

FAQs received during *What is a Credit Access Business?* Webinar – June 26, 2014

ANNUAL REPORTING	1
LICENSING QUESTIONS	1
EXAMINATION & COMPLIANCE	3
BUSINESS OPERATIONS & DISCLOSURES	4
COMMUNICATION AND PUBLICATIONS	5

ANNUAL REPORTING

Q: What do I do when submitting quarterly reports and the state website says “no license # exists”?

Licenses are issued with a hyphenated number: XXXX – XXXX. The numbers following the hyphen are considered your license number and should be the one that is entered into the reporting system.

Example: 1234 – 78901

*Highlighted number is the license number
to be entered into the reporting system*

If you continue to experience problems, you may contact the agency by calling 512-936-7652 or 7653, or send an email to CABreporting@occc.state.tx.us.

Q: Must Subchapter F lenders submit quarterly reports?

No. Subchapter F lenders submit annual reports in the manner prescribed by the OCCC. Annual reports for Subchapter F lenders are due by May 1st of each calendar year.

Credit access businesses (CABs) are required to file quarterly and annual reports utilizing the online reporting portal. Quarterly reports are due on April 30th, July 31st, October 31st, and January 31st of each calendar year. Annual reports are due on January 31st of each calendar year.

You may refer to our [FAQ page](#) for more information regarding annual and quarterly reports.

LICENSING QUESTIONS

Q: Do CABs [Credit Access Businesses] who get paid their fees when the loan is paid off need a surety bond? Do single-payment CSO-CAB transactions not need a bond, however multi-payment transactions do require a bond?

Credit service organizations (CSOs) that collect fees before providing all services to the consumer – whether the loan is paid off or not – are required to have a surety bond to meet the registration requirements for the Texas Secretary of State.

CSOs that do not collect fees until after all services are provided are not required to maintain a surety bond.

CABs are CSOs and must meet the surety bond requirements for the Texas Secretary of State. CABs do not need to obtain an additional surety bond for licensure with the OCCC at this time.

Q: Must a credit access business have a physical presence in the state of Texas to be licensed?

No. A CAB does not need to have a physical presence or storefront location in Texas to obtain a license. However, the entity does need to meet any specific licensing requirements that may require a physical address within the state (e.g., statutory agent).

FAQs received during *What is a Credit Access Business?* Webinar – June 26, 2014

Q: If you have a brick-and-mortar and want to go online, do you have to get a new license?

Yes. A license is required for each location, whether a physical location or online presence. You should review all applicable statutes and regulations and become familiar with the differing requirements for conducting transactions online versus onsite transactions.

Q: Is there training available for the use of ALECS?

ALECS has been launched through a phased-in approach with specific functions, capabilities and enhancements being integrated into the system over the last several months. The agency is currently developing user resources, guides, and quick reference materials to assist you in using ALECS to manage your various licenses. As materials are developed, they will be published to the agency's website.

If you would like assistance with ALECS you may contact our Licensing and Registration Department directly by calling 512-936-7600 or sending an email to licensing@occc.state.tx.us.

Q: What is a master license?

When an entity applies for an initial (or first) license, it is assigned a master file number. This master file number represents, or is associated with, the entity and license holder. If the licensee operates from multiple locations and adds those locations to the existing license, individual licenses are issued for each location and which reference the master file number.

Example: ABC, Inc. was issued a license and has two additional locations. A master file number (or control number) is issued to ABC Inc., and a license number provided for the specific location. Likewise, the two additional locations each are issued a license with the master file number (1234) showing they are associated with ABC Inc. and then followed by a license number for the specific location.

	Master File Number – License Number	
ABC Inc.	1234 – 78901	
Location 1	1234 - 99999	<i>The numbers following the hyphen represent the license number for that given entity/location.</i>
Location 2	1234 - 88888	

Q: If you submit a paper application for one license and submit another through ALECS, will this affect the application process?

No. You may submit applications online through ALECS or through paper submission. Applications are reviewed in the order in which they are received. Submitting an application through ALECS and making payment online allows your application to be placed in the processing queue as soon as it is submitted.

Q: Who do we contact to check the status of a license application and to inquire about the time process an application submitted through ALECS?

You may contact the Licensing and Registration Department by calling 512-936-7600 or sending an email to licensing@occc.state.tx.us.

Q: How long does it take for licenses to be approved?

