

(A) - (E) (No change.)

(10) - (13) (No change.)

(14) Information security program. A licensee must maintain the following for an information security program:

(A) written policies and procedures for an information security program to protect consumers' customer information under the Federal Trade Commission's Safeguards Rule, 16 C.F.R. part 314; and

(B) if a licensee maintains customer information concerning 5,000 or more consumers, a written incident response plan and written risk assessments under 16 C.F.R. §314.4.

(15) Data breach notifications. A licensee must maintain the following for data breach notifications:

(A) the text of any data breach notification provided to consumers, 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.

(16) [(14)] Retention and availability of records. All required books and records must be available for inspection at any time by OCCC staff, and must be retained for a period of four years from the date of the loan, or two years from the date of the final entry made thereon, whichever is later. All obligations authenticated by the borrower, including promissory notes and security agreements, must be kept at an office in the state designated by the licensee or made available in the state, except when transferred under an agreement that gives the OCCC access to the documents. Copies of loan documents, financing statements, loan applications, records of insurance policies issued by or through the licensee in connection with the loan, and books and records required by this section must be maintained at the licensed location or be made available at some location in the state designated by the licensee in writing to the OCCC. Documents may be maintained out of state if the licensee has in writing acknowledged responsibility for either making the records available within the state for examination or by acknowledging responsibility for additional examination costs associated with examinations conducted out of state.

§83.829. Files and Records Required (Subchapter G Lenders).

Each licensee must maintain records with respect to each loan made under Texas Finance Code, Chapter 342, Subchapter G and each home equity loan made under Texas Constitution, Article XVI, Section 50, and make those records available for examination. The records required by this section may be maintained by using either an electronic recordkeeping system, a paper or manual recordkeeping system, [~~electronic recordkeeping system, optically imaged recordkeeping system,~~] or a combination of the preceding types of systems, unless otherwise specified by statute or regulation. If federal law requirements for record retention are different from the provisions contained in this section, the federal law requirements prevail only to the extent of the conflict with the provisions of this section. The records required by this section must be retained and made available for inspection in the same manner as that specified in §83.828(16) [§83.828(14)] of this title (relating to Files and Records Required (Subchapter E and F Lenders)).

(1) - (5) (No change.)

(6) Information security program. A licensee must maintain the following for an information security program:

(A) written policies and procedures for an information security program to protect consumers' customer information under the Federal Trade Commission's Safeguards Rule, 16 C.F.R. part 314; and

(B) if a licensee maintains customer information concerning 5,000 or more consumers, a written incident response plan and written risk assessments under 16 C.F.R. §314.4.

(7) Data breach notifications. A licensee must maintain the following for data breach notifications:

(A) the text of any data breach notification provided to consumers, 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.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on February 20, 2026.

TRD-202600815

Matthew Nance

General Counsel

Office of Consumer Credit Commissioner

Earliest possible date of adoption: April 5, 2026

For further information, please call: (512) 936-7660



CHAPTER 84. MOTOR VEHICLE INSTALLMENT SALES

SUBCHAPTER F. LICENSING

7 TAC §84.617

The Finance Commission of Texas (commission) proposes amendments to §84.617 (relating to License Term, Renewal, and Expiration) in 7 TAC Chapter 84, concerning Motor Vehicle Installment Sales.

In general, the purpose of the proposed rule changes is to adjust the license term for motor vehicle sales finance licensees under Texas Finance Code, Chapter 348, and commercial vehicle sales finance licensees under Texas Finance Code, Chapter 353, in anticipation of a transition to the Nationwide Multistate Licensing System (NMLS).

NMLS is an online platform used by state financial regulatory agencies to manage licenses, including license applications and renewals. NMLS was created in 2008. The federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 explains that the purposes of NMLS include increasing uniformity and reducing regulatory burden. SAFE Act, 12 USC §5101. Each state currently uses NMLS for licensing individual RMLOs, and states are increasingly using the system to license consumer finance companies. NMLS is managed by the Conference of State Bank Supervisors and is subject to ongoing modernization efforts and enhancements.

The OCCC has begun a phased process of migrating license groups from ALECS (the OCCC's previous licensing platform) to NMLS. In 2025, property tax lenders and regulated lenders completed their transition to NMLS. The OCCC believes that moving to NMLS will improve the user experience of the licensing system and promote efficiency. The OCCC anticipates that licensees under Chapters 348 and 353 of the Finance Code will be required to transition to NMLS during calendar year 2026.

