

OCCC CASE NO. L25-093

IN THE MATTER OF:	§	BEFORE THE
	§	
MASTER FILE NO.: 2400078799	§	OFFICE OF CONSUMER
JACOBS AFFORDABLE AUTOS LLC	§	
208 WESTVIEW TERRACE	§	CREDIT COMMISSIONER
SAN SABA, TEXAS 76877	§	
	§	STATE OF TEXAS

AGREED ORDER

The Office of Consumer Credit Commissioner (“OCCC”) issues this Agreed Order against Jacobs Affordable Autos LLC (“Jacobs Affordable Autos”), based on the violations of law described below.¹

Statement of Facts and Law

A. Unlicensed motor vehicle sales finance activity

Under Chapter 348 of the Texas Finance Code, a person must hold a motor vehicle sales finance license issued by the OCCC in order to act as a holder of a motor vehicle retail installment contract.² A holder includes a dealer that sells motor vehicles and agrees to accept the cash price in one or more deferred installments.³

Jacobs Affordable Autos is a motor vehicle dealer that does not currently hold a license with the OCCC. In April 2025, Jacobs Affordable Autos submitted a new motor vehicle sales finance license application under master file number 2400078799 and application ID number 121637. Jacobs Affordable Autos’ compliance officer is Tony Jacobs, and its designated contact address is 208 Westview Terrace, San Saba, Texas 76877.

In February and March 2025, Jacobs Affordable Autos entered three motor vehicle retail installment transactions. In these transactions, Jacobs Affordable Autos agreed to accept the cash price of motor vehicles in one or more deferred installments. Jacobs Affordable Autos did not hold a motor vehicle sales finance

¹ Tex. Fin. Code §§ 14.208, 14.251.

² Tex. Fin. Code § 348.501.

³ Tex. Fin. Code § 348.001(3), (7), (8).

license at the time of these transactions. By acting as a holder of motor vehicle retail installment transactions without a motor vehicle sales finance license, Jacobs Affordable Autos violated Section 348.501 of the Texas Finance Code.

B. Failing to use compliant contracts and make required disclosures

Chapter 341 of the Finance Code requires motor vehicle retail installment contracts to be written in plain language.⁴ A motor vehicle dealer must use either a model contract adopted by rule of the Texas Finance Commission or a contract that the dealer has submitted to the OCCC for plain language review.⁵

Under Chapter 348 of the Texas Finance Code, a motor vehicle retail installment contract must be in writing and must contain required disclosures, including the place of business or address of the retail seller, each itemized charge, and a conspicuous disclosure warning the buyer not to sign the contract if the buyer has not read it or if it contains blank spaces.⁶

Chapter 348 requires a motor vehicle sales finance dealer to comply with the federal Truth in Lending Act and its implementing rule, Regulation Z.⁷ The 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.⁸ The Truth in Lending Act and Regulation Z require a creditor to disclose the amount financed, finance charge, and annual percentage rate related to each retail installment transaction.⁹

In the retail installment transactions that Jacobs Affordable Autos entered in February and March 2025, Jacobs Affordable Autos failed to use compliant plain language contracts that included required disclosures. The contracts had not been submitted to the OCCC for plain language review and did not include disclosures required by Chapter 348, the Truth in Lending Act, and Regulation Z. By entering retail installment transactions without using compliant contracts containing

⁴ Tex. Fin. Code § 341.502(a).

⁵ Tex. Fin. Code § 341.502(b)-(c); 7 Tex. Admin. Code §§ 84.801–84.808.

⁶ Tex. Fin. Code §§ 348.101, 348.102.

⁷ Tex. Fin. Code § 348.009(a); 7 Tex. Admin. Code § 84.803.

⁸ Truth in Lending Act, 15 U.S.C. § 1602(g).

⁹ Truth in Lending Act, 15 U.S.C. § 1632; Regulation Z, 12 C.F.R. §§ 226.18(b)-(e), 1026.18(b)-(e). The version of Regulation Z located at 12 C.F.R. Part 226 applies to motor vehicle dealers that service vehicles and routinely assign contracts, while the recodified version of Regulation Z located at 12 C.F.R. Part 1026 applies to dealers that do not service vehicles or do not routinely assign contracts. 12 U.S.C. § 5519; 76 Fed. Reg. 79,768 n. 2 (Dec. 22, 2011).

required disclosures, Jacobs Affordable Autos violated Chapters 341 and 348 of the Finance Code, the Truth in Lending Act, and Regulation Z.

C. Enforcing debt without a security interest

Under Chapter 348 of the Finance Code, a motor vehicle dealer must comply with state statutes, including the Texas Business & Commerce Code, in its retail installment transactions.¹⁰ Chapter 9 of the Business & Commerce Code governs the rights of a creditor with an enforceable security interest. If the creditor's security interest is enforceable, then the creditor's remedies under Chapter 9 include taking possession of the collateral after default and accepting the collateral in full satisfaction of the debt.¹¹ If there is no enforceable security interest, then Chapter 9's remedies are not available to the creditor.¹²

For a security interest to be enforceable, three requirements must be met: (1) value has been given; (2) the debtor has rights in the collateral or the power to transfer rights in the collateral to a secured party; and (3) the debtor has authenticated a security agreement that provides a description of the collateral.¹³ A security agreement is an agreement that creates or provides for a security interest.¹⁴

In the retail installment transactions that Jacobs Affordable Autos entered in February and March 2025, there was no written security agreement. Despite this, Jacobs Affordable Autos enforced a debt in the manner of a creditor with an enforceable security interest by attempting to repossess a vehicle. Jacobs Affordable Autos violated Chapter 9 of the Business & Commerce Code by enforcing a debt without a security interest.

