

WHAT IS A CREDIT ACCESS BUSINESS?

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CREDIT SERVICES ORGANIZATIONS

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- Regulated under Chapter 393, Texas Finance Code
- Registered with the Secretary of State
- Locate and secure third-party lenders

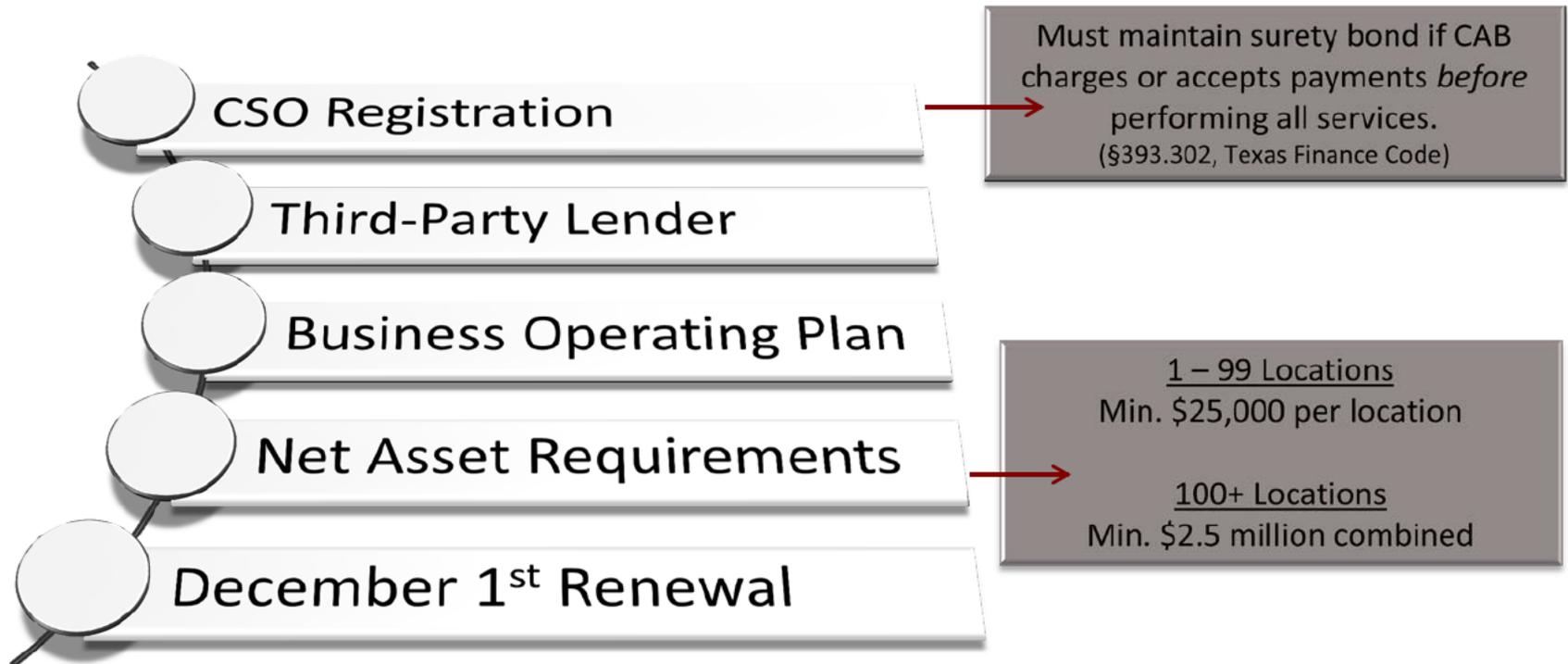
CREDIT ACCESS BUSINESSES (CABs)

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- Regulated under Chapter 393, Texas Finance Code
- Regulated under Chapter 83, Subchapter B, Texas Administrative Code
- Registered with the Secretary of State
- Licensed by the OCCC
- Provide deferred presentment (payday) & title loans
- Locate and secure third-party lenders

