

Title 7. Banking and Securities

Part 5. Office of Consumer Credit Commissioner

Chapter 83. Regulated Lenders and Credit Access Businesses

Subchapter B. Rules for Credit Access Businesses

The Finance Commission of Texas (commission) adopts new §83.3003 (repeal and replace); adopts amendments to §§83.3004, 83.5001, 83.6003, 83.6006, 83.6007, and 83.6008; and adopts the repeal of §83.3003 (repeal and replace), in 7 TAC, Chapter 83, Subchapter B, concerning Rules for Credit Access Businesses.

The commission adopts the amendments to §§83.3004, 83.6003, 83.6006, 83.6007, and 83.6008; and adopts the repeal of §83.3003 (repeal and replace) without changes to the proposed text as published in the January 1, 2016, issue of the *Texas Register* (41 TexReg 16).

The commission adopts new §83.3003 (repeal and replace) and the amendments to §83.5001 with changes to the proposed text as published in the January 1, 2016, issue of the *Texas Register* (41 TexReg 16). These changes are being made in order to address the official comment received, as discussed in the following paragraph.

The commission received one written comment on the proposal from the Consumer Service Alliance of Texas. The comment included recommendations relating to the license transfer issues of permission to operate and transferee's authority to engage in business as provided in §83.3003. Additionally, the comment offered suggestions related to the data reporting requirements contained in §83.5001 and the implementation period of these rule changes. The commission's response to the official comment is included after the purpose discussions following each

respective rule provision receiving comments.

In general, the purpose of the adoption regarding these rules for credit access businesses is to implement changes resulting from the commission's review of Chapter 83, Subchapter B under Texas Government Code, §2001.039.

The adopted rule changes clarify three main areas: (1) consumer disclosures, (2) reporting requirements, and (3) license transfers.

This is the second of two anticipated rule actions for credit access businesses. In the January 1, 2016, issue of the *Texas Register*, the commission adopted the first rule action, including rule changes relating to definitions, license applications, fees, examination authority, and recordkeeping requirements.

The notice of intention to review 7 TAC Chapter 83, Subchapter B was published in the September 11, 2015, issue of the *Texas Register* (40 TexReg 6165). The commission received no comments in response to that notice.

The individual purposes of the adopted rule changes are outlined in the paragraphs to follow.

Section 83.3003 has been repealed and replaced with a new rule, with the intent to clarify the requirements when a licensee transfers ownership. Both the prior and new versions of §83.3003 describe what

constitutes a transfer of ownership requiring the filing of a transfer application. The new rule largely maintains the requirements under the former rule, but it provides two different paths the transferee can take for a transfer of ownership: either an application to transfer the license, or a new license application on transfer of ownership. The amendments outline what the application has to include, the timing requirements, and which parties are responsible at different points in the transfer process. Subsection (a) describes the purpose of the new section. Subsection (b) defines terms used throughout the subsection. In particular, subsection (b)(3) defines the phrase "transfer of ownership," listing different types of changes in acquisition or control of the licensed location. In response to a precomment, this definition includes technical changes to the definition of "transfer of ownership" previously codified at §83.3003(a). These changes include placing the reference to acquisition by gift, devise, or descent in the general language at the beginning of the definition, and removing the current rule's statement that a transfer of ownership includes an acquisition where the OCCC "has reason to believe that proper regulation of the licensee dictates that a transfer must be processed."

Subsection (c) specifies that a license may not be sold, transferred, or assigned without the written approval of the OCCC, as provided by Texas Finance Code, §393.620. Subsection (d) provides a timing requirement, stating that a complete license transfer application or new license application on transfer of ownership must be filed no later than 30 days after the transfer of ownership. Subsection (e) outlines the requirements for the license transfer application or new license application on transfer of ownership. These requirements

include complete documentation of the transfer of ownership, as well as a complete license application for transferees that do not hold an existing credit access business license. Subsection (e)(5) explains that the application may include a request for permission to operate.

Subsection (f) provides that the OCCC may issue a permission to operate to the transferee. A permission to operate is a temporary authorization from the OCCC allowing a transferee to operate while final approval is pending for an application. The subsection's second sentence states: "A request for permission to operate may be denied even if the application contains all of the required information." This sentence is similar to a sentence in the former rule at §83.3003(d). The commenter objected to this sentence, stating: "No guidelines are given for a denial. Reasons for denying a request for permission to operate fall into broad categories, such as current enforcement problems, issues with management or ownership, etc... Those categories should be spelled out in the proposed rule." The commission believes that listing the categories for denying a permission to operate, such as enforcement and management issues, is unnecessary. The permission to operate is a temporary authorization, and denial of the request is not a final denial of the license application. The OCCC allows the permission-to-operate procedure in order to accommodate transferees that wish to begin doing business after a routine transfer of ownership. The alternative would be to prohibit the transferee from engaging in business until after the license application is approved. It is important to maintain the current rule's flexibility to ensure that the OCCC can respond to unanticipated situations that require a closer review of the application

before the transferee begins business. Prudent parties can address potential problems in several ways. They can submit application materials well in advance of the transfer of ownership. By doing this, the parties can ensure that they have resolved outstanding issues without having to rely on the temporary permission to operate. Alternatively, the transferee could wait until approval of the permission to operate to begin operating the business. Either of these practices would seem to address the commenter's concerns. Thus, the commission maintains the language proposed in §83.3003(f) for this adoption, with the addition of this clarifying statement: "The denial of a request for permission to operate does not create a right to a hearing."

