

Essential Guidelines for Reporting

- 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^[1], or negotiates^[2] 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.

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 Schedule A: Balance Sheet

- ✓ Report all figures as net, not gross.
- ✓ Pre-computed loans: Use the figures that are net of unearned interest and charges.
- ✓ Lines 9 (*Total Assets*) and 16 (*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:** Enter the total loans and retail accounts receivable as of December 31st made under Texas Law.
- **Line 3:** Enter the total of all Non-Texas loans and retail accounts receivable as of December 31st.
- **Line 4:** Enter the estimated losses on loans due to defaults and nonpayment.
- **Line 5:** This amount should be the sum of lines 2, 3, & 4
- **Line 6:** Enter the value of all other assets that can reasonably expected to be converted into cash within one year. Current assets include cash and cash equivalents, accounts receivable, inventory, marketable securities, prepaid expenses and other liquid assets that can be readily converted to cash.
- **Line 7:** This amount should be the sum of 1, 5, & 6
- **Line 8:** Report the total of all other assets devoted to the business. Report depreciable assets net of depreciation.
- **Line 9:** Total Lines 7-8.

Liabilities and Owner's Equity

- **Line 10:** Record borrowed funds for lending as of December 31 (***Any amounts reported must also be reported in either Line 11 or Line 12***)
- **Line 11:** Enter the total company debts or obligations that are due within one year. Current liabilities include short term debt, accounts payable, accrued liabilities and other debts.
- **Line 12:** Enter the total company debt or obligations that are due in longer than one year.
- **Line 13:** This amount should be the sum of lines 11 and 12
- **Line 14:** Record Owner's Equity. This figure should be the difference of Line 9 (*Total Assets*) and Line 13 (*Total Liabilities*).
- **Line 15:** 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.

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 loans 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.
- **Line 15:** Line 8 minus Line 14
- ▣ **Line 16:** Report company-wide federal income tax figures for the report year.
- **Line 17:** Report the Net Income (Loss). This figure should be difference of Line 15 (*Net Income before taxes*) and Line 16 (*Federal income taxes*).

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

Schedule C: Loans Receivable Balances

Only Report Active Loans under this section. Charged-off loans or debt purchased after charge-off are reported on schedule C-3

- ✓ 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. These are consumer installment loans with typical rates of 18% - 35%
- **Line 2:** Record all consumer installment loans receivables that are regulated by Chapter 342.F of the Texas Finance Code. These are small consumer installment loans with typical rates of 80% - 90%

- **Line 3:** Record all consumer installment loans receivables that are regulated by Chapter 342.F of the Texas Finance Code made under Subchapter M. These are one month, one payment loans where a deposit check was taken as security.
- **Lines 4-5:** Record the receivables for home equity loans in the 2nd or 1st lien position. Home Equity loans must be made on the borrower's homestead and subject to section 50(a)(6) of the Texas Constitution.
- **Lines 6:** Record all mortgage receivables subject to Chapter 342.G of the Texas Finance Code, including home improvement and purchase money loans that hold second-lien positions. **342-G loans must be made at rates greater than 10%**
- **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.
- **Line 9:** Record the receivables amounts for motor vehicle retail installment accounts subject to Chapter 348 of the Texas Finance Code.
- **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 C-2: Loans Serviced

Wholly owned loans serviced

- **Line 1-3:** Record the number and amount of accounts owned **and** serviced by your company on December 31. If your company owns and services more than one type of transaction then group the transactions in the appropriate line. These amounts may be the same as Schedule C Loans Receivable.

Sub-servicing for others

- **Line 1-3:** Record the number and amount of accounts serviced by your company on December 31 **that were not owned by your company**. If your company services more than one type of transaction then group the transactions in the appropriate line. These amounts **are not** the same as Schedule C Loans Receivable.

Sub-servicing by others

- **Line 1-3:** Record the number and amount of accounts owned by your company on December 31 **that were not serviced by your company**. If your company owns more than one type of transaction then group the transactions in the appropriate line. These amounts **may be** the same as Schedule C Loans Receivable.

Schedule C-3: Charged Off Loans Servicing

- **Line 1-3:** Record the number and amount of charged-off accounts serviced by your company on December 31. If your company services more than one type of charged-off transaction then group the transactions in the appropriate line. These amounts **are not reported on** Schedule C Loans Receivable.

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%.

Schedule E: Brokered Loans (do not report loans your company arranged through lead generation activities only)

✓ 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.[8] S See Schedule C instructions for loan descriptions.

- **Line 7:** Total Lines 1-6.

Schedule E-2: Arranging Through Lead Generation

- **Lines 1 -2:** Report the number of loans and amount (if known) arranged through your company through lead generation.

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:** Regarding repossessions, report the number of loans and total loan balances due at the time of motor vehicle repossession.

• **Lines 4:** Real Property Foreclosures should show the number of loans where a foreclosure sale took place and total loan balance at the time of foreclosure sale.

• **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.

Calculation: Number of Insurance Sales to Borrowers

Total Number of Insurance Eligible Loans x 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.

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[9]

- **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.

[1]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).

[2]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).

[3] These consumer installment loans are generally secured by personal property. They may be precomputed or interest-bearing.

[4] These short-term loans are generally unsecured, and include payday and small loans.

[5] 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.

[6] 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.

[7] 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.

[8] Principal is considered the amount on which interest or other finance charges is computed.