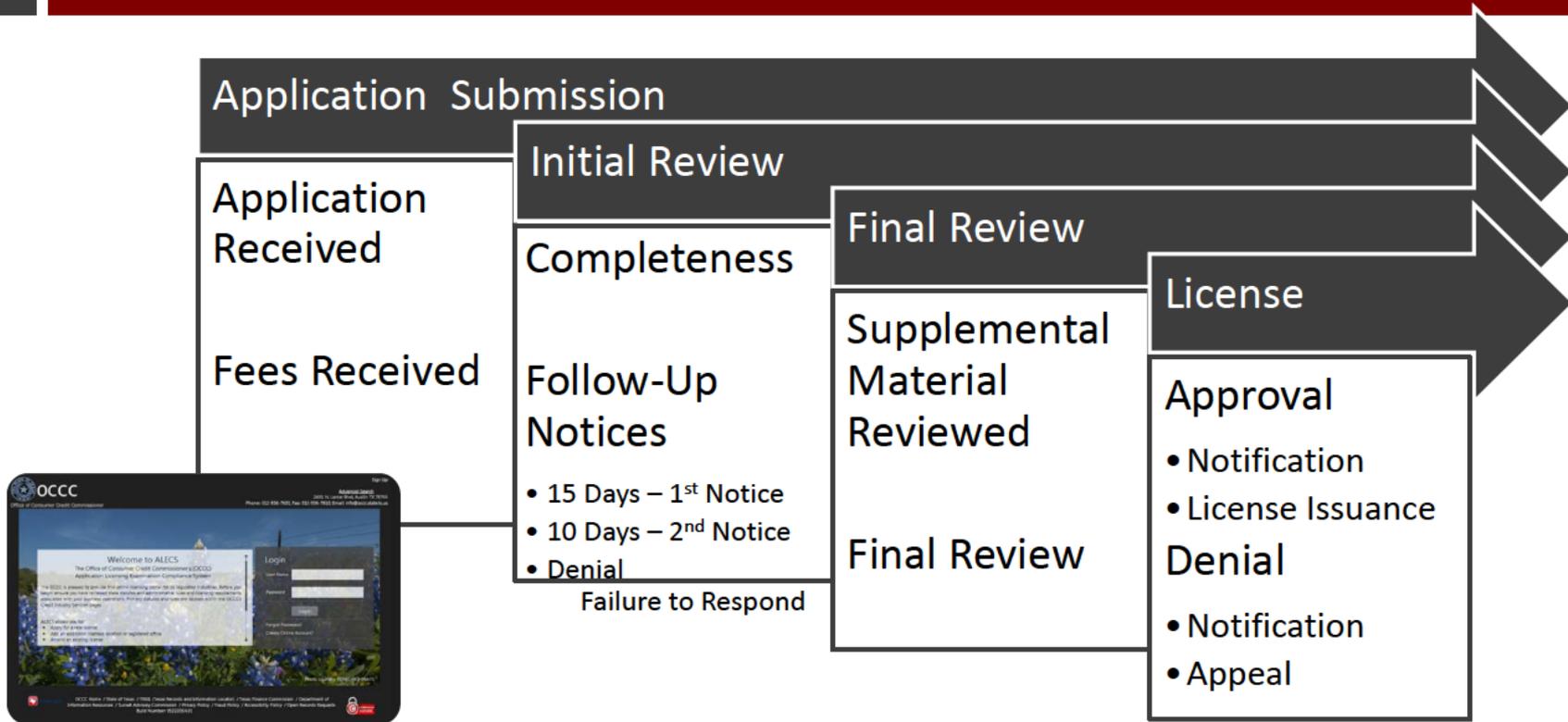
LICENSING OVERVIEW

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LICENSING OVERVIEW

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Approx 30 days from Submission to Initial Review when submitted through ALECS

LICENSING OVERVIEW

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Secretary of State Registration (Sample)

