

OCCC CASE NO. L24-00059

IN THE MATTER OF:	§	BEFORE THE
	§	
MASTER FILE NO.: 1500053191	§	OFFICE OF CONSUMER
LEND STREET FINANCIAL, INC.	§	
610 16TH STREET, SUITE 520	§	CREDIT COMMISSIONER
OAKLAND, CALIFORNIA 94612	§	
	§	STATE OF TEXAS

ORDER DISAPPROVING PLAIN LANGUAGE CONTRACT SUBMISSION

The Office of Consumer Credit Commissioner (“OCCC”) issues this Order Disapproving Plain Language Contract Submission against Lend Street Financial, Inc. (“Lend Street Financial”).¹

Statement of Facts and Law

Chapter 341 of the Texas Finance Code requires loan contracts entered under Chapter 342 of the Texas Finance Code to be written in plain language designed to be easily understood by the average consumer.² A creditor must use either a model contract adopted by rule of the Finance Commission of Texas or a contract that the creditor has submitted to the OCCC for plain language review.³ If the Consumer Credit Commissioner (“Commissioner”) determines that a contract does not comply with Chapter 341 or its implementing rules, then the Commissioner shall issue an order disapproving the contract.⁴ Under Chapter 341’s implementing rules, a contract must be consistent with federal and state law.⁵

In August 2019, Lend Street Financial submitted a loan contract to the OCCC for plain language review. The loan contract and the submission form reflect that the form number for the contract is LS-PLAIN-20190812. The submission form reflects

¹ Tex. Fin. Code §§ 14.208, 341.502.

² Tex. Fin. Code § 341.502(a).

³ Tex. Fin. Code § 341.502(b)-(c).

⁴ Tex. Fin. Code § 341.502(c).

⁵ 7 Tex. Admin. Code § 90.104(a)(3).

that the loan contract is intended to be used under Chapter 342, Subchapter F of the Texas Finance Code.

For the reasons discussed below, the contract submitted by Lend Street Financial is inconsistent with federal and state law, and therefore does not comply with Chapter 341's implementing rules.

A. Truth in Lending Disclosures

The federal Truth in Lending Act applies to creditors that extend consumer credit that is payable in more than four installments or for which a finance charge is required.⁶ Under the Truth in Lending Act and its implementing rule, Regulation Z, a creditor must disclose required information about a consumer credit transaction, including the amount financed, finance charge, annual percentage rate, and total of payments, using those terms.⁷

The loan contract submitted by Lend Street Financial does not include the disclosures required by the Truth in Lending Act and Regulation Z, including the amount financed, finance charge, annual percentage rate, and total of payments.

Because Lend Street Financial's loan contract does not include the disclosures required by the Truth in Lending Act and Regulation Z, the loan contract is not consistent with federal law. Therefore, the loan contract does not comply with Chapter 341's implementing rule that requires a contract to be consistent with federal law.⁸

B. Unauthorized Charges

For a loan made under Chapter 342, Subchapter F of the Texas Finance Code, a regulated lender may not contract for, charge, or receive an amount unless the amount is authorized by Subchapter F.⁹

The loan contract submitted by Lend Street Financial includes an origination fee and requires the consumer to pay any reasonable collection costs in the event of

⁶ Truth in Lending Act, 15 U.S.C. § 1602(g).

⁷ Truth in Lending Act, 15 U.S.C. § 1632; Regulation Z, 12 C.F.R. § 1026.18(b)-(h).

⁸ 7 Tex. Admin. Code § 90.104(a)(3).

⁹ Tex. Fin. Code § 342.254.

default. Origination fees and collection costs are not authorized by Chapter 342, Subchapter F of the Texas Finance Code.¹⁰

Because Lend Street Financial's loan contract includes unauthorized charges, the loan contract is not consistent with state law. Therefore, the loan contract does not comply with Chapter 341's implementing rule that requires a contract to be consistent with state law.¹¹

Authority

If the Commissioner determines that a plain language contract does not comply with Section 341.502 of the Texas Finance Code or its implementing rules, then the Commissioner shall issue an order disapproving the contract.¹² If the Commissioner issues an order disapproving a contract, a person may not use the contract after the order takes effect.¹³

The Commissioner has determined that the contract submitted by Lend Street Financial (form number LS-PLAIN-20190812) does not comply with Section 341.502 of the Texas Finance Code and its implementing rules. For this reason, the Commissioner issues this Order.

Order

IT IS ORDERED that:

1. The plain language contract submitted by Lend Street Financial Inc., form number LS-PLAIN-20190812, is DISAPPROVED.
2. Lend Street Financial Inc. must cease and desist using form number LS-PLAIN-20190812.

Violation of Order

If you violate this Order, the OCCC may impose an administrative penalty of up to \$1,000 for each day.¹⁴

¹⁰ Tex. Fin. Code §§ 342.251–342.260.

¹¹ 7 Tex. Admin. Code § 90.104(a)(3).

¹² Tex. Fin. Code § 341.502(c).

¹³ Tex. Fin. Code § 341.502(d).

¹⁴ Tex. Fin. Code § 14.208(c).

Right to Request Hearing

You have the right to request a hearing regarding this Order.¹⁵ To request a hearing, you must send a written hearing request to the OCCC no later than 30 days after the date of this Order.¹⁶ You must send your request to Audrey Spalding, Assistant General Counsel, by mail to 2601 N. Lamar Blvd., Austin, TX 78705, or by email to audrey.spalding@occc.texas.gov.

If you request a hearing, a hearing will be set and conducted in accordance with Chapter 2001 of the Texas Government Code.¹⁷ If you fail to request a hearing by this deadline, the Order will be considered final and enforceable.¹⁸

All communications with the OCCC concerning this matter must be through Audrey Spalding, Assistant General Counsel, who may be contacted by mail at 2601 N. Lamar Blvd., Austin, TX 78705, by telephone at 512-936-7659, or by email to audrey.spalding@occc.texas.gov.

Signed this 17th day of July, 2024.

/s/ Leslie Pettijohn
Leslie L. Pettijohn
Consumer Credit Commissioner
State of Texas

¹⁵ Tex. Fin. Code § 14.208(b).

¹⁶ Tex. Fin. Code § 14.208(b).

¹⁷ Tex. Fin. Code § 14.208(b).

¹⁸ Tex. Fin. Code § 14.208(c).

CERTIFICATE OF SERVICE

I certify that on July 17, 2024, a true and correct copy of this Order Disapproving Plain Language Contract Submission has been sent to Lend Street Financial Inc. by the following:

Lend Street Financial, Inc. Attn: Shayne Smith, Compliance Officer 610 16th St., Suite 520 Oakland, CA 94612 licensing@lendstreet.com	<input checked="" type="checkbox"/> email <input type="checkbox"/> eFileTexas.gov electronic service <input checked="" type="checkbox"/> regular mail <input checked="" type="checkbox"/> certified mail, return receipt requested #9214 8901 9403 8300 0069 7093 87
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Lend Street Financial, Inc. Attn: Incorpor, Registered Agent 815 Brazos St., Ste. 500 Austin, TX 78701 anthony.carl@InCorp.com	<input checked="" type="checkbox"/> email <input type="checkbox"/> eFileTexas.gov electronic service <input checked="" type="checkbox"/> regular mail <input checked="" type="checkbox"/> certified mail, return receipt requested #9214 8901 9403 8300 0069 7094 17
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/s/ Audrey Spalding
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