Whether submitting an application online through ALECS or submitting a paper copy, once an application package is received, an initial review is conducted to determine (a) whether all applicable fees have been received with the application and (b) the completeness of the application. If an application package is not complete (i.e. missing documents or information), the applicant will be notified by the licensing department. The applicant will be given time to respond to this notification and submit any requested documents or information.

Once all requested documents and information have been received, the application is considered complete and will enter a final review stage. The length of time to process the application from original receipt to final determination is dependent upon how complete the package was when first received and the time taken to respond to the agency's requests for additional information.

FAQs received during *What is a Credit Access Business?* Webinar – June 26, 2014

You may contact the Licensing and Registration Department to learn more the status of your application, pending actions and requests, and actions that may affect or influence processing times for specific applications. You may call us at 512-936-7600 or send an email to licensing@occc.state.tx.us.

Applications are reviewed in the order in which they are received; expedited services are not available. Below is a general guideline on processing time lines and may vary when the agency is experiencing high-volume levels.

Approximately 30 days from initial receipt to initial review

Approximately 2 - 3 weeks from receipt of additional documents/information to final review

Approximately 2 weeks from final review to license issuance/mailing

Q: Is the review time for additional locations the same as an initial review? What is the expected length of time to acquire a second license after the first has been obtained?

If you are adding an additional licensed location to your already existing license, and you are adding this location within 90 days of receiving that license, then the review and processing time may be shorter for those new locations.

If you are adding an additional licensed location to your already existing license, and you are adding this location 90 or more days after receiving that license, you must submit a full and complete application package. Review and processing times will follow the procedures used for processing a new application package.

Note: The above statements are general guidelines and actual processing and review times are dependent upon the completeness of the original submission, time taken to respond to requests for additional information, and volume levels.

You may contact the Licensing and Registration Department to learn more the status of your application, pending actions and requests, and actions that may affect or influence processing times for specific applications. You may call us at 512-936-7600 or send an email to licensing@occc.state.tx.us.

Q: Do we need to display a license with our entity name and d/b/a name in our store locations?

An entity is issued a license by the OCCC for that specific business and for each d/b/a through which that business is conducting regulated transactions. The entity or d/b/a license must be displayed at the location where business transactions are being conducted. If more than one entity or d/b/a is conducting business at the same location, the license for each entity and each d/b/a must be displayed.

EXAMINATION & COMPLIANCE

Q: How can I check the audit status for many stores at one time? What is the factor that drives or determines the need for an examination?

Each regulated industry is examined on a periodic basis, with CABs currently being examined on a 3-year cycle. Other considerations that determine when an entity will be examined include a variety of risk-based factors such as noted issues or concerns during the licensing process; results of previous examinations that require follow-up or additional examinations; and number or type of complaints received.

The OCCC does not provide pre-scheduled or advance notice of examination dates.

Q: Are there any special considerations we need to remember about postings, etc. when operating as a d/b/a in a location?

Each location must adhere to the requirements provided within Texas Finance Code and Texas Administrative Code. If the location has more than one d/b/a or OCCC-licensed entity operating at the same location, licenses for each entity and each d/b/a must be displayed at that location.

FAQs received during *What is a Credit Access Business?* Webinar – June 26, 2014

Q: Does the OCCC coordinate with city ordinance standards or just state laws?

The OCCC does not have the statutory authority to enforce city or municipal ordinances. When conducting an examination, the agency will review for compliance with state and federal laws and regulations that fall within its regulatory authority.

Q: Why are CAB licenses tracked so much closer than regulated lenders?

Licensing and reporting requirements were enacted during the 82nd Legislative Session. The OCCC enforces the statutes and legislative requirements associated with CABs as defined in Chapter 393 of the Texas Finance Code.

Q: If transactions are done only online, how will the examination be done and at what location?

Examinations may be conducted at individual licensed locations or at a central headquarters, dependent upon the entity's business and operating structures and recordkeeping methods (e.g., centralized v. individual locations). The agency will coordinate necessary examination schedules and requirements directly with the licensee at the time of the examination.

Q: How quickly will we receive any feedback after a correction has been made from a finding that the examiner found?

The examiner will review the findings and outcome of the examination and provide you with any instructions for corrective or remedial actions and for communicating completion of those actions to the OCCC. The OCCC will review materials submitted demonstrating compliance with the instructions and then provide appropriate feedback to the licensed entity. Feedback times may vary and are dependent upon the nature and complexity of the required actions on the part of the licensee and the time taken to provide responses and requested information to the OCCC.

Q: If there is no rating stated in the Final Examination Report, how do we know what our rating is?

