



NOTICE OF PRECOMMENT DRAFT & ONLINE WEBINAR

Commercial Sales-Based Financing Rules

January 28, 2026 at 3:00 p.m.

The Office of Consumer Credit Commissioner (OCCC) will hold an online webinar on January 28, 2026, at 3:00 p.m. During the webinar, the OCCC will discuss the January 16 precomment draft of new rules on commercial sales-based financing transactions to implement HB 700, a bill that the Texas Legislature enacted in 2025. The OCCC will take questions during the webinar and will accept informal written comments until 5:00 p.m. on January 30.

Summary of New Rules

The new rules would implement Texas Finance Code Chapter 398, as added by HB 700 (2025). The rules would be codified in Title 7, Chapter 86 of the Texas Administrative Code and would address the following issues:

- ***Registration (86.301–86.307):*** The rules require providers and brokers to register through the Nationwide Multistate Licensing System (NMLS). Registrations would be effective for a one-year period from January 1 to December 31, and registrations and renewals would be subject to a fee for administering the registration program.
- ***Disclosures (86.310):*** The rules require providers to provide accurate disclosures, including the OCCC's contact information.
- ***Recordkeeping (86.311):*** The rules require providers and brokers to maintain a transaction file for each recipient and other business records.
- ***Unfair, deceptive, and abusive practices (86.312):*** The rules include prohibitions on the following unfair, deceptive, and abusive practices:
 - False, misleading, or inaccurate statements in advertisements, solicitations, disclosures, contracts, or communications with the recipient or other parties
 - Failure to perform contracted-for services
 - Charging fees or other amounts that were not specifically disclosed and contracted for
 - Failure to make accurate disclosures
 - Confessions of judgment
 - Prohibited automatic debits
 - Waivers of statutory rights under Chapter 398
 - Foreclosing on collateral without complying with applicable requirements (e.g., Texas Business & Commerce Code, Chapter 9)
 - Failure to maintain required records
 - Improperly characterizing a transaction as a “commercial” transaction when the advanced funds will be used for individual, family, or household purposes
 - A device or subterfuge to evade regulatory requirements

- ***Prohibition of certain automatic debits (86.313):*** This rule would implement the prohibition on certain automatic debits under Section 398.056 of the Finance Code. The OCCC has prepared two different drafts of this section (version A or B) and invites comments from stakeholders on these versions to implement Section 398.056.
- ***Other administrative and enforcement provisions (86.320–86.322):*** The rules include other administrative and enforcement provisions to ensure that the OCCC can effectively administer the new statutory requirements for this industry:
 - Authority to conduct an investigation on receiving a complaint or other reasonable cause to believe that a provider or broker is violating the new law.
 - Authority for the OCCC to issue enforcement orders, including injunctions, restitution orders, administrative penalty orders, and orders to suspend or revoke a registration. The OCCC generally tries to resolve compliance issues informally without enforcement (e.g., through instructions resulting from complaints or investigations). When enforcement is necessary, the OCCC typically follows an approach of escalating sanctions, starting with an injunction to correct violations, and then progressing to administrative penalties (and ultimately revocation) if violations are not corrected.
 - Authority for the OCCC to suspend or revoke a registration based on criminal history (which an applicant is required to disclose under Section 398.053(d)).

Participating in Webinar

Stakeholders are invited to listen and participate in the online webinar. Please follow the instructions available at: <https://attendee.gotowebinar.com/register/2210213438126753626>

Submission of Informal Comments

Informal precomments on the draft new rules may be submitted by email to rule.comments@occc.texas.gov, or by mail to Matthew Nance, General Counsel, Office of Consumer Credit Commissioner, 2601 North Lamar Blvd., Austin, Texas 78705.

Precomments submitted to the OCCC are generally public. Please redact all confidential information before submitting comments to the OCCC.

Informal comments on OCCC's January 16 precomment draft must be received by 5:00 p.m. on January 30, 2026.