The image shows a sample registration form from the Secretary of State of Texas. At the top is the state seal and the text "The State of Texas Secretary of State". Below this is a large empty box for registration information. The text "CREDIT SERVICES ORGANIZATION REGISTRATION" and "BE IT KNOWN THAT:" are present. A second large empty box follows. Below the boxes, there is a paragraph of text: "has filed a registration statement to operate as a Credit Services Organization pursuant to Title 5, Texas Finance Code, Sec. 393.001 et seq." This is followed by "THE SECRETARY OF STATE hereby issues this Certificate of Renewal to be effective for one year from the date below." and a note: "(The issuance of this certificate does not constitute approval of or endorsement by the Secretary of State of the operations of the business nor does the issuance verify that the information contained in the registration is accurate or complete.)". At the bottom left is the state seal and the text "THE STATE OF TEXAS". At the bottom right, it says "Issued this 11th day of July 2012" followed by a signature and "Hope Andrade Secretary of State".

OCCC Issued Licenses

The image shows a sample of a Credit Access Business License issued by the Office of Consumer Credit Commissioner (OCCC) of the State of Texas. The license is titled "STATE OF TEXAS Credit Access Business License". It includes a license number field, the status "Active", and a large empty box for the licensee's name. The OCCC logo and address are on the left: "2001 N. Lamar Blvd, Austin, TX 78701, www.occc.state.tx.us, (512) 391-4600, (512) 391-4600, (800) 630-1234". The Texas State Capitol is on the right. A signature is at the bottom right. A small note at the bottom right says "New Credit Access License with 12/31/2012".

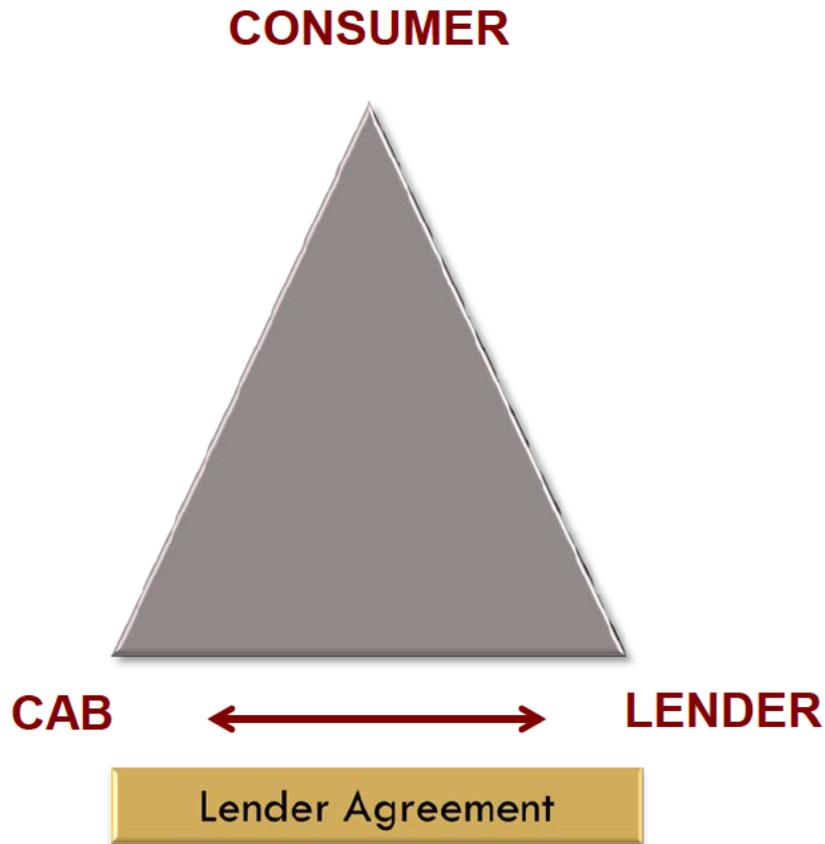
The image shows another sample of a Credit Access Business License issued by the OCCC of the State of Texas. It is titled "STATE OF TEXAS Credit Access Business License". It includes a license issue date "XXXXXX", a license number "xxx-xxx", and the status "Active". The licensee information is "ABGLOANS ABC INC, 1234 MAIN STREET, SOMEWHERE, TX 12345". The OCCC logo and address are on the left: "2001 N. Lamar Blvd, Austin, TX 78701, www.occc.state.tx.us, (512) 391-4600". The Texas State Capitol is on the right. A signature is at the bottom right.