Subsection (g) specifies the transferee's authority to engage in business if the transferee has filed a complete application including a request for permission to operate. It also requires the transferee to immediately cease doing business if the OCCC denies the request for permission to operate or denies the application. The commenter requested a "time frame where the agency either makes a decision before the deadline, or tacitly approves the request by not making the decision before the deadline." The commission believes that a time frame for the permission to operate is unnecessary. As discussed above, denial of the request is not a final denial of the license application. Although the agency has occasionally denied requests for permission to operate in certain situations in the past, the agency would generally deny the application if there were a significant issue preventing approval. Regarding the requirement that the transferee immediately cease doing business if the OCCC denies the permission to operate, the same commenter

stated: "It is disruptive for consumers with outstanding loan transactions to have the buyer's employees assume operational responsibility for a store, only to have a subsequent decision by the agency require the seller to 're-staff' the store temporarily." As discussed above, prudent transferees can address this issue by submitting application materials in advance of the transfer of ownership, or by waiting until approval of the permission to operate to begin operating the business. Accordingly, the commission declines to add a time frame for agency decision on the permission to operate as it is unnecessary.

Subsection (h) describes the situations where the transferor is responsible for business activity at the licensed location, situations where the transferee is responsible, and situations where the transferor and transferee share joint and several responsibility.

In §83.3004, concerning Change in Form or Proportionate Ownership, conforming changes are adopted corresponding to new §83.3003. Throughout subsections (b) and (c), references have been added to the second path a transferee may take, i.e., a new license application on transfer of ownership.

Section 83.5001 relates to quarterly and annual reports that credit access businesses are required to file with the OCCC. In the proposal, an amendment to subsection (a) stated: "All information provided on each quarterly or annual report must be accurate." Regarding this requirement, the commenter suggested adding the following phrase at the end of this provision: "and consistent with all requirements in this section notwithstanding other requirements imposed by other authorities." The commenter

explained: "Recent amendments to municipal ordinances indicate cities may implement their own credit access business data reports. The Consumer Financial Protection Bureau has announced it will be publishing comprehensive payday and motor vehicle title rules in the first calendar quarter of 2016 that will likely include data reporting. Local and federal rules may conflict with state reporting instructions. We seek to avoid difficulties with overlapping regulatory structures by clarifying that the Texas statutes and rules are designed for its data collection purposes."

In response to this comment, the amended text in §83.5001(a) states: "Each quarterly or annual report must be completed in accordance with the OCCC's instructions. All information provided on each quarterly or annual report must be accurate and calculated in accordance with the OCCC's instructions." This is intended to clarify that the annual and quarterly reports submitted to the OCCC must comply with the OCCC's instructions. Any additional reports required under a municipal ordinance or federal law are separate from the quarterly and annual reports submitted to the OCCC under Texas Finance Code, §393.627 and §83.5001.

Subsection (e) codifies the administrative penalty structure currently used by the agency, where the penalties increase the more times a credit access business fails to send in a timely, accurate report within a reporting year. Subsection (e)(2) provides a \$100 administrative penalty per licensed location for the first violation, \$500 for the second violation, and \$1,000 for the third and subsequent violations. In addition, subsection (e)(3) provides for license suspension or revocation for the fourth or subsequent

violation. These amendments are based on three sections: Texas Finance Code, §14.208, which authorizes the OCCC to issue injunctions and assess an administrative penalty against a licensee that violates an injunction; Texas Finance Code, §14.251(a-1), which authorizes the agency to assess an administrative penalty against a credit access business that knowingly and wilfully violates Chapter 393; and Texas Finance Code, §393.614(a), which authorizes the agency to suspend or revoke a credit access business license if the licensee knowingly violates Chapter 393.

Section 83.5001(e) includes a change from the proposal to specify the OCCC's authority to assess an administrative penalty for violating an injunction.

In §83.6003, concerning Posting of Fee Schedule and Notices, the adopted amendments update the in-store notice with the OCCC's contact information. Under Texas Finance Code, §393.222(a)(2), a credit access business must post a notice containing the OCCC's contact information in a conspicuous location. The amendment to subsection (a)(2) includes the OCCC's updated website and the updated email address for consumer complaints. The amendment also includes updated language regarding how to file a complaint. The amendment to subsection (b)(2) contains a conforming change describing the notice as the "OCCC notice."

In §83.6006, concerning Format, the amendment to subsection (c) specifies that the consumer cost disclosure must fit on one page, printed on one side. This replaces the former language stating that the disclosure must be printed on two pages. The adopted amendment conforms to the amended

figures in §83.6007, which are shortened from two pages to one.