**OCCC Commercial Sales-Based Financing Rules
Implementing HB 700 (2025)**

1/16/2026 Precomment Draft

Title 7, Texas Administrative Code

Part 5. Office of Consumer Credit Commissioner

Chapter 86. Retail Creditors and Commercial Sales-Based Financing

Subchapter C. Commercial Sales-Based Financing

§86.301. Purpose and Scope

(a) Purpose. The purposes of this subchapter are to implement Texas Finance Code, Chapter 398, and to assist in the administration and enforcement of Chapter 398.

(b) Scope. This subchapter applies to any person who engages in business as a provider or broker of commercial sales-based financing, unless specifically exempted by Texas Finance Code, Chapter 398.

§86.302. Definitions

Words and terms used in this subchapter that are defined in Texas Finance Code, Chapter 398, have the same meanings as defined in Chapter 398. The following words and terms, when used in this subchapter, will have the following meanings, unless the context clearly indicates otherwise.

(1) Key individual--An individual owner, officer, director, or employee with a substantial relationship to the business of an applicant or registrant. The following are key individuals:

(A) any individual who is a direct owner of 10% or more of an applicant or registrant; and

(B) any individual who is a control person or executive officer of an applicant or registrant, including individual who has the power to direct management or policies of a company (e.g., president, chief executive officer, general partner, managing member, vice president, treasurer, secretary, chief operating officer, chief financial officer); and

(C) an individual designated as a key individual where necessary to show that the business will be operated lawfully and fairly.

(2) NMLS--The Nationwide Multistate Licensing System.

(3) OCCC--The Office of Consumer Credit Commissioner of the State of Texas.

(4) Registrant--A person who has been issued a commercial sales-based financing registration under Texas Finance Code, Chapter 398.

§86.303. Filing of New Application

(a) NMLS. To submit a commercial sales-based financing registration application, an applicant must submit a complete, accurate, and truthful registration application through NMLS (or a successor system designated by the OCC). An application is complete when it conforms to the written instructions and necessary fees have been paid.

(b) Company registration application. A company registration application will include the following information and any other information listed in the written instructions:

(1) A company form including the name of the applicant entity, contact information, registered agent, location of books and records, legal status, and responses to disclosure questions.

(2) An individual form for each key individual, including name, contact information, and responses to disclosure questions.

(3) A business operating plan describing the source of customers, purpose of transactions, anticipated size of transactions, and source of working capital.

(4) A certificate of formation or other formation document.

(5) Any assumed names or other trade names that the applicant will use, and an assumed name certificate for each assumed name or other trade name.

(6) Franchise tax account information showing that the applicant entity is authorized to do business in Texas.

(7) An explanation and supporting documents for any judgment, memorandum of understanding, enforcement order, or conviction against the applicant or a key individual, related to a violation of law, act of fraud, breach of trust, or money laundering.

(b) Amendments to pending application. An applicant must immediately amend a pending application if any information changes requiring a materially different response from information provided in the original application.

§86.304. Processing of Registration Application

(a) Complete application. A registration application is complete when:

(1) the application conforms to the rules and published instructions; and

(2) all fees have been paid.

(b) Effectiveness. A registration is effective on receipt of a completed registration application and required fees.

§86.305. Required Notifications

(a) Advance change notice. No later than the date of the change (or an earlier date specified in the written instructions), a registrant must notify the OCCC of a change to any of the following information provided in the original registration application:

- (1) legal name of entity;
- (2) any assumed names of entity;
- (3) legal status of entity;
- (4) names of direct owners or indirect owners;
- (5) names of affiliates or subsidiaries;
- (6) names of any key individuals; or
- (7) main address.

(b) Other required notifications. No later than 30 days after the registrant has knowledge of the information, a registrant must report the following information to the OCCC:

- (1) any civil or regulatory actions against the registrant or key individuals that were not disclosed in the original application and would require a different answer than that given in the original registration application;
- (2) criminal history of the registrant or key individuals that was not disclosed in the original application;
- (3) any bankruptcy of the registrant or a direct owner; or
- (4) any breach of system security under Texas Business & Commerce Code, §521.053, affecting at least 250 residents of this state.

