

Annual Report must be submitted by May 1, 2015. You may submit your annual report by postal service or as an email.

### By Postal or Delivery Service

Attn: Sabrina Pena, Licensing Department  
Office of Consumer Credit Commissioner  
2601 N. Lamar Blvd  
Austin TX 78705

### By Email

[annualreport@occc.texas.gov](mailto:annualreport@occc.texas.gov)

1. *Submit the Excel-based workbook used to record your annual data.*
2. *Fax the signed copy of the Licensee's Statement of Verification to 512.936.7610.*

*Or, attach a scanned, signed copy of the Licensee's Statement of Verification to the email address above.*

*Have Questions?* Contact Sabrina Pena at 512.936.7612 or [spena@occc.texas.gov](mailto:spena@occc.texas.gov).

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## ***Instructions for Downloading Necessary Forms for Reporting***

The 2014 Regulated Lender Annual Report is comprised of three documents as shown below. All documents are located on the Office of Consumer Credit Commissioner website.

- 2014 Annual Report Instructions
- 2014 Annual Report: Licensee's Statement of Verification
- 2014 Regulated Lender Reporting Document (Excel workbook)

### 2014 Annual Report Instructions

This document contains all information necessary to complete the annual reporting requirement for the report year. The licensee should read this document in its entirety prior to completing the reporting document.

### 2014 Annual Report Licensee's Statement of Verification

This is a PDF document to be signed by the licensee and which verifies that information contained within the annual report is true, complete and accurate.

The document must be submitted to the OCCC along with the annual report. The signed verification can be submitted:

- By including it in the printed copy of the annual report when the report documents are submitted by postal or delivery service.
- By including a signed, scanned copy when submitting the report documents via email to the address noted above.
- By faxing a signed copy to 512.936.7610.

### 2014 Regulated Lender Reporting Document (Excel workbook)

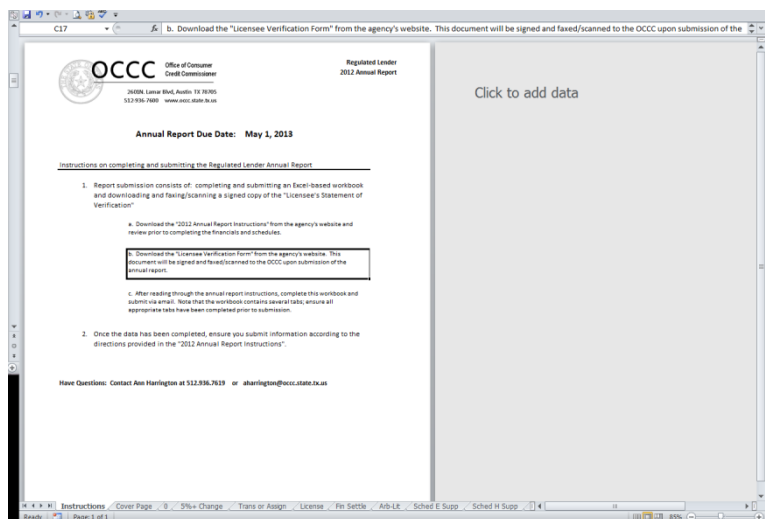
The annual report is to be completed using the provided Excel workbook, which will allow for more efficient data recording and compilation by the agency. The workbook provides working documents for:

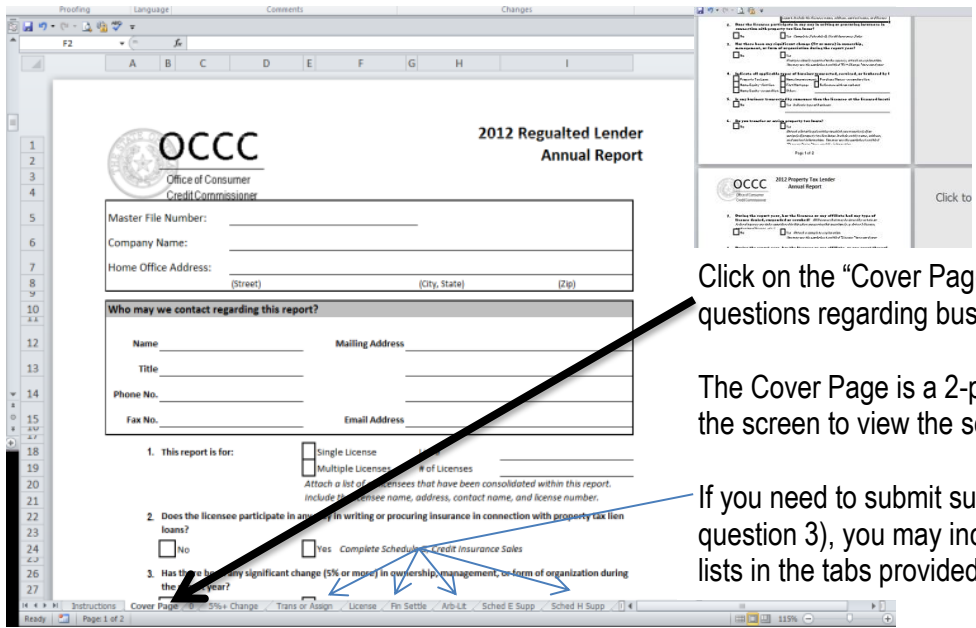
- Annual Report Cover Page
- Schedules A – I and Supplemental Annual Report Information
- Forms (worksheets) for any needed supplemental documentation or explanations.

The working forms are provided in an Excel-based workbook. The workbook is comprised of several worksheets (tabbed pages) that contain worksheets on which to report annual data, figures, and supplemental material. Specific guidelines for each worksheet are presented in the following paragraphs and illustrations.

Once the document has been completed, you may submit the document according to the submission guidelines provided above.

*Note: The images used in this document depict the 2012 Annual Report. The instructions provided below apply to the 2014 Annual Report as well.*



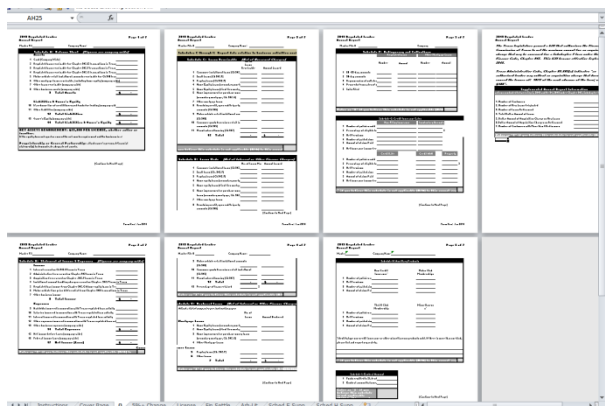


Click on the "Cover Page" tab to respond to general questions regarding business operations.

The Cover Page is a 2-page document. Scroll down on the screen to view the second page.

If you need to submit supporting explanations (e.g. for question 3), you may include supporting explanations or lists in the tabs provided.

Master File #		Company Name	
<b>Schedule A: Balance Sheet (Figures are company-wide)</b>			
<b>Assets</b>			
1	Cash (Company-Wide)		
2	Regulated loans receivable for Chapter 342 E transactions in Texas		
3	Regulated loans receivable for Chapter 342 F transactions in Texas		
4	Regulated loans receivable for Chapter 342 G transactions in Texas		
5	Motor vehicle retail installment accounts receivable for Ch 348 transactions in Texas		
6	Other mortgage loans receivable, including home equity (company-wide)		
7	Other loans receivable (company-wide)		
8	Other business assets (company-wide)		
	<b>9 Total Assets</b>		
<b>Liabilities &amp; Owner's Equity</b>			
10	Warehouse line of credit/borrowed funds for lending (company-wide)		
11	Other liabilities (company-wide)		
	<b>12 Total Liabilities</b>		
13	Owner's Equity (company-wide)		
	<b>14 Total Liabilities &amp; Owner's Equity</b>		
<b>NET ASSETS REQUIREMENT: \$25,000 PER LICENSE, whether active or inactive.</b> If the equity does not equal or exceed the net assets requirement and the business is a <b>Proprietorship or General Partnership:</b> attach owner's personal financial statement(s) to demonstrate adequate net assets. <b>Corporation:</b> if a more current financial statement shows adequate net assets, attach that report and explain any variances between that statement and Schedule A.			
(Continue to Next Page)			



- Click on the "Main" tab to access and complete Schedules A through I and the Supplemental annual Report Information.
- Enter your master file number at the top of the page.
- Complete the remainder of the schedules by entering data and figures as appropriate. This worksheet is a 7-page document; ensure you complete all sections.
- If supporting statements or documentation is needed for Schedules E and H, you may include that information in the tabs provided.