In §83.6007, concerning Consumer Disclosures, amendments adopted throughout subsections (a) through (d) make a technical correction to replace the word "or" with "and." The amendments require the credit access business to provide the consumer cost disclosure "before a credit application is provided and before a financial evaluation occurs." One precommenter requested clarification that the disclosure must be provided only once. To clarify, the credit access business must provide the disclosure once, at a time that is both before a credit application is provided and before a financial evaluation occurs. This provision is based on Texas Finance Code, §393.222(a), which requires the credit access business to provide the disclosure "[b]efore providing services described by Section 393.221(1)," that is, before the credit access business assists the consumer in obtaining a payday or title loan.

The adoption also includes amendments to the figures accompanying §83.6007, which are the model forms for the consumer cost disclosure. The amendments implement Texas Finance Code, §393.223(a), which authorizes the commission to adopt rules including the disclosure. There are two primary purposes to the adopted amendments to the disclosures. First, the amendments streamline the disclosures to simplify layout and remove redundant information. Second, the amendments include updated information regarding the cost of comparable forms of consumer credit, as well as updated information on patterns of repayment based on 2014 quarterly and annual reports provided by credit access businesses to the OCCC.

In addition, the adopted amendments to the consumer disclosures include information required by state and federal law. Texas Finance Code, §393.223(a), requires the consumer disclosure to include "(1) the interest, fees, and annual percentage rates, as applicable, to be charged on a deferred presentment transaction or on a motor vehicle title loan, as applicable, in comparison to interest, fees, and annual percentage rates to be charged on other alternative forms of consumer debt; (2) the amount of accumulated fees a consumer would incur by renewing or refinancing a deferred presentment transaction or motor vehicle title loan that remains outstanding for a period of two weeks, one month, two months, and three months; and (3) information regarding the typical pattern of repayment of deferred presentment transactions and motor vehicle title loans." The consumer disclosure must also include additional items to comply with the advertising provisions of the Truth in Lending Act, 15 U.S.C. §1664, and Regulation Z, 12 C.F.R. §1026.24. In particular, Regulation Z, 12 C.F.R. §1026.24(d)(2), requires disclosure of the annual percentage rate and terms of repayment. Also, 12 C.F.R. §1026.24(c) provides that if a simple rate of interest other than the annual percentage rate is disclosed, it must be "stated in conjunction with, but not more conspicuously than, the annual percentage rate."

The commenter requested a delayed implementation date for providing the amended credit access business disclosures under §83.6007. The commenter recommended a 30-day delay for licensees that do not use preprinted forms, and a delayed date of September 1, 2016, for licensees that use preprinted forms. In response to this comment, the agency will

allow a delayed implementation date of September 1, 2016, for all licensees to provide the amended versions of the disclosures under §83.6007. From the rule's effective date until September 1, 2016, licensees may provide consumers with either the previous versions of the disclosures or the amended versions. Starting on September 1, 2016, licensees must provide the amended versions. Regardless of which version of the forms they use, licensees must ensure that their disclosures comply with all requirements in Texas Finance Code, §393.223 and the amended rule text of §83.6007 and §83.6008. In particular, licensees must ensure that they: (1) use the disclosure corresponding to the correct product (e.g., multiple payment payday loan), (2) provide the disclosure at a time that is both before a credit application is provided and before a financial evaluation occurs, and (3) ensure that the disclosure is completed with all required information.

The adopted amendments to the consumer disclosures include changes based on oral precomments made at the stakeholders meeting on the proposed rules. Two precommenters suggested that the annual percentage rate should be more prominent than the interest rate paid to the third-party lender, and that the interest rate should be disclosed below the dollar amount of interest. In response to this precomment, the interest rate has been placed near the dollar amount of interest. One precommenter also suggested that for the multiple-payment disclosures, the disclosure should include the total amount of fees and interest the consumer would pay at the end of the term of the loan, in addition to the amounts for two weeks, one month, two months, and three months. In response to this precomment, the multiple-payment disclosures include an additional row with

this information. Credit access businesses may omit this extra row if the loan term is two weeks, one month, two months, or three months, and they may move the extra row if the loan term falls in between one of the other periods.

In §83.6008, concerning Permissible Changes, the adopted amendments include an updated citation to Regulation Z. In addition, new subsection (a)(6) specifies that the disclosure may include a form number, and new subsection (b) specifies that the credit access business may make changes to the consumer disclosure that the OCCC approves in writing.

These rule changes are adopted under Texas Finance Code, §393.622(a), which authorizes the Finance Commission to adopt rules to necessary to enforce and administer Chapter 393, Subchapter G. Ensuring compliance with Chapter 393 is necessary to the enforcement and administration of Chapter 393, Subchapter G. In addition, the amendments to §83.5001 are adopted under Texas Finance Code, §393.622(a)(2), which authorizes the commission to adopt rules relating to reporting. The amendments to §83.6005 are adopted under Texas Finance Code, §393.222(b), which authorizes the commission to adopt rules to implement the requirement to provide a notice containing the OCCC's contact information. The amendments to §83.6006, §83.6007, and §83.6008 are adopted under Texas Finance Code, §393.223(c), which authorizes the commission to adopt rules to implement the requirement to provide the consumer cost disclosure.

The statutory provisions affected by the adoption are contained in Texas Finance Code, Chapter 393.