(c) Contact information. Each applicant or registrant is responsible for ensuring that all contact information on file with the OCCC is current and correct, including all mailing addresses, all phone numbers, and all email addresses. The OCCC may send notices to the mailing address or email address on file. It is a best practice for registrants to regularly review contact information on file to ensure that it is current and correct.

§86.306. Registration Term, Renewal, and Expiration

(a) Registration term and renewal. An initial registration is effective from the date of its issuance until December 31. A registration must be renewed annually to remain effective. After renewal, a registration is effective for a term of one year, from January 1 to December 31.

(b) NMLS. To maintain and renew a registration, a registrant must maintain an active account in NMLS (or a successor system designated by the OCCC). The OCCC may make renewal unavailable to a registrant that fails to maintain an active account.

(c) Due date for annual fee. The annual fee described by §86.307 of this title (relating to Fees) is due by December 31.

(d) Expiration. If a registrant does not pay the annual fee, the registration will expire on December 31.

(e) Reinstatement. A person may reinstate an expired registration by submitting required renewal information and paying required fees no later than the last day in February following the expiration.

§86.307. Fees

(a) Initial registration. For an initial registration, an applicant must pay a \$1,000 initial registration fee.

(b) Annual renewal. To renew a registration, a registrant must pay a \$1,000 annual fee.

(c) Registration amendment. The OCCC may require a registrant to pay a fee up to \$75 to amend registration information.

(d) Reinstatement. To reinstate an expired registration, a person must pay a \$1,000 reinstatement fee in addition to the \$1,000 annual fee. All fees must be paid no later than the date specified in §86.306(e) of this title (relating to Registration Term, Renewal, and Expiration).

(e) Periodic adjustment. Starting July 1, 2027, and each July 1 thereafter, the OCCC may revise the dollar amounts in subsections (a) and (b) of this section based on the Consumer Price Index for Urban Wage Earners and Clerical Workers (or an equivalent measure of inflation if this measure is unavailable). The OCCC will use December 2025 as a base year and adjust fee amounts based on the percentage change from December 31, 2025, to the December 31 preceding the year of adjustment, rounding to the nearest \$5 increment. No later than May 1, the OCCC will publish the amount of any periodic adjustment.

(f) Discount. The OCCC may discount or reduce the amount of a fee described by this section. The commissioner is authorized to determine the amount of a discount.

(g) Fees nonrefundable and nontransferable. Fees described by this section are nonrefundable and nontransferable.

§86.310. Disclosures

(a) Timing. A provider must provide a recipient with any disclosures required by Texas Finance Code, §398.051, in writing before the recipient enters or signs an agreement for commercial sales-based financing.

(b) Accuracy. All terms and dollar amounts disclosed under Texas Finance Code, §398.051, must be accurate.

(c) OCCC notice. A contract for services under Texas Finance Code, Chapter 398 must contain the following statement as a separate section or otherwise conspicuously set out from surrounding written material: "For questions or complaints about this contract, contact (insert name of provider) at (insert provider's phone number and, at provider's option, one or more of the following: mailing address, website, email address). The Office of Consumer Credit Commissioner (OCCC) is a state agency, and it enforces certain laws that apply to this contract. If a complaint or question cannot be resolved by contacting the provider, commercial sales-based financing recipients can contact the OCCC to file a complaint or ask a general credit-related question. OCCC address: 2601 N. Lamar Blvd., Austin, Texas 78705. Phone: (800) 538-1579. Website: occc.texas.gov."

§86.311. Recordkeeping

(a) Generally. A provider or broker must maintain records for each transaction entered or brokered under Texas Finance Code, Chapter 398, and must make those records available for investigation. Records may be maintained using an electronic system, a paper or manual system, or a combination of these types of systems, unless otherwise specified by statute or rule.