Proposed amendments to §84.617 would adjust the license term for motor vehicle sales finance licensees and commercial vehicle sales finance licensees. Currently, these licenses have a term that runs from November 1 of a calendar year to October 31 of the next calendar year. These rule amendments would adjust the license term to run from January 1 to December 31, to align with the dates in the NMLS system. License fees paid in 2026 may be prorated to account for the extended term of licensure.

Mirand Diamond, Director of Licensing, Finance and Human Resources, has determined that for the first five-year period the proposed rule changes are in effect, there will be no fiscal implications for state or local government as a result of administering the rule changes.

Christine Graham, Director of Consumer Protection, has determined that for each year of the first five years the proposed amendments are in effect, the public benefit anticipated as a result of the changes will be that the commission's rules will be more consistent with the transition to NMLS as a licensing system, resulting in an improved user experience, efficiency for multistate entities, and an improved ability for consumers to access data about business licenses. Transitioning to NMLS will help minimize the costs of updating the OCCC's legacy technological systems.

The OCCC does not anticipate economic costs to persons who are required to comply with the rule changes as proposed.

The OCCC is not aware of any adverse economic effect on small businesses, micro-businesses, or rural communities resulting from this proposal. But in order to obtain more complete information concerning the economic effect of these rule changes, the OCCC invites comments from interested stakeholders and the public on any economic impacts on small businesses, as well as any alternative methods of achieving the purpose of the proposal while minimizing adverse impacts on small businesses, micro-businesses, and rural communities.

During the first five years the proposed rule changes will be in effect, the rules will not create or eliminate a government program. Implementation of the rule changes will not require the creation of new employee positions or the elimination of existing employee positions. Implementation of the rule changes will not require an increase or decrease in future legislative appropriations to the OCCC, because the OCCC is a self-directed, semi-independent agency that does not receive legislative appropriations. The proposal does not require an increase or decrease in fees paid to the OCCC. The proposal would not create a new regulation. The proposal would not expand, limit, or repeal a current regulation. The proposed rule changes do not increase or decrease the number of individuals subject to the rule's applicability. The agency does not anticipate that the proposed rule changes will have an effect on the state's economy.

The OCCC distributed an early precomment draft of proposed changes to interested stakeholders for review. The OCCC did not receive any written precomments on the rule text draft.

Comments on the proposal may be submitted in writing to Matthew Nance, General Counsel, Office of Consumer Credit Commissioner, 2601 North Lamar Boulevard, Austin, Texas 78705 or by email to rule.comments@occc.texas.gov. The commission invites any comments with information related to the cost, benefit, or effect of the proposed rule changes, including any applicable data, research, or analysis, from any person required to comply with the proposed rule changes or any other interested person. To be considered, a written comment must be received on or before the 30th day after the date the proposal is published in the *Texas Register*. After the 30th day after the proposal is published in the *Texas Register*, no further written comments will be considered or accepted by the commission.

The rule changes are proposed under Texas Finance Code, §14.112, §348.5055, and §353.5055, which authorize the commission to prescribe the term for a motor vehicle sales finance license under Texas Finance Code, Chapter 348, and the term for a commercial vehicle sales finance license under Texas Finance Code, Chapter 353. Also, Texas Finance Code, §348.513 and §353.513 authorize the commission to adopt rules to enforce Texas Finance Code, Chapters 348 and 353. In addition, Texas Finance Code, §11.304 authorizes the commission to adopt rules to ensure compliance with Texas Finance Code, Title 4.

The statutory provisions affected by the proposal are contained in Texas Finance Code, Chapters 348 and 353.

§84.617. License Term, Renewal, and Expiration.

(a) License term and renewal. A new license is effective from the date of its issuance until December [~~October~~] 31. A license must be renewed annually to remain effective. After renewal, a license is effective for a term of one year, from January 1 to December 31 [~~November 1 of a calendar year to October 31 of the next calendar year~~].

(b) Due date for annual assessment fee. The annual assessment fee is due by December [~~October~~] 1 of each year.

(c) Notice of delinquency. If a licensee does not pay the annual assessment fee, the OCCC will send a notice of delinquency. Notice of delinquency is given when the OCCC sends the notice:

(1) by mail to the address on file with the OCCC as a master file address; or

(2) by e-mail to the address on file with the OCCC as a master file e-mail address, if the licensee has provided a master file e-mail address.