§83.3003. Transfer of License; New License Application on Transfer of Ownership.
{{This section will replace the current section 83.3003, which will be repealed.}}

(a) Purpose. This section describes the license application requirements when a licensed entity transfers its license or ownership of the entity. If a transfer of ownership occurs, the transferee must submit either a license transfer application or a new license application on transfer of ownership under this section.

(b) Definitions. The following words and terms, when used in this section, will have the following meanings:

(1) License transfer--A sale, assignment, or transfer of a credit access business license.

(2) Permission to operate--A temporary authorization from the OCCC, allowing a transferee to operate under a transferor's license while final approval is pending for a license transfer application or a new license application on transfer of ownership.

(3) Transfer of ownership--Any purchase or acquisition of control of a licensed entity (including acquisition by gift, devise, or descent), or a substantial portion of a licensed entity's assets, where a substantial change in management or control of the business occurs. The term does not include a change in proportionate ownership as defined in §83.3004 of this title (relating to Change in Form or Proportionate Ownership). Transfer of ownership includes the following:

(A) an existing owner of a sole proprietorship relinquishes that owner's

entire interest in a license or an entirely new entity has obtained an ownership interest in a sole proprietorship license;

(B) any purchase or acquisition of control of a licensed general partnership, in which a partner relinquishes that owner's entire interest or a new general partner obtains an ownership interest;

(C) any change in ownership of a licensed limited partnership interest in which:

(i) a limited partner owning 10% or more relinquishes that owner's entire interest;

(ii) a new limited partner obtains an ownership interest of 10% or more;

(iii) a general partner relinquishes that owner's entire interest; or

(iv) a new general partner obtains an ownership interest (transfer of ownership occurs regardless of the percentage of ownership exchanged of the general partner);

(D) any change in ownership of a licensed corporation in which:

(i) a new stockholder obtains 10% or more of the outstanding voting stock in a privately held corporation;

(ii) an existing stockholder owning 10% or more relinquishes that owner's entire interest in a privately held corporation;

(iii) any purchase or acquisition of control of 51% or more of a

company that is the parent or controlling stockholder of a licensed privately held corporation occurs; or

(iv) any stock ownership changes that result in a change of control (i.e., 51% or more) for a licensed publicly held corporation occur;

(E) any change in the membership interest of a licensed limited liability company:

(i) in which a new member obtains an ownership interest of 10% or more;

(ii) in which an existing member owning 10% or more relinquishes that member's entire interest; or

(iii) in which a purchase or acquisition of control of 51% or more of any company that is the parent or controlling member of a licensed limited liability company occurs;

(F) any transfer of a substantial portion of the assets of a licensed entity under which a new entity controls business at a licensed location; and

(G) any other purchase or acquisition of control of a licensed entity, or a substantial portion of a licensed entity's assets, where a substantial change in management or control of the business occurs.

(4) Transferee--The entity that controls business at a licensed location after a transfer of ownership.

(5) Transferor--The licensed entity that controls business at a licensed location before a transfer of ownership.

(c) License transfer approval. No credit access business license may be sold, transferred, or assigned without the written approval of the OCCC, as provided by Texas Finance Code, §393.620. A license transfer is approved when the OCCC issues its final written approval of a license transfer application.

(d) Timing. No later than 30 days after the event of a transfer of ownership, the transferee must file a complete license transfer application or new license application on transfer of ownership in accordance with subsection (e). A transferee may file an application before this date.

(e) Application requirements.

(1) Generally. This subsection describes the application requirements for a license transfer application or a new license application on transfer of ownership. A transferee must submit the application in a format prescribed by the OCCC. The OCCC may accept prescribed alternative formats to facilitate multistate uniformity of applications or in order to accept approved electronic submissions. The transferee must pay appropriate fees in connection with the application.

(2) Documentation of transfer of ownership. The application must include documentation evidencing the transfer of ownership. The documentation should include one or more of the following:

(A) a copy of the asset purchase agreement when only the assets have been purchased;

(B) a copy of the purchase agreement or other evidence relating to the acquisition of the equity interest of a licensee that has been purchased or otherwise acquired;

(C) any document that transferred ownership by gift, devise, or descent, such as a probated will or a court order; or

(D) any other documentation evidencing the transfer event.

(3) Application information for new licensee. If the transferee does not hold a credit access business license at the time of the application, then the application must include the information required for new license applications under §83.3002 of this title (relating to Filing of New Application). The instructions in §83.3002 of this title apply to these filings.

(4) Application information for transferee that holds a license. If the transferee holds a credit access business license at the time of the application, then the application must include amendments to the transferee's original license application describing the information that is unique to the transfer event, including disclosure questions, owners and principal parties, and a new financial statement, as provided in §83.3002 of this title. The instructions in §83.3002 of this title apply to these filings. The responsible person at the new location must file a personal affidavit, personal questionnaire, and employment history, if not previously filed. Other information required by §83.3002 of this title need not be filed if the information on file with the OCCC is current and valid.