(b) Provider's transaction file. A provider must maintain a transaction file for each recipient of a transaction under Texas Finance Code, Chapter 398. The transaction file must include the following:

(1) a complete copy of the written agreement between the provider and the recipient;

(2) each disclosure made to the recipient, including disclosures under Texas Finance Code, §398.051;

(3) each additional document, addendum, or authorization signed by the recipient;

(4) any documentation showing attachment, perfection, or release of a lien;

(5) an account history showing the application of each payment made by the recipient; and

(6) any written documentation of collection, repossession, foreclosure, or litigation against the recipient.

(c) Broker's transaction file. A broker must maintain a transaction file for each recipient of brokering services under Texas Finance Code, Chapter 398. The transaction file must include any disclosures provided to the recipient and any agreement that the broker entered with the recipient.

(d) Time to maintain transaction file. A registrant must maintain the transaction file under subsection (b) or (c) of this section until the later of:

(1) four years from the date of the transaction; or

(2) two years from the date of the final entry on the account.

(e) Application and adverse action records. If a prospective recipient applies for commercial sales-based financing and does not enter a commercial sales-based financing transaction, then a registrant must maintain the application and any written adverse action notice for one year from the date of the application, or one year from the date of the adverse action notice, whichever is later.

(f) Advertising and solicitation. A registrant must maintain each advertisement or solicitation for one year from the date of the advertisement or solicitation.

(g) Third-party agreements. A registrant must maintain any written agreements with third parties that relate to services under Texas Finance Code, Chapter 398, including any agreement between a provider and a broker, until one year after the date the agreement terminates.

(h) Data security policies and procedures. A registrant must maintain policies and procedures to maintain the security of customer information and protect information from unauthorized access.

(i) Data breach notifications. A registrant must maintain the following for data breach notifications:

(1) the text of any data breach notification provided to recipients, including any notification under Texas Business & Commerce Code, §521.053, for a period of four years from the date of the notification; and

(B) any data breach notification provided to a government agency, including any notification provided to the Office of the Attorney General under Texas Business & Commerce Code, §521.053, for a period of four years from the date of the notification.

§86.312. Prohibition of Unfair, Deceptive, and Abusive Acts

(a) Generally. A provider or broker may not engage in an unlawful, unfair, deceptive, or abusive act or practice related to a transaction under Texas Finance Code, Chapter 398.

(b) Acts and practices identified. The following are unlawful, unfair, deceptive, or abusive acts or practices:

(1) false, misleading, or inaccurate statements in advertisements, solicitations, disclosures, contracts, or communications with the recipient or other parties, including:

(A) inaccurate descriptions of contracted-for services; and

(B) a statement that there is no personal guarantee, if this is inaccurate;

(2) failure to perform contracted-for services;

- (3) charging fees or other amounts that were not specifically disclosed and contracted for;
- (4) failure to make accurate disclosures under Texas Finance Code, Chapter 398 and this subchapter;
- (5) a confession of judgment in violation of Texas Finance Code, §398.055;
- (6) an automatic debit in violation of Texas Finance Code, §398.056 and this subchapter;
- (7) a waiver of a recipient's statutory rights under Texas Finance Code, Chapter 398;
- (8) foreclosure of collateral without complying with applicable requirements (e.g., Texas Business & Commerce Code, Chapter 9);
- (9) failure to maintain records required by this subchapter;
- (10) improperly characterizing a transaction as a "business" or "commercial" transaction when the advanced funds will be used for individual, family, or household purposes; and
- (11) a device or subterfuge to evade statutory or regulatory requirements.

