

PAWNSHOP ADVISORY BULLETIN

Purchase Hold Period for Houston Pawnshops

July 8, 2014

The OCCC has learned that certain Houston pawnshops have been holding purchased items for less than 20 days. These pawnshops are not complying with the OCCC's hold period rule.

The OCCC's hold period rule for purchase transactions, located at Title 7, Section 85.420(b) of the Texas Administrative Code, states:

- “(1) Each item of personal property purchased from the general public must be held at the licensed pawnshop location from the purchase date before being modified, changed, sold, or disposed of in any manner for a period of:
- (A) at least 20 days; or
 - (B) a period of less than 20 days if a local jurisdiction has enacted an ordinance that specifies the hold period.
- (2) A reduced hold period of seven days or less may be agreed upon by the pawnbroker and the law enforcement agency if the pawn and purchase ticket information is exchanged electronically. The agreement for a reduced hold period must not conflict with any local ordinance and must be submitted to the commissioner in writing by and through the chief local law enforcement officer for the jurisdiction.”

Although Houston's secondhand reseller ordinance allows certain dealers to dispose of purchased items in less than 20 days, Section 7-2 of the Houston Code of Ordinances states: “This chapter does not apply to pawnbrokers licensed by the State of Texas.” In addition, Section 7-4 states: “Any retention periods required by this chapter are not meant to replace any required retention periods provided by state law; in the event there is a conflict between retention periods provided for in this chapter and retention periods required by state law, the longer retention requirements shall apply.” This means that Houston's secondhand reseller ordinance does not affect the 20-day hold period for pawnshop purchase transactions described in the OCCC's rule.

The Houston Police Department has not submitted to the OCCC an agreement for a reduced hold period for any pawnshop located in Houston. Each pawnshop in the City of Houston must hold purchased personal property for a period of at least 20 days from the date of purchase, until an agreement has been appropriately submitted and approved by the commissioner for that pawnshop.

Houston pawnshops must ensure that they establish procedures and conduct training to ensure compliance with the OCCC's hold period rule.