(5) Request for permission to operate. The application may include a request for permission to operate. The request must be in writing and signed by the transferor and transferee. The request must include all of the following:

(A) a statement by the transferor granting authority to the transferee to operate under the transferor's license while final approval of the application is pending;

(B) an acknowledgement that the transferor and transferee each accept joint and several responsibility to any consumer and to the OCCC for any acts performed under the license while the permission to operate is in effect; and

(C) if the application is a new license application on transfer of ownership, an acknowledgement that the transferor will immediately surrender or inactivate its license if the OCCC approves the application.

(f) Permission to operate. If the application described by subsection (e) includes a request for permission to operate and all required information, and the transferee has paid all fees required for the application, then the OCCC may issue a permission to operate to the transferee. A request for permission to operate may be denied even if the application contains all of the required information. The denial of a request for permission to operate does not create a right to a hearing. If the OCCC grants a permission to operate, the transferor must cease operating under the authority of the license. Two companies may not simultaneously operate under a single license. A permission to operate terminates if the OCCC denies an application described by subsection (e).

(g) Transferee's authority to engage in business. If a transferee has filed a complete application including a request for permission to operate as described by subsection (e), by the deadline described by subsection (d), then the transferee may engage in business as a credit access business. However, the transferee must immediately cease doing business if the OCCC denies the request for permission to operate or denies the application. If the OCCC denies the application, then the transferee has a right to a hearing on the denial, as provided by §83.3007(d) of this title (relating to Processing of Application).

(h) Responsibility.

(1) Responsibility of transferor. Before the OCCC's final approval of an application described by subsection (e), the transferor is responsible to any consumer and to the OCCC for all credit access business activity performed under the license.

(2) Responsibility of transferee. After a transferee begins performing credit access business activity under a license, the transferee is responsible to any consumer and to the OCCC for all credit access business activity performed under the license. In addition, a transferee is responsible for any transactions that it purchases from the transferor.

(3) Joint and several responsibility. If a transferee begins performing credit access business activity under a license before the OCCC's final approval of an application described by subsection (e) (including activity performed under a permission to operate), then the transferor and transferee are jointly and severally responsible to any consumer and to the OCCC. This

responsibility applies to any acts performed under the license after the transferee begins performing credit access business activity and before the OCCC's final approval of the license transfer.

§83.3004. Change in Form or Proportionate Ownership.

(a) (No change.)

(b) Merger. A merger of a licensee is a change of ownership that results in a new or different surviving entity and requires the filing of a license transfer application or a new license application on transfer of ownership pursuant to §83.3003 of this title (relating to Transfer of License; New License Application on Transfer of Ownership). If the merger of the parent entity of a licensee that leads to the creation of a new entity or results in a different surviving parent entity, the licensee must advise the commissioner of the change in writing within 10 calendar days after the change, by filing a license amendment and paying the required fees as provided in §83.3010 of this title. Mergers or transfers of other entities with a beneficial interest beyond the parent entity level only require notification within 10 calendar days.

(c) Proportionate ownership.

(1) A change in proportionate ownership that results in the exact same owners still owning the business, and does not meet the requirements described in paragraph (2) of this subsection, does not require a transfer. Such a proportionate change in ownership does not require the filing of a license transfer application or a new license application on transfer of ownership, but does require notification when the cumulative ownership change to a

single entity or individual amounts to 10% or greater. No later than 10 calendar days following the actual change, the licensee is required to notify the commissioner in writing of the change in proportionate ownership by filing a license amendment and paying the required fees as provided in §83.3010 of this title. This section does not apply to a publicly held corporation that has filed with the OCCC the most recent 10K or 10Q filing of the licensee or the publicly held parent corporation, although a transfer application may be required under §83.3003 of this title.

(2) A proportionate change in which an owner that previously held under 10% obtains an ownership interest of 10% or more, requires a license transfer application or a new license application on transfer of ownership under §83.3003 of this title.

§83.5001. Data Reporting Requirements.

(a) Generally. Each licensee must file the required reports described by this section for the prior period's credit access business activity in a form prescribed by the commissioner and must comply with all instructions relating to submitting the reports. During each calendar year, licensees are required to submit four quarterly reports as provided by Texas Finance Code, §393.627. Additionally, certain quarterly data will be collected by the OCCC on an annual basis under Texas Finance Code, §393.622(a)(1). For purposes of this section, the term "annual report" refers to the quarterly data submitted on an annual basis. Each quarterly or annual report must be completed in accordance with the OCCC's instructions. All information provided on each quarterly or annual report must be accurate and calculated in accordance with the OCCC's instructions.

(b) - (d) (No change.)

(e) Enforcement actions. The OCCC may take enforcement actions described by this subsection if a licensee violates this section by failing to file a complete and accurate quarterly or annual report by the applicable deadline.

(1) Injunction. As provided by Texas Finance Code, §14.208(a), if the OCCC has reasonable cause to believe that a licensee has violated this section, it may issue an injunction ordering the licensee to file one or more complete, accurate, and timely quarterly or annual reports.

(2) Administrative penalty. As provided by Texas Finance Code, §14.251, the OCCC may assess an administrative penalty against a licensee that knowingly and wilfully violates Texas Finance Code, §393.627 or this section. In addition, as provided by Texas Finance Code, §14.208(c), the OCCC may assess an administrative penalty against a licensee that violates an injunction described by paragraph (1).