§86.313. Prohibition of Certain Automatic Debits {{VERSION A}}

- (a) Generally. As provided by Texas Finance Code, §398.056, a provider or broker may not establish a mechanism for automatically debiting a recipient's deposit account unless the provider or broker holds a validly perfected security interest in the recipient's account under Chapter 9, Business & Commerce Code, with a first priority against the claims of all other persons.
- (b) Automatic debit. For purposes of this section, debits are automatic if they are authorized in advance to occur more than one time or on a recurring basis.
- (c) Security interest in deposit account. For purposes of this section, in order to automatically debit a deposit account, a provider or broker must hold a validly perfected, first-priority security interest in the same deposit account from which the debit will be made.
- (d) Perfection and priority of security interest. Under Texas Business & Commerce Code, §9.304, local law of a bank's jurisdiction governs perfection and priority of a security interest in a deposit account maintained with the bank. In order for the provider or broker to hold a validly perfected, first-priority security interest in a deposit account, the local law of the bank's jurisdiction may require the provider or broker to enter a deposit account control agreement with the bank and the recipient, similar to the type of agreement described by Texas Business & Commerce Code, §9.104(a)(2).

§86.313. Prohibition of Certain Automatic Debits {{VERSION B}}

- (a) Generally. As provided by Texas Finance Code, §398.056, a provider or broker may not establish a mechanism for automatically debiting a recipient's deposit account unless the provider

or broker holds a validly perfected security interest in the recipient's account under Chapter 9, Business & Commerce Code, with a first priority against the claims of all other persons.

(b) Automatic debit. For purposes of this section, debits are automatic if they are authorized in advance to occur more than one time or on a recurring basis.

(c) Security interest in accounts receivable. For purposes of this section, in order to automatically debit a deposit account, a provider or broker must hold a validly perfected, first-priority security interest in all accounts receivable of the recipient.

(d) Perfection and priority of security interest. Texas Business & Commerce Code, Chapter 9 governs perfection and priority of a security interest in accounts receivable. Generally, a UCC-1 financing statement must be filed in order to perfect a security interest, as provided by Texas Business & Commerce Code, §9.310(a). Priority is generally determined by the time of filing or perfection, as provided by Texas Business & Commerce Code, §9.322(a)(1).

§86.320. Complaints and Investigations

(a) Complaints. The OCCC may accept complaints regarding transactions under Texas Finance Code, Chapter 398 and this subchapter.

(b) Request for information and investigation. On receipt of a written complaint or other reasonable cause to believe that a person is violating Texas Finance Code, Chapter 398 or this subchapter, the OCCC may:

(1) require the person to furnish information regarding a specific transaction to which the violation relates; and

(2) conduct an investigation to determine whether a violation exists.

(c) Access to records. In an investigation under subsection (b) of this section, a person subject to investigation must allow the OCCC to:

(1) access the person's place of business;

(2) investigate the person's transactions and records relating to business under Texas Finance Code, Chapter 398; and

(3) make a copy of transactions and records relating to business under Texas Finance Code, Chapter 398.

§86.321. Enforcement

(a) Informal resolution. The OCCC may agree to an informal resolution of a complaint, investigation, enforcement case, or other matter with a provider or broker.

(b) Injunction. If the OCCC has reasonable cause to believe that a person is violating Texas Finance Code, Chapter 398 or this subchapter, then the OCCC may issue an injunction to enforce compliance.

(1) An injunction may include an order to cease and desist from a violation, an order to take affirmative action, or both.

(2) An injunction may include an order to provide restitution to an identifiable person.

(3) If a person against whom an injunction is issued under this section requests a hearing not later than the 30th day after the injunction is served, the OCCC will set a hearing under Texas Government Code, Chapter 2001. If a hearing is not timely requested, the injunction is considered final and enforceable.

(d) Administrative penalty. After notice and an opportunity for hearing, the OCCC may impose an administrative penalty up to \$1,000 for each day of violation against a person who:

(1) violates an injunction under subsection (a) of this section; or

(2) knowingly and willfully violates Texas Finance Code, Chapter 398 or this subchapter.