## ***Essential Guidelines for Reporting***

- ***Failure to include your Master File Number and requested license number (see Cover Page) will result in your submission not being accepted nor recorded as received by the agency.***
- Read all instructions before completing and submitting the annual report.
- All report data must comply with generally accepted accounting principles (GAAP) and be submitted using OCCC-provided forms. A financial statement will not serve as a valid substitute.
- Complete all schedules ensuring all figures and comments are legible. If a specific schedule is not applicable to your report, indicate “Not Applicable” or “N/A” on that specific schedule.
- All report data must reflect “net” figures. Do not report gross figures.
- Report all figures and monetary amounts as whole dollars. Check final figures and calculations for possible rounding errors and accuracy of totals.
- Express all figures as full amounts. Do not report data in terms of hundreds, thousands or similar presentation.
- Report all assets, liabilities, realized and accrued income, and expenses as they appear in your accounting records. If your items are recorded in the annual report differently than as they appear in your accounting records, you must include a statement explaining the discrepancy.
- No fees are due with the annual report filing.

## ***Special Situations & Considerations***

- Companies or Individuals Holding Multiple Licenses
  - Each company or individual holding more than one license should file one consolidated report for all licenses under each company and master file license number.
  - Different entity types cannot be combined within a consolidated report (i.e., partnerships and corporations should not be combined in a consolidated report even if one person controls both entities)
  - Each different legal entity is required to file a separate report.
- Licensees that had no reportable business during the report year must complete the cover page, and
  - Any applicable parts of Schedule A, to demonstrate net asset requirements have been maintained, and
  - Schedule B, if the licensee had other income and expenses.
  - All other schedules should be marked “Not Applicable.”
- Licensees Doing Business Outside the State of Texas
  - Schedules A and B should reflect all of the licensee’s financial activities at the national level.
  - Schedules C through I should reflect only business activity within the state of Texas.

- Publicly-Held Licensees
  - Submit a copy of the Annual Report and any Form 10-K filing for the report year.
  - If the licensee does not prepare the reports, provide the parent company's annual report or 10-K form.
- Mortgage Brokers
  - Complete only the cover page and Schedules A, B, and E, if the broker:
    - 1) arranges, transacts<sup>1</sup>, or negotiates<sup>2</sup> mortgage loans, **AND**
    - 2) does not hold, service, or collect any mortgage loans
  - Complete all schedules if the broker *does not* meet the conditions above.

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<sup>1</sup>*Transacting a Loan:* Any of the significant events associated with the lending process through funding, including the preparation, negotiation and execution of loan documents, and an advancement of money on behalf of a borrower by the lender to a third party. This also includes the act of arranging a loan. (§89.102(8), Texas Administrative Code).

<sup>2</sup>*Negotiating a Loan:* The process of submitting and considering offers between a borrower and a lender with the objective of reaching agreement on the terms of a loan. The act of passing information between the parties can, by itself, be considered "negotiation" if it was part of the process of reaching agreement on the terms of a loan. "Negotiation" involves acts which take place before an agreement to lend or funding of a loan actually occurs. (§89.102(6), Texas Administrative Code).

## ***Instructions for Individual Schedules and Forms***

Use these instructions, as needed, to find answers to your questions and help you to complete the annual report forms correctly.

### **Instructions for Cover Page and Licensee's Verification**

Complete both pages in their entirety. Incomplete or incorrect reports will be returned for correction.

- **Header:** Record the master file number, company name, and home office address information related to this annual report filing.
- **Line 1:** Indicate whether the report represents a filing for a single regulated lender license, or whether the report represents a consolidated report for multiple regulated lender licenses held under a common master file number. Attach supplementary documents as indicated and appropriate.
- **Line 2:** Indicate whether the licensee(s) writes or procures insurance products associated with regulated loans. Submit supplementary documents as indicated and appropriate.
- **Line 3:** Indicate whether a significant change in ownership, management, or organization has occurred during the report year. Submit supplementary documents as indicated and appropriate.
- **Line 4:** Indicate which types of business the licensee(s) was engaged in during the report year.
- **Line 5:** Indicate whether any business is conducted at the licensed location by someone other than the licensee(s). Submit supplementary documents as indicated and appropriate.
- **Line 6:** Indicate whether the licensee(s) has had a license denied, suspended or revoked during the report year. All licenses that may be issued by a state or federal regulatory agency are to be considered when answering this question (e.g. state driver's licenses, professional licenses, etc.). Submit supplementary documents as indicated and appropriate.
- **Line 7:** Report whether the licensee(s) has entered into a financial settlement as the result of claims relating to extensions of credit or collection activity. Submit supplementary documents as indicated and appropriate.
- **Line 8:** Report whether the licensee(s) has been subject to binding arbitration or civil litigation during the report year. Submit supplementary documents as indicated and appropriate.