Paper-Issued Licenses
(Issued prior to Feb 2014)

Licenses Provided
through ALECS
(Issued since Feb 2014)

CAB RELATIONSHIPS

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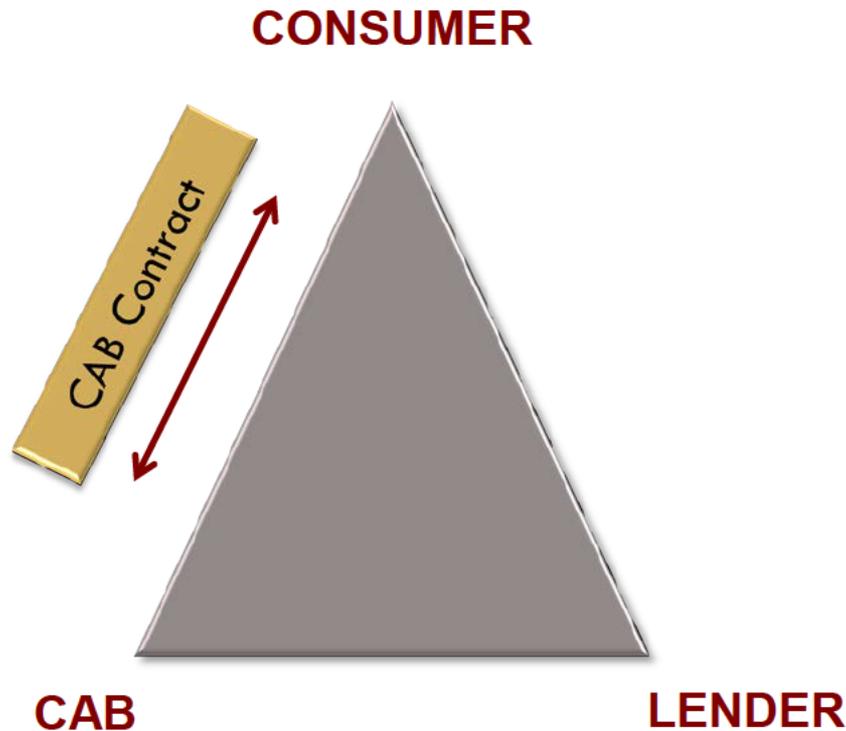


Agreement should include:

- Eligibility Requirements
- Underwriting Criteria
- Funding Requirements
- Cash Flow Requirements
- CAB Servicing Requirements
- CAB Settlement/Remittance Requirements
- Agreements related to letters of credit, guarantees, and delinquent loans

CAB RELATIONSHIPS

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Contract must:

- Be in writing, dated, signed by consumer
- Contain payment terms
- Describe services
- Describe time to perform services
(not to exceed 180 days)
- Include cancellation notice
- Include name of third-party lender
- Include amount of interest and CSO fee
- OCCC contact information

CAB must comply with stated and federal debt collection laws.

CAB must comply with federal law regarding payday loans for military borrowers.