(A) First violation. If the licensee violates this section and has not violated this section during any of the four quarters preceding the violation, then the administrative penalty is \$100 for each licensed location.

(B) Second violation. If the licensee violates this section during any of the four quarters following a first violation described by subparagraph (A), then the administrative penalty is \$500 for each licensed location.

(C) Third and subsequent violations. If the licensee violates this

section during any of the four quarters following a second violation described by subparagraph (B), then the administrative penalty is \$1,000 for each licensed location. The \$1,000 administrative penalty applies to subsequent violations that occur during any of the four quarters following a third or subsequent violation described by this subparagraph.

(3) Suspension or revocation for fourth or subsequent violation. If the licensee violates this section during any of the four quarters following a third or subsequent violation described by subsection (e)(2)(C), then the OCCC may suspend or revoke the licensee's license, as provided by Texas Finance Code, §393.614.

§83.6003. *Posting of Fee Schedule and Notices.*

(a) In-person sales. A credit access business must prominently display the following in the licensee's office in a conspicuous location visible to the general public:

(1) a schedule of all fees to be charged for services performed by the credit access business in connection with deferred presentment transactions and motor vehicle title loans, as applicable;

(2) the following OCCC [consumer credit] notice: "This business is licensed and examined under Texas law by the Office of Consumer Credit Commissioner (OCCC), a state agency. If a complaint or question cannot be resolved by contacting the business, consumers can contact the OCCC to file a complaint or ask a general credit-related question. OCCC address: 2601 N. Lamar Blvd., Austin, Texas 78705. Phone: (800) 538-1579. Fax: (512) 936-7610.

Website: occc.texas.gov. Email: consumer.complaints@occc.texas.gov."
~~["This business is licensed and examined by the State of Texas — Office of Consumer Credit Commissioner. Call the Consumer Credit Hotline or write for credit information or assistance with credit problems. Office of Consumer Credit Commissioner, 2601 North Lamar Boulevard, Austin, Texas 78705 4207, (800) 538-1579, consumer.complaints@occc.state.tx.us, www.occc.state.tx.us."]; and~~

(3) the notice required by Texas Finance Code, §393.222(a)(3).

(b) Internet sales. For business conducted through the Internet, a credit access business must prominently display the information provided in subsection (a) of this section in a conspicuous location on the business's website and on any website where the business advertises to the public.

(1) Direct link for fee schedule. The posting required by subsection (a)(1) of this section may be accessible via a direct link with the subject matter listed substantially similar to the following: "Fee Schedule" or "Schedule of All Fees."

(2) Direct link for OCCC [consumer credit] notice. The posting required by subsection (a)(2) of this section may be accessible via a direct link with the subject matter listed substantially similar to the following: "OCCC Notice" or "Consumer Credit Notice." ~~["Consumer Credit Notice," "OCCC Notice," or "Complaints and Inquiries Notice."]~~

§83.6006. *Format.*

(a) - (b) (No change.)

(c) The consumer disclosure for each product offered under Texas Finance Code, Chapter 393 must be provided to consumers as a separate document. Each product disclosure must fit on one standard-size sheet of paper (8 1/2 by 11 inches), printed on one side [~~both sides, or on two standard sheets of paper printed only on the front sides of each page~~].

§83.6007. Consumer Disclosures.

(a) Consumer disclosure for single payment payday loan. The required disclosure under Texas Finance Code, §393.223 to be provided to a consumer before a credit application is provided and [~~or~~] before a financial evaluation occurs in conjunction with a single payment payday loan is presented in the following figure.

Figure: 7 TAC 83.6007(a) *{See attached amendments.}*

(b) Consumer disclosure for multiple payment payday loan. The required disclosure under Texas Finance Code, §393.223 to be provided to a consumer before a credit application is provided and [~~or~~] before a financial evaluation occurs in conjunction with a multiple payment payday loan is presented in the following figure.

Figure: 7 TAC 83.6007(b) *{See attached amendments.}*

(c) Consumer disclosure for single payment auto title loan. The required disclosure under Texas Finance Code, §393.223 to be provided to a consumer before a credit application is provided and [~~or~~] before a financial evaluation occurs in conjunction with a single payment auto title loan is presented in the following figure.

Figure: 7 TAC 83.6007(c) *{See attached amendments.}*

(d) Consumer disclosure for multiple payment auto title loan. The required disclosure under Texas Finance Code, §393.223 to be provided to a consumer before a credit application is provided and [~~or~~] before a financial evaluation occurs in conjunction with a multiple payment auto title loan is presented in the following figure.

Figure: 7 TAC 83.6007(d) *{See attached amendments.}*

(e) - (f) (No change.)

§83.6008. Permissible Changes.

