



## PROPERTY TAX LENDER ADMINSTRATIVE ACTION REPORT

September 1, 2016 – August 31, 2017

### Overview

The OCCC has approximately 89 property tax loan licensees. During FY 2017, the OCCC issued four final orders for property tax loan related violations. The most common violation in this industry is failing to timely file an annual report. Of the four orders issued in FY 2017, three orders are for untimely reports and one order is for insufficient net assets.

This report summarizes the statutes and rules that apply to the most common property tax loan violations. The report also describes the typical enforcement action taken by the OCCC to address each type of violation.

### Untimely Annual Report

Texas law requires a property tax lender to file an annual report with the OCCC by May 1 of each year.<sup>1</sup> When a property tax lender fails to timely file its annual report, the OCCC issues an injunctive order requiring the lender to file future reports in a timely manner. If the lender continues to violate the reporting deadline, the OCCC may assess administrative penalties and initiate a license revocation action.

In FY 2017, the OCCC initiated three enforcement actions against property tax lenders for failing to timely file their annual report. Of the three enforcement actions, the OCCC issued an injunctive order to one property tax lender for a first-time reporting violation. The OCCC assessed an administrative penalty against the remaining two lenders for a second reporting violation.

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<sup>1</sup> Section 351.164 of the Texas Finance Code; Title 7, Section 89.404 of the Texas Administrative Code.

### **Insufficient Net Assets**

Texas law also requires a property tax lender to maintain net assets of at least \$25,000 that are used or readily available for use in conducting the business of that office.<sup>2</sup> The total value of acceptable assets used or designated as readily available for use in the business, less liabilities, other than those liabilities secured by unacceptable assets.<sup>3</sup>

In FY 2017, one property tax lender failed to maintain sufficient net assets. The lender was issued an injunctive order requiring the lender to increase its net assets, and to maintain sufficient net assets in the future.

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<sup>2</sup> Section 351.153 of the Texas Finance Code.

<sup>3</sup> Title 7, Section 89.301(1) of the Texas Administrative Code.