(d) Expiration. If a licensee does not pay the annual assessment fee, the license will expire on the later of:

(1) December [~~October~~] 31 of each year; or

(2) the 16th day after notice of delinquency is given under subsection (c) of this section.

(e) Reinstatement. As provided by Texas Finance Code, §349.301 and §349.303(a), if a license was in good standing when it expired, a person may reinstate the expired license not later than the 180th day after its expiration date by paying the annual assessment fee and a \$1,000 late filing fee. The late filing fee for a registered office is \$250 under Texas Finance Code, §349.302.

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.

Filed with the Office of the Secretary of State on February 20, 2026.

TRD-202600816

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Office of Consumer Credit Commissioner

Earliest possible date of adoption: April 5, 2026

For further information, please call: (512) 936-7660



CHAPTER 86. RETAIL CREDITORS AND COMMERCIAL SALES-BASED FINANCING

SUBCHAPTER C. COMMERCIAL SALES-BASED FINANCING

7 TAC §§86.301 - 86.307, 86.310 - 86.313, 86.320 - 86.322

The Finance Commission of Texas (commission) proposes new §86.301 (relating to Purpose and Scope), §86.302 (relating to Definitions), §86.303 (relating to Filing of New Application), §86.304 (relating to Processing of Registration Application), §86.305 (relating to Required Notifications), §86.306 (relating to Registration Term, Renewal, and Expiration), §86.307 (relating to Fees), §86.310 (relating to Disclosures), §86.311 (relating to Recordkeeping), §86.312 (relating to Prohibition of Unfair, Deceptive, and Abusive Acts), §86.313 (relating to Prohibition of Certain Automatic Debits), §86.320 (relating to Complaints and Investigations), §86.321 (relating to Enforcement), and §86.322 (relating to Suspension or Revocation Based on Criminal History) in 7 TAC Chapter 86, concerning Retail Creditors.

In general, the purpose of the proposed rules is to implement requirements for commercial sales-based financing providers and brokers under Texas Finance Code, Chapter 398, as added by HB 700 (2025).

Chapter 398 describes requirements for commercial sales-based financing providers and brokers. The Texas Legislature created Chapter 398 by enacting HB 700 (2025). HB 700 went into effect on September 1, 2025, and includes requirements for registration and disclosures, as well as prohibitions of certain practices. HB 700 requires the commission to adopt implementing rules by September 1, 2026, and requires providers and brokers to register with the OCCC by December 31, 2026.

Proposed new §86.301 explains the purpose and scope of the new rules, which apply to providers and brokers under Chapter 398.

Proposed new §86.302 contains definitions of terms that are used throughout the rules but are not otherwise defined in Chapter 398: "key individual," "NMLS," "OCCC" and "registrant."

Proposed new §86.303 describes the requirements for filing a new registration application. Registrants would be required to submit information through the Nationwide Multistate Licensing System (NMLS). NMLS is an online platform used by state financial regulatory agencies to manage licenses, including license applications and renewals. NMLS was created in 2008. The federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 explains that the purposes of NMLS include increasing uniformity and reducing regulatory burden. SAFE Act, 12 USC §5101. Each state currently uses NMLS for licensing certain individuals, and states are increasingly using the system

to license consumer finance companies. NMLS is managed by the Conference of State Bank Supervisors and is subject to ongoing modernization efforts and enhancements. New §86.303 describes the requirement to submit a registration application through NMLS, the information for a company application, and amendments for information that changes in a pending application.

Proposed new §86.304 describes the processing of a registration application, explaining that an application is complete when it conforms to rules and published instructions and all fees have been paid, and that a registration is effective on receipt of a completed application and required fees.

Proposed new §86.305 describes notifications that registrants are required to provide to the OCCC. The rule distinguishes between advance change notices (a term used in NMLS for changes that a registrant must provide in advance), and other required notifications to be reported within 30 days after the registrant has knowledge of the change (e.g., civil or regulatory actions, criminal history, bankruptcy, data breaches).

Proposed new §86.306 describes the term of registration. Registrations must be renewed annually during a specified renewal period. After renewal, a registration will have a one-year term.

Proposed new §86.307 describes