(a) A credit access business must use the required disclosures under Texas Finance Code, §393.223 as prescribed by Figures: 7 TAC §83.6007(a) - (d) of this title (relating to Consumer Disclosures), but may consider making only limited technical changes, as provided by the following exclusive list:

(1) Filling in any dollar amounts, interest rates, or other terms specific to the three to five most common loans for each of the products offered by the credit access business;

(2) Substituting the pronouns used to denote the consumer by substituting words such as "you" and "your" for "I" and "my," along with appropriate grammatical changes;

(3) Adding an optional, dated signature block at the very bottom of the disclosure form, which must include the following statement directly above the signature line of the consumer: "ACKNOWLEDGMENT OF RECEIPT: By signing below, I acknowledge only that I have received a copy of this disclosure prior to

signing any contract for a payday or auto title loan, this ___ day of _____, 20__."

(4) Combining the Texas Finance Code, §393.223 disclosure with the federal disclosure regarding military borrowers under 10 U.S.C. §987 and 32 C.F.R. Part 232;

(5) Combining the Texas Finance Code, §393.223 disclosure with the federal disclosure requirements for advertising under the Truth in Lending Act, 15 U.S.C. §1632(a), and Regulation Z, 12 C.F.R. §1026.24; [its implementing regulations, 12 C.F.R. §226.24.]

(6) a form number indicating the version of the form, the date the form was produced, or both.

(b) A credit access business may make changes other than those specified in subsection (a) only if the OCCC has approved the changes in writing.

(c) [~~(b)~~] The permissible changes allowed by this section must not result in decreasing a font size by more than one point or a chart size by more than 10% from the required disclosure. Permissible changes cannot otherwise interfere with the presentation or layout of the disclosed information.

(d) [~~(e)~~] The comparison information regarding alternative forms of debt required by Texas Finance Code, §393.223(a)(1) and the information regarding the typical pattern of repayment required by Texas Finance Code, §393.223(a)(3) will be periodically updated by the OCCC. Updated consumer disclosures required by §83.6007 of this title will be posted on the OCCC website.

Certification

This agency hereby certifies that the adoption has been reviewed by legal counsel and found to be within the agency's legal authority to adopt.

Issued in Austin, Texas on February 19, 2016.

Laurie B. Hobbs
Assistant General Counsel
Office of Consumer Credit Commissioner

CAB NAME HERE

Payday Loan

\$, One Payment

Cost Disclosure

Cost of this loan:

Borrowed amount (cash advance)	\$ <input type="text"/>
Interest paid to lender (interest rate: <input type="text"/> %)	\$ <input type="text"/>
Fees paid to <input type="text"/>	\$ <input type="text"/>
Total of payments (if I pay on time)	\$ <input type="text"/>

APR (cost of credit as a yearly rate)	<input type="text"/> %
Term of loan	<input type="text"/>

If I pay off the loan in:	I will have to pay interest and fees of approximately:	I will have to pay a total of approximately:
2 Weeks	\$ <input type="text"/>	\$ <input type="text"/>
1 Month	\$ <input type="text"/>	\$ <input type="text"/>
2 Months	\$ <input type="text"/>	\$ <input type="text"/>
3 Months	\$ <input type="text"/>	\$ <input type="text"/>

Cost of other types of loans:



Repayment:

Of 10 people who get a new single-payment payday loan:

	3 ½ will pay the loan on time as scheduled (typically 30 days)
	1 will renew 1 time before paying off the loan
	2 will renew 2 to 4 times before paying off the loan
	3 ½ will renew 5 or more times or will never pay off the loan

This data is from 2014 reports to the OCCC.

Before getting this loan, ask yourself:

- Do I need to borrow this money?
- Can I pay back the loan **in full** when it is due?
- Can I pay my bills and repay this loan?
- Can I afford late charges if I miss a payment?
- Do I have other credit options?

OCCC notice:

- This company is regulated by the Texas Office of Consumer Credit Commissioner (OCCC).
- OCCC Consumer Helpline: (800) 538-1579, consumer.complaints@occc.texas.gov.
- Visit occc.texas.gov for more information.
- This disclosure is provided under Texas Finance Code Section 393.223.

CAB NAME HERE

Payday Loan

\$, Payments

Cost Disclosure

Cost of this loan:

Borrowed amount (cash advance)	\$ <input type="text"/>
Interest paid to lender (interest rate: <input type="text"/> %)	\$ <input type="text"/>
Fees paid to <input type="text"/>	\$ <input type="text"/>
Payment amounts (payments due every <input type="text"/>)	Payments #1-# <input type="text"/> \$ <input type="text"/> (Final) Payment # <input type="text"/> \$ <input type="text"/>
Total of payments (if I pay on time)	\$ <input type="text"/>

APR (cost of credit as a yearly rate)	<input type="text"/> %
Term of loan	<input type="text"/>

If I pay off the loan in:	I will have to pay interest and fees of approximately:	I will have to pay a total of approximately:
2 Weeks	\$ <input type="text"/>	\$ <input type="text"/>
1 Month	\$ <input type="text"/>	\$ <input type="text"/>
2 Months	\$ <input type="text"/>	\$ <input type="text"/>
3 Months	\$ <input type="text"/>	\$ <input type="text"/>
	\$ <input type="text"/>	\$ <input type="text"/>

Cost of other types of loans:

Least Expensive	Credit Cards	Secured Loans	Signature Loans	Pawn Loans	Auto Title Loans	Payday Loans	Most Expensive
	↓	↓	↓	↓	↓	↓	
	16%	30%	89%	180%	229%	410%	Average APR
	\$1.32	\$3.51	\$12.52	\$15.00	\$18.85	\$33.72	Average fees & interest per \$100 borrowed over 1 month

Repayment:

Of 10 people who get a new multi-payment payday loan:

	7 will pay the loan on time as scheduled (typically 5 months)
	1 will renew 1 to 4 times before paying off the loan
	2 will renew 5 or more times or will never pay off the loan.