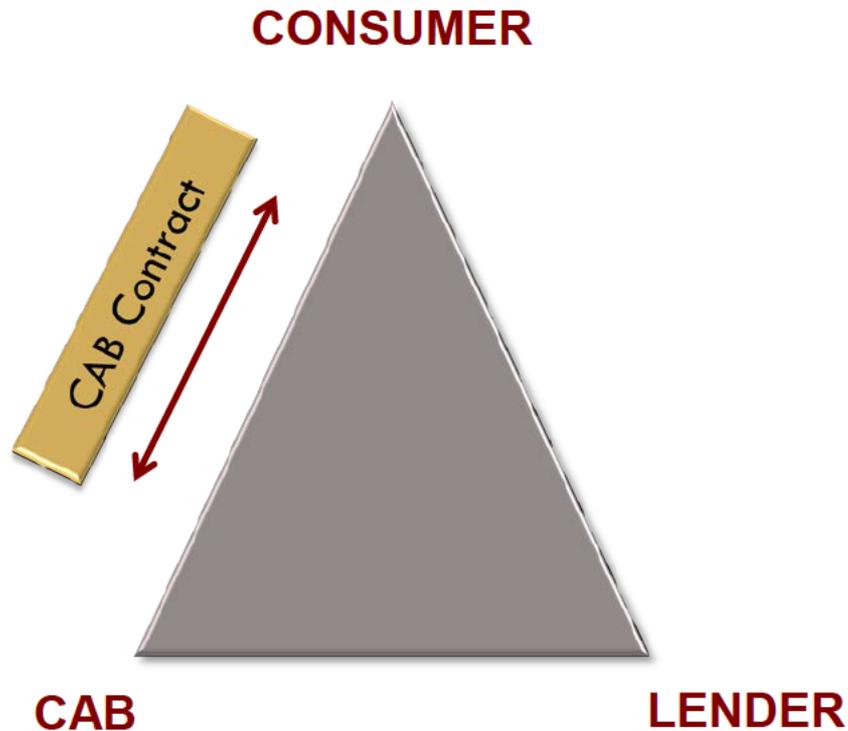
CAB cannot threaten or pursue criminal charges, absent theft, fraud, or forgery.

CAB cannot charge a prepayment penalty.

§393.201 – 202, Texas Finance Code

CAB RELATIONSHIPS

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Renewals:

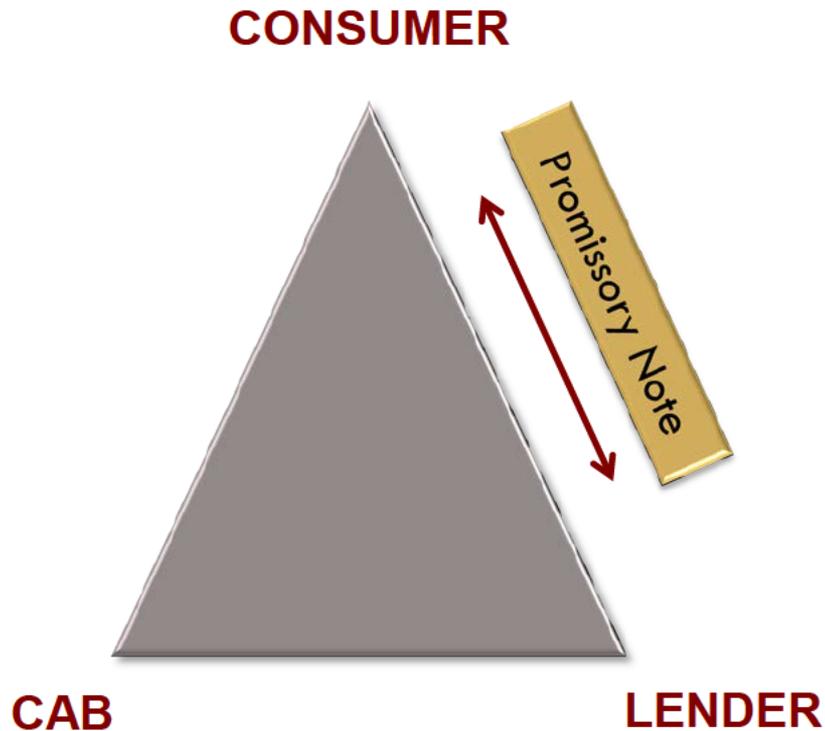
- Must have signed contracts
- Consumer must receive new disclosures

Fees Outside of Contract

- All services and fees must be fully described
- Fees cannot continue to accrue after the maturity date.