### **Instructions for Schedule A: Balance Sheet**

- ✓ Report all figures as net, not gross.
- ✓ Lines 2-8: Report only the principal due for simple interest loans due to you on December 31st of the report year.
- ✓ Pre-computed loans: Use the figures that are net of unearned interest and charges.
- ✓ Lines 9 (*Total Assets*) and 14 (*Total Liabilities and Owner's Equity*) should be equal to each other.

#### **Assets**

- **Line 1:** Enter the total on hand and in bank(s) as of December 31st of the report year.

- **Line 2:** This figure is specific to loans made in Texas that are regulated according to Chapter 342, Subchapter E of the Texas Finance Code.<sup>3</sup> *This figure should equal Line 1 of Schedule C.*
- **Line 3:** This figure is specific to loans made in Texas that are regulated according to Chapter 342, Subchapter F<sup>4</sup> of the Texas Finance Code. *This figure should equal the total of Lines 2 and 3 of Schedule C.*
- **Line 4:** This figure is specific to loans made in Texas that are regulated according to Chapter 342, Subchapter G<sup>5</sup> of the Texas Finance Code. Do not include home equity receivables in this line; home equity receivables will be reported on Line 6 of this schedule. *This figure should equal the total of Line 6 of Schedule C.*
- **Line 5:** This figure is specific to loans made in Texas that are regulated according to Chapter 348 of the Texas Finance Code. These transactions consist of motor vehicle retail sales financing contracts. *The figure on this line should equal the Line 9 of Schedule C.*
- **Line 6:** Report the figure for ‘other mortgage loans’ and not reported in Line 4. Include all other mortgage loan activity within the licensee’s overall business; ensure home equity loans receivables are included in this figure.<sup>6</sup>
- **Line 7:** The figure for “Other Loans Receivable” should account for all loan business company-wide not already reported in Lines 1-6, including any revolving credit accounts subject to Chapter 346 of the Texas Finance Code. These accounts provide lines of credit to be used for specific purposes such as those offered by some department stores.
- **Line 8:** Report the total of all other assets devoted to the business. Report depreciable assets net of depreciation.
- **Line 9:** Total Lines 1-8.

### **Liabilities and Owner’s Equity**

- **Lines 10-11:** Record liability amounts for the business as appropriate.
- **Line 12:** Total the amounts on Lines 10-11.
- **Line 13:** Record Owner's Equity. This figure should be the difference of Line 9 (*Total Assets*) and Line 12 (*Total Liabilities*).
- **Line 14:** The amount on this line should equal Line 9 (*Total Assets*). If owner’s equity does not equal or exceed the net assets requirement, submit additional documentation as appropriate and indicated within Schedule A.

### **Instructions for Schedule B: Statement of Income and Expenses**

- ✓ Report all figures as net, not gross.
- ✓ Note that interest income is requested by loan type.

<sup>3</sup> These consumer installment loans are generally secured by personal property. They may be precomputed or interest-bearing.

<sup>4</sup> These short-term loans are generally unsecured, and include payday and small loans.

<sup>5</sup> These long-term loans (secondary mortgages) are secured by real property and often take the form of home improvement loans in which loan principal are devoted to home repairs and renovations. Although first and second home equity loans are generally included in this category, for the purposes of this report you should report those items in Line 6 of this schedule.

<sup>6</sup> Home equity loans allow borrowers to use the market value of a home as collateral for a loan; the principal may generally be used for any purpose, including but not limited to debt consolidation and home improvement.