This data is from 2014 reports to the OCCC.

Before getting this loan, ask yourself:

- Do I need to borrow this money?
- Can I pay back the loan *in full* when it is due?
- Can I pay my bills and repay this loan?
- Can I afford late charges if I miss a payment?
- Do I have other credit options?

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CAB NAME HERE

Auto Title Loan

\$, **One Payment**

Cost Disclosure



You can lose your car.

If you miss a payment or make a late payment, your car can be repossessed.

Cost of this loan:

Borrowed amount (cash advance)	\$ <input type="text"/>
Interest paid to lender (interest rate: <input type="text"/> %)	\$ <input type="text"/>
Fees paid to <input type="text"/> CAB name here (includes a one-time \$ ³³ title fee)	\$ <input type="text"/>
Total of payments (if I pay on time)	\$ <input type="text"/>

APR (cost of credit as a yearly rate)	<input type="text"/> %
Term of loan	<input type="text"/>

If I pay off the loan in:	I will have to pay interest and fees of approximately:	I will have to pay a total of approximately:
2 Weeks	\$ <input type="text"/>	\$ <input type="text"/>
1 Month	\$ <input type="text"/>	\$ <input type="text"/>
2 Months	\$ <input type="text"/>	\$ <input type="text"/>
3 Months	\$ <input type="text"/>	\$ <input type="text"/>

Cost of other types of loans:

Least Expensive	Credit Cards	Secured Loans	Signature Loans	Pawn Loans	Auto Title Loans	Payday Loans	Most Expensive
	↓	↓	↓	↓	↓	↓	
	16%	30%	89%	180%	229%	410%	Average APR
	\$1.32	\$3.51	\$12.52	\$15.00	\$18.85	\$33.72	Average fees & interest per \$100 borrowed over 1 month

Repayment:

Of 10 people who get a new multi-payment auto title loan:

	3 will pay the loan on time as scheduled (typically 30 days)
	1 will renew 1 time before paying off the loan
	1½ will renew 2 to 4 times before paying off the loan
	4 ½ will renew 5 or more times or will never pay off the loan

This data is from 2014 reports to the OCCC.

Before getting this loan, ask yourself:

- Do I need to borrow this money?
- Can I pay back the loan **in full** when it is due?
- Can I pay my bills and repay this loan?
- Can I afford late charges if I miss a payment?
- Do I have other credit options?

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CAB NAME HERE

Auto Title Loan

\$, **Payments**

Cost Disclosure



You can lose your car.

If you miss a payment or make a late payment, your car can be repossessed.

Cost of this loan:

Borrowed amount (cash advance)	\$ <input type="text"/>
Interest paid to lender (interest rate: <input type="text"/> %)	\$ <input type="text"/>
Fees paid to <input type="text"/> (includes a one-time \$ <input type="text"/> title fee)	\$ <input type="text"/>
Payment amounts (payments due every <input type="text"/>)	Payments #1-# <input type="text"/> \$ <input type="text"/> (Final) Payment <input type="text"/> \$ <input type="text"/>
Total of payments (if I pay on time)	\$ <input type="text"/>

APR (cost of credit as a yearly rate)	<input type="text"/> %
Term of Loan	<input type="text"/>

If I pay off the loan in:	I will have to pay interest and fees of approximately:	I will have to pay a total of approximately:
2 Weeks	\$ <input type="text"/>	\$ <input type="text"/>
1 Month	\$ <input type="text"/>	\$ <input type="text"/>
2 Months	\$ <input type="text"/>	\$ <input type="text"/>
3 Months	\$ <input type="text"/>	\$ <input type="text"/>
	\$ <input type="text"/>	\$ <input type="text"/>

Cost of other types of loans:

Least Expensive	Credit Cards	Secured Loans	Signature Loans	Pawn Loans	Auto Title Loans	Payday Loans	Most Expensive
	↓	↓	↓	↓	↓	↓	
	16%	30%	89%	180%	229%	410%	Average APR
	\$1.32	\$3.51	\$12.52	\$15.00	\$18.85	\$33.72	Average fees & interest per \$100 borrowed over 1 month

Repayment:

Of 10 people who get a new multi-payment auto title loan:

	5 ½ will pay the loan on time as scheduled (typically 6 months)
	1 will renew 1 time before paying off the loan
	1 will renew 2 to 4 times before paying off the loan
	2 ½ will renew 5 or more times or will never pay off the loan

This data is from 2014 reports to the OCCC.

Before getting this loan, ask yourself:

- Do I need to borrow this money?
- Can I pay back the loan **in full** when it is due?
- Can I pay my bills and repay this loan?
- Can I afford late charges if I miss a payment?
- Do I have other credit options?

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