CAB RELATIONSHIPS

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Promissory note must:

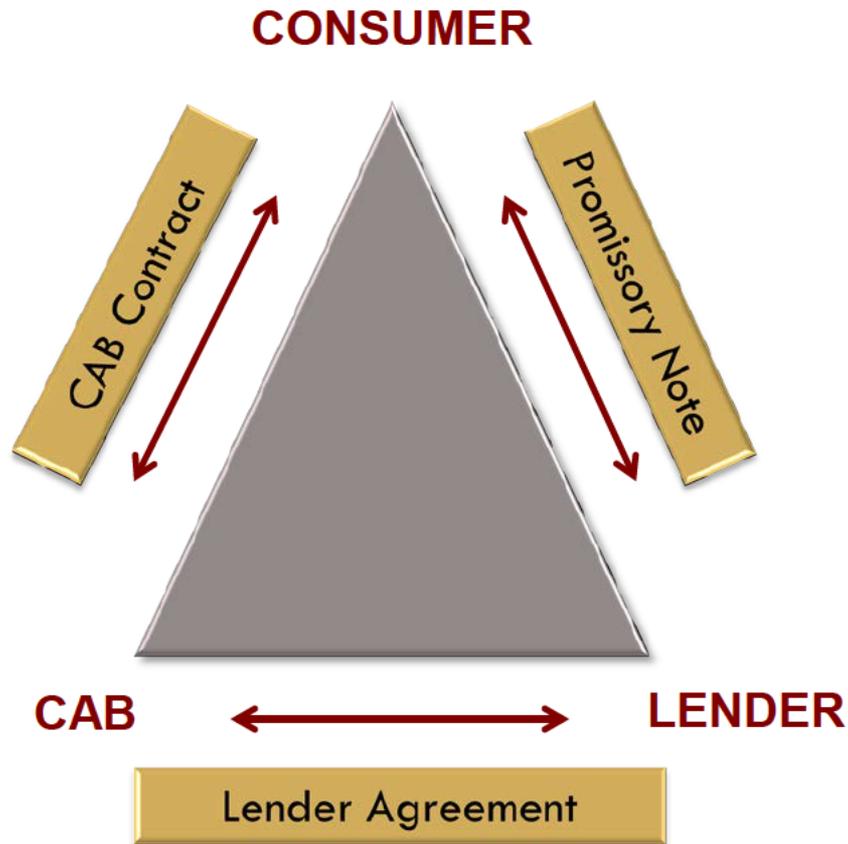
- Be made payable to third-party lender
- Comply with Truth In Lending Act
- Comply with Regulation Z
- Comply with security agreement requirements, Chapter 9, Texas Business & Commerce Code.

Promissory note may:

- Require payments be made to CAB
- Include a late charge for default of 10 or more days
- Include interest of no more than 10% per year

CAB RELATIONSHIPS

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Three separate relationships:

1. Agreement between CAB and Lender
2. Servicing Contract between CAB and Consumer
3. Promise to repay between Consumer and Lender