## Income

- **Line 1:** Report the interest income earned from loans regulated according to Chapter 342, Subchapter E (Texas-only transactions). *See Schedule A instructions for loan descriptions.*
- **Line 2:** Report the administrative fee income earned from loans regulated according to Chapter 342, Subchapter E (Texas-only transactions).
- **Line 3:** Report the acquisition fee income earned from loans regulated according to Chapter 342, Subchapter E (Texas-only transactions).
- **Line 4:** Report installment account handling charges earned on Chapter 342, Subchapter F loans (Texas-only transactions).
- **Line 5:** Report the interest income earned from loans regulated according to Chapter 342, Subchapter G and home equity loans (Texas-only transactions). Include interest, default charges, deferment charges, insurance income, interest paid on deposits, bad debt recoveries, etc. *See Schedule A instructions for loan descriptions.*
- **Line 6:** Report the income earned in the form of motor vehicle time price differential charges (Texas-only transactions). Time price differential is defined as an amount, however denominated or expressed, that the seller adds to the cash sale price for services or property payable at the time of sale; the purchaser pays this amount to the seller for the privilege of paying the offered sales price after the time of sale (through financing). *See Schedule A instructions for loan descriptions.*
- **Line 7:** Include here other types of income not reported on Lines 1-6 and earned company-wide.
- **Line 8:** Total Lines 1-7.

## Expenses

- **Lines 9-12:** Report the expenses specific to your Texas regulated loan operations, and within the categories provided (bad debts, salaries, interest incurred, and other expenses).
- **Line 13:** Provide a company-wide total for expenses related to all business activities other than regulated loans in Texas (including bad debts, salaries, interest incurred, and other expenses).
- **Line 14:** Total Lines 9-13.
- **Lines 15-16:** Report company-wide net income and total federal income tax figures for the report year.
- **Line 17:** Report the Net Income (Loss). This figure should be difference of Line 8 (*Total Income*) and Line 14 (*Total Expenses*).

**Note: Schedules C through Schedule I reflect data relative to business activities conducted within the State of Texas**

### **Schedule C: Loans Receivable Balances**

- ✓ Report dollar figures as net amounts, excluding unearned charges and unearned interest and charges on pre-computed loans.
- ✓ Dollar value totals for multiple loan products authorized by a single subchapter should match the totals you provided on Schedule A for each subchapter.



- **Line 1:** Record all consumer installment loans receivables that are regulated by Chapter 342.E of the Texas Finance Code. *The figure on this line should equal Line 2 of Schedule A.*
- **Lines 2-3:** Record all consumer installment loans receivables that are regulated by Chapter 342.F<sup>7</sup> of the Texas Finance Code. *The total of these lines should equal the figure on Line 3 of Schedule A.*
- **Lines 4-6:** Record the receivables for home equity loan, first-lien home equity loans and any mortgage receivables subject to Chapter 342.G of the Texas Finance Code, including home improvement and purchase money loans that hold second-lien positions.
- **Line 7:** Record any mortgage receivables (including first-lien purchase money or rate and term refinances, other than the mortgage amounts listed in Lines 4-6).
- **Line 8:** Record the dollar value of revolving credit accounts (generally offered by retailers) and that are subject to Chapter 346 of the Texas Finance Code. *This line should equal the figure on Line 7 of Schedule A.*
- **Line 9:** Record the receivables amounts for motor vehicle retail installment accounts subject to Chapter 348 of the Texas Finance Code. *This figure should match that of Line 5 on Schedule A.*
- **Line 10:** Record the dollar value of consumer goods and services retail installment transaction receivables subject to Chapter 345 of the Texas Finance Code.
- **Line 11:** Record the dollar value of manufactured housing receivables subject to Chapter 347 of the Texas Finance Code.
- **Line 12:** Total Lines 1 – 11.

## **Schedule D: Loans Made**

- ✓ Record the total number of loans made or renewed during the report year, as well as the net amounts of principal loaned.
  - ✓ For the purposes of this schedule, principal is considered to be the amount on which interest or other finance charges is computed.
- **Lines 1 -9:** Refer to Schedule C for instructions on loan amounts to be reported.
  - **Line 10:** Report the amount of Consumer goods and services accounts subject to Chapter 345 of the Texas Finance Code.
  - **Line 11:** Report the amount of manufactured housing loans and subject to Chapter 347 of the Texas Finance Code.
  - **Line 12:** Total lines 1 – 11.
  - **Line 13:** Record the percentage of loans that were retained by the company rather than being sold to another company for collection activity. If you retained and collected all loans, the correct percentage should be 100%.