(d) Suspension or revocation. After notice and an opportunity for hearing, the OCCC may suspend or revoke a registration if the OCCC finds that:

(1) the registrant, knowingly or without exercise of due care, violated Texas Finance Code, Chapter 398, this subchapter, or an order issued under this section; or

(2) a fact or condition warrants the belief that the business will not be operated lawfully and fairly.

(e) Administrative Procedure Act. An enforcement order under this section is subject to Texas Government Code, Chapter 2001 (the Texas Administrative Procedure Act).

§86.322. Suspension or Revocation Based on Criminal History

(a) Disclosure of criminal history. An applicant must disclose all criminal history information required to file a complete application. Failure to provide information described in the disclosure questions or written instructions is a violation of this subchapter and is grounds for suspending or revoking a registration.

(b) Crimes directly related to registered occupation. The OCCC may suspend or revoke a registration if the registrant or a key individual has been convicted of an offense that directly relates to the duties and responsibilities of a registrant under Texas Finance Code, Chapter 398, as provided by Texas Occupations Code, §53.021(a)(1).

(1) Originating or servicing transactions under Texas Finance Code, Chapter 398 involves or may involve making representations to a recipient regarding transaction terms, receiving money from recipients, remitting money to third parties, maintaining accounts, repossessing property

without a breach of the peace, maintaining reposessed property, collecting due amounts in a legal manner, and foreclosing on property in compliance with state and federal law. Consequently, the following crimes are directly related to the duties and responsibilities of a registrant and may be grounds for suspension or revocation:

- (A) theft;
- (B) assault;
- (C) any offense that involves misrepresentation, deceptive practices, or making a false or misleading statement (including fraud or forgery);
- (D) money laundering;
- (E) any offense that involves breach of trust or other fiduciary duty;
- (F) any criminal violation of a statute governing credit transactions or debt collection;
- (G) failure to file a government report, filing a false government report, or tampering with a government record;
- (H) any greater offense that includes an offense described in subparagraphs (A) - (G) of this paragraph as a lesser included offense;
- (I) any offense that involves intent, attempt, aiding, solicitation, or conspiracy to commit an offense described in subparagraphs (A) - (H) of this paragraph.

(2) In determining whether a criminal offense directly relates to the duties and responsibilities of holding a registration, the OCCC will consider the following factors, as specified in Texas Occupations Code, §53.022:

- (A) the nature and seriousness of the crime;
- (B) the relationship of the crime to the purposes for requiring a registration to engage in the occupation;
- (C) the extent to which a registration might offer an opportunity to engage in further criminal activity of the same type as that in which the person previously had been involved;
- (D) the relationship of the crime to the ability or capacity required to perform the duties and discharge the responsibilities of a registrant; and
- (E) any correlation between the elements of the crime and the duties and responsibilities of the registered occupation.

(3) In determining whether a conviction for a crime renders a registrant unfit to hold a registration, the OCCC will consider the following factors, as specified in Texas Occupations Code, §53.023:

- (A) the extent and nature of the person's past criminal activity;
- (B) the age of the person when the crime was committed;
- (C) the amount of time that has elapsed since the person's last criminal activity;
- (D) the conduct and work activity of the person before and after the criminal activity;
- (E) evidence of the person's rehabilitation or rehabilitative effort while incarcerated or after release, or following the criminal activity if no time was served;
- (F) evidence of the person's compliance with any conditions of community supervision, parole, or mandatory supervision; and
- (G) evidence of the person's current circumstances relating to fitness to hold a registration, which may include letters of recommendation.

(e) Revocation on imprisonment. A registration will be revoked on the registrant's imprisonment following a felony conviction, felony community supervision revocation, revocation of parole, or revocation of mandatory supervision, as provided by Texas Occupations Code, §53.021(b).

(f) Other grounds for suspension or revocation. The OCCC may suspend or revoke a registration based on any other ground authorized by law, including a registrant's or key individual's conviction for an offense listed in Texas Code of Criminal Procedure, art. 42A.054, or art. 62.001(6), as provided by Texas Occupations Code, §53.021(a)(2) - (3).