¹⁰ Tex. Fin. Code § 348.008(b).

¹¹ Tex. Bus. & Com. Code §§ 9.607, 9.609(a), 9.620.

¹² Tex. Bus. & Com. Code § 9.203(b); *see also Orix Credit Alliance, Inc. v. Omnibank, N.A.*, 858 S.W.2d 586, 593 (Tex. App.—Hous. [14th Dist.] 1993, writ dismissed) (finding that no security interest was created where the security agreement did not adequately describe the collateral), *Winkle Chevy-Olds-Pontiac v. Condon*, 830 S.W.2d 740, 746 (Tex. App.—Corpus Christi 1992, writ dismissed) (finding a motor vehicle leasing company liable for conversion where it repossessed a vehicle without authorization).

¹³ Tex. Bus. & Com. Code § 9.203(b).

¹⁴ Tex. Bus. & Com. Code § 9.102(a)(74).

Order & Agreement

By signing below, Jacobs Affordable Autos acknowledges these violations, waives all rights to any hearing or appeal, agrees to pay the administrative penalty and make the restitution identified below, and otherwise agrees to comply with this Order and Texas Law.

IT IS ORDERED that:

1. **No later than August 20, 2025**, Jacobs Affordable Autos must pay an administrative penalty to the OCCC in the amount of \$500.00 (calculated as \$500 for entering five or fewer transactions without a license).
2. Jacobs Affordable Autos must comply with, and cease and desist from violating, the motor vehicle sales finance licensing requirement in Section 348.501 of the Texas Finance Code.
3. Jacobs Affordable Autos must cease and desist entering motor vehicle retail installment transactions where it does not use plain language contracts in compliance with the Section 341.502 of the Texas Finance Code.
4. Jacobs Affordable Autos must cease and desist entering motor vehicle retail installment transactions where the contract does not contain the disclosures required under Sections 348.101 and 348.102 of the Texas Finance Code.
5. Jacobs Affordable Autos must cease and desist entering motor vehicle retail installment transactions where it does not make the disclosures required by the Truth in Lending Act and Regulation Z.
6. Jacobs Affordable Autos must cease and desist enforcing debts without complying with Chapter 9 of the Texas Business & Commerce Code.
7. **No later than August 20, 2025**, Jacobs Affordable Autos must identify all motor vehicle retail installment transactions that it entered without a motor vehicle sales finance license.
8. **No later than August 20, 2025**, for each retail installment transaction that Jacobs Affordable Autos identified above, Jacobs Affordable Autos must refund all finance charge, release any liens filed on these vehicles, and cease

any repossessions. Jacobs Affordable Autos may not charge a fee to any buyer for releasing these liens.

9. **No later than August 20, 2025**, for each retail installment transaction that Jacobs Affordable Autos identified above where the buyer still owes a balance, Jacobs Affordable Autos must send a letter to the buyer at the last known address. The letter must state:
 - a. that the lien on the vehicle is being released,
 - b. that the transaction is an unsecured transaction, but there is still a remaining balance,
 - c. the dollar amount of the remaining balance, and
 - d. that Jacobs Affordable Autos will continue accepting payments until the balance is paid off.
10. **No later than August 20, 2025**, Jacobs Affordable Autos must provide the OCCC with a spreadsheet of all transactions it identified, all buyers that it gave a refund, and any liens that it released. This list must include the buyer's name, account number, transaction date, amount financed, amount of finance charges, and refund amount.
11. Jacobs Affordable Autos must keep a copy of each customer's refund check or payment history showing an account credit until the later of its first examination or the required retention period.¹⁵ During the first examination or an investigation of Jacobs Affordable Autos, the OCCC will confirm that all refunds listed in the spreadsheet have been made and that any liens have been released.

Violation of Order

If Jacobs Affordable Autos violates this Order, this may result in one or more of the following actions by the OCCC: (1) an administrative penalty of up to \$1,000 for each day of violation of this Order, (2) an order to refund any finance charges contracted for, charged, or received at unlicensed locations, or (3) denial, suspension, or revocation of Jacobs Affordable Autos' motor vehicle sales finance license.¹⁶ If Jacobs Affordable Autos conducted unlicensed activity other than the activity identified above, then the OCCC may impose additional administrative

¹⁵ See 7 Tex. Admin. Code § 84.704(b), (g).

¹⁶ Tex. Fin. Code §§ 14.208, 14.251(b), 348.504, 348.508.

penalties based on the number of transactions and may order Jacobs Affordable Autos to refund additional finance charges for unlicensed transactions.¹⁷

Signed this 25th day of July, 2025.

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

AGREED:

/s/ Tony Jacobs
Tony Jacobs
Owner
Jacobs Affordable Autos LLC
(signed electronically with permission)

¹⁷ Tex. Fin. Code §§ 14.201, 14.251.

CERTIFICATE OF SERVICE

I certify that on July 25, 2025, a true and correct copy of this Agreed Order has been sent to Jacobs Affordable Autos LLC by the following:

Jacobs Affordable Autos LLC
Attn: Tony Jacobs, Compliance Officer
208 Westview Terrace
San Saba, TX 76877
arvilla73@aol.com

- ☒ email
- ☐ eFileTexas.gov electronic service
- ☐ regular mail
- ☐ certified mail, return receipt requested

/s/ Matthew Nance
Matthew J. Nance
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