The OCCC employs an internal 'rating system' as an administrative tool to categorize and organize examination activities. This tool is not an official 'grade' and will not appear on your final examination report; however, you may ask the examiner conducting the audit to provide you with information as to whether you have an acceptable level of compliance and whether follow-up examinations or corrective actions are required.

BUSINESS OPERATIONS & DISCLOSURES

Q: Can a credit access business use text messages for soliciting and to send payment reminders?

If you are using text messages as a means of communication, it is recommended that you obtain a written acknowledgement from the consumer indicating their preference for this type of communication. Additionally, the business should take measures to ensure that all personal protected information (PPI) is appropriately safeguarded in accordance with applicable state and federal statutes or regulations.

Q: Are you able to collect the 10% lender interest after maturity?

If a loan that was negotiated by a CAB is not timely paid, and the loan agreement provides for post-maturity interest, the lender or holder is legally able to charge and receive up to 10% per year on the amount outstanding from the date of maturity.

Q: Is there a limit on title loan renewals?

There is no limit provided within state law or regulation.

Q: It was stated that [CAB disclosures] must be tailored to licensee's location. Do we need to list the address of the store in the CAB disclosure?

Several disclosures, fee schedules, and consumer postings must be displayed and/or provided in accordance with various state and federal laws, and each with their own specified elements.

FAQs received during *What is a Credit Access Business?* Webinar – June 26, 2014

Generally speaking if the postings are placed on a wall, information board, or similar manner within the licensed location, the “address” is assumed to be that of the specific location. However, you should refer to §393.105 of the Texas Finance Code to ensure all required elements are included.

There are four consumer disclosures that are tailored to your specific location and which represent your most common transactions. (*Payday Loans – Single Payment, Payday Loans – Multiple Payment, Auto Title Loans – Single Payment, Auto Title Loans – Multiple Payment*). The tailored examples are posted with all other required disclosures and postings, which infers the address as being that of the specific location. The form itself does not require a licensee address be included; however, if you wish to add your location address to the forms, you may do so.

Note: the preceding does not relieve you of the requirement to provide a consumer disclosure form to each consumer before accepting a credit application or conducting a financial evaluation in accordance with §83.6007 of the Texas Administrative Code.

Q: Can you review the use of a POA [Power of Attorney] for renewals?

The use of powers of attorney for renewals is not appropriate, as a power of attorney cannot waive disclosure requirements. When a consumer renews an extension of credit, a new contract is originated, requiring all disclosures be provided to the consumer at that time. The power of attorney does not allow you to meet the requirements for providing full and appropriate disclosures associated with the transaction.

Q: Do we have to provide the statement of right to review credit info and dispute credit info disclosures if we don't use or supply credit information?

Yes. Statements of right to review and dispute credit information is a requirement for credit service organizations (CSO) registered under Chapter 393 of the Texas Finance Code. A CAB is considered to be a CSO and, therefore, subject to the requirement.

Q: ...some CABs are offering payments in excess of 180 days..how is that accommodated? Or, do they possess other licenses allowing them to do so?

If you believe an entity is not complying with the 180-day rule, you may file a complaint with our Consumer Assistance Department by calling 800-538-1579 or sending an email to consumer.complaints@occc.state.tx.us. Department staff will contact you regarding your concerns and assist you with your questions.

The Consumer Assistance Department addresses concerns and complaints from consumers and businesses alike.

COMMUNICATION AND PUBLICATIONS

Q: Will we have the opportunity to get a copy of this presentation?

Yes. A recording of agency webinars and supplements to the presentation are available on the OCCC website. Visit the [Credit Access Business industry page](#), and select “Additional Resources.”

Q: Does the OCCC coordinate with the CFPB? Are there any forecasted changes in the Texas regulatory environment as a result?

The agency does communicate and coordinate with the Consumer Financial Protection Bureau (CFPB), as both agencies share concurrent jurisdictions. The CFPB has engaged in rulemaking activities associated with consumer credit and consumer protections. It is anticipated that future rulemaking by the CFPB may affect one or more of the OCCC's regulated industries.

The agency is committed to forming a collaborative relationship with the CFPB to develop effective policies that provide consistency and uniformity of CFPB regulations with existing Texas statutes and administrative rules. The agency participates in a taskforce working with the CFPB to develop a consumer complaint portal that allows for information sharing across the federal and state levels; the agency has participated in concurrent examinations with the CGPB of licensed CABs.