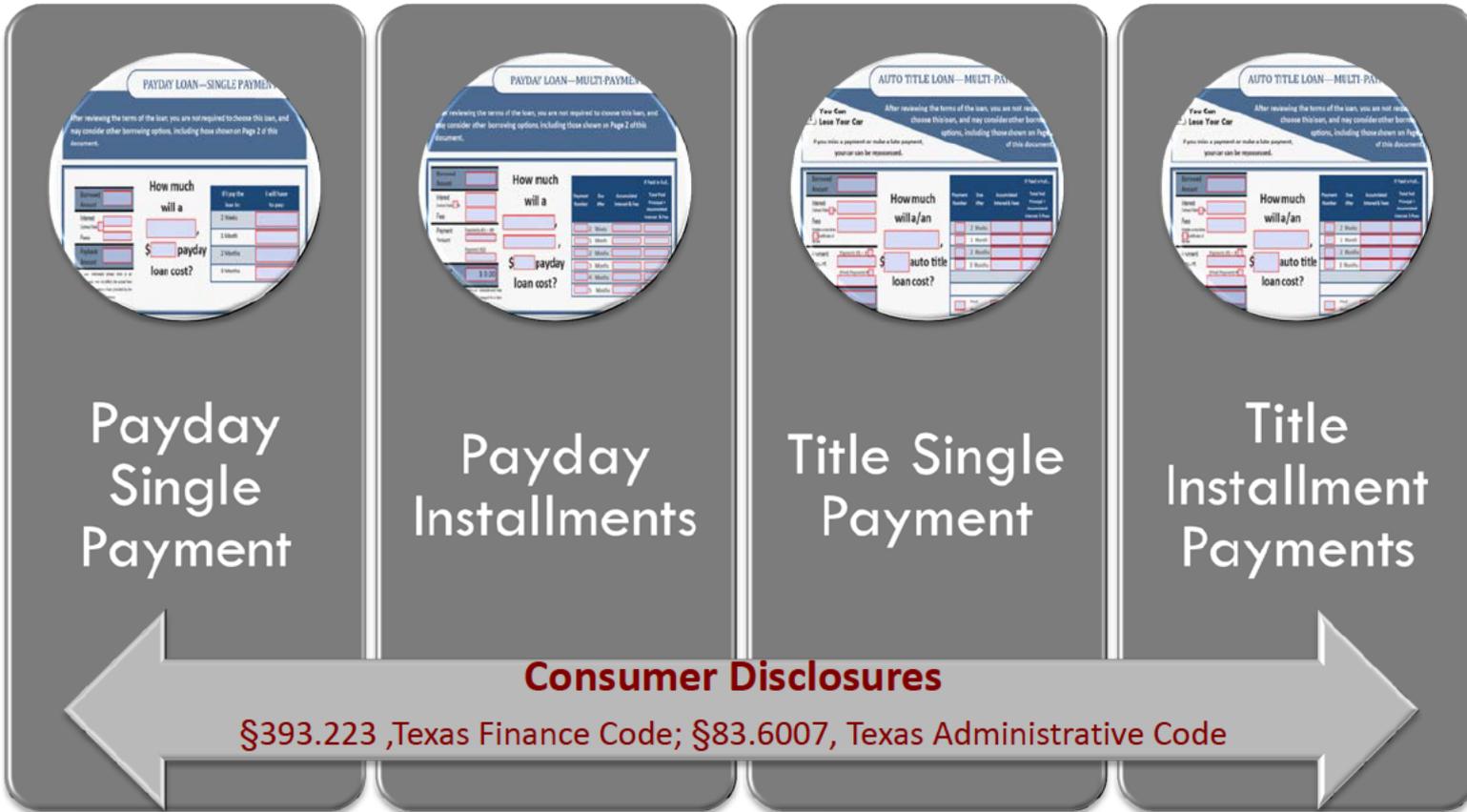
FORMS AND DISCLOSURES (POSTED)

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- ❑ Fee Schedules and Notices
- ❑ Posted in Conspicuous Location
- ❑ Posted on Web and Social Medial Sites
- ❑ Include OCCC Name, Address, Contact Information
- ❑ Include Prescribed Language
(§393.222, Texas Finance Code)
- ❑ Include Prescribed Examples & Elements
(§83.6004, Texas Administrative Code)

FORMS AND DISCLOSURES

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Must be provided to consumer before taking a credit application. Must be tailored to licensee's location.

FORMS AND DISCLOSURES (WRITTEN)

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- ❑ Disclosure Statement
- ❑ Provide Detailed Description and Costs of Services
- ❑ Provide Explanation of Consumer's Rights Against Surety Bond
- ❑ Include Surety Company Name, Address, Contact Information
- ❑ Statement of Right To Review Credit Information
- ❑ Statement of Right To Dispute Credit Information
- ❑ Additional Elements Defined in §393.105, Texas Finance Code

Must be provided to consumer before taking a credit application. Must be tailored to licensee's location.

CONSUMER PROTECTION OVERVIEW

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April 30th

1st Qtr: Transactions conducted January - March

July 31st

2nd Qtr: Transactions conducted April - June

October 31st

3rd Qtr: Transactions conducted July - September

January 31st

4th Qtr: Transactions conducted October – December

Annual Report: Transactions January - December

The Annual Report contains different data fields than those of the quarterly reports.

CONSUMER PROTECTION OVERVIEW

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OCCC Exams – What to Expect

Scheduled Exam

Onsite Visit

Out brief and Report

Special Instructions



OCCC Exams – CAB Preparation

Compliance Officer

Records Availability

Examiner Workspace

QUESTIONS & ANSWERS

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