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<sup>7</sup> Small loans are closed-end loans with multiple schedules payments and are generally unsecured. A payday loan (deferred presentment) is a term loan repayable in a single installment. Specifically a cash advance is made in exchange for the borrower's personal check or authorization to debit the borrower's account.

## Schedule E: Brokered Loans

- ✓ Record the total number of loans transacted, arranged, or negotiated during the report year, as well as the net amounts of principal loaned.
- ✓ For the purposes of this schedule, principal is considered to be the amount on which interest or other finance charges is computed.
- ✓ If you brokered loans, you must attach a list of companies under whose names the loans were closed.
  - **Lines 1-6:** Report the number of loans made or renewed during the report year as well as the net amounts of principal loans.<sup>8</sup> *See Schedule C instructions for loan descriptions.*
  - **Line 7:** Total Lines 1-6.

## Schedule F: Delinquency and Collections

- ✓ This schedule requests three types of information related to collection activities.
  - **Lines 1-2:** Report the number of loans and total loan balances for accounts contractually delinquent by more than 60 and 90 days, respectively. Use figures from after year-end charge-off.
  - **Lines 3-4:** Regarding repossessions, report the number of loans and total loan balances due that were repossessed, regardless of whether all or part of the collateral was repossessed. Proceeds from sales should show the number of loans on which repossessed collateral was sold and the gross proceeds from the sales.
  - **Line 5:** Report the total number of suits filed and the balanced due on the loans at the time the suits were filed. If two or more suits are filed on one account, each suit is to be reported. Provide *account balances* rather than the amount sued for.

## Schedule G: Credit Insurance Sales

- ✓ Information on credit life data should combine single and joint life policies
  - **Line 1:** Record the number of policies sold in conjunction with regulated loans.
  - **Line 2:** Record the percentage of eligible loans covered.  
$$\text{Calculation: } \frac{\text{Number of Insurance Sales to Borrowers}}{\text{Total Number of Insurance Eligible Loans}} \times 100$$
  - **Line 3:** Record the amount of **net** premiums for insurance sales.
  - **Lines 4-5:** Record the number of paid claims and the dollar value of claims paid.
  - **Line 6:** Record the Net Insurance Income/Retained Premium, which is the amount of income you derived from the sale of credit insurance.

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<sup>8</sup> Principal is considered the amount on which interest or other finance charges is computed.

## Schedule H: Ancillary Products

- ✓ This schedule requests data related to other products that some licensees sell as part of their regulated loan or mortgage business.
  - **Line 1:** Record the number of products sold.
  - **Line 2:** Record the amount of **net** premiums for products sold.
  - **Lines 3-4:** Record the number of paid claims and the dollar value of claims paid.

## Schedule I: Escheat Account

- **Line 1:** Report the total amount of any refunds sent to the Texas Comptroller's Unclaimed Property Division<sup>9</sup>
- **Line 2:** Record the ending balance of your escheat suspense account.

## Supplemental Annual Report Information

- ✓ Report on transactions occurring during the calendar year. This is only for Texas loans regulated by Chapter 342 Subchapter F.
  - **Line 1:** Number of customers. Use the total number of unique customers originating new loans or refinances. Do not count an individual more than once.
  - **Line 2:** Report the number of new loans originated during the time period. This should not include any renewed/refinanced loans.
  - **Line 3:** Report the number of refinances during the time period. Count each time a loan is refinanced. If a loan is refinanced twice within the period count it as 2.
  - **Line 4:** Report the total dollar amount of all loans and refinances. This should only include the principal amount of the loan.
  - **Line 5:** Report the total dollar amount of acquisition charges assessed on new loans during the time period.
  - **Line 6:** Report the total dollar amount of acquisition charges assessed on refinanced loans during the time period.
  - **Line 7:** Report the number of customers with more than 4 refinances during the time period.

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<sup>9</sup> If a finance company owes any amount to a borrower and has not refunded the money within one year, the funds are transferred to an *escheat suspense account* maintained by the company. At the end of three years, the company must send the refund to the Texas Comptroller of Public Accounts, Unclaimed Property Division. (For more information, see the Unclaimed Property Division at [www.window.state.tx.us](http://www.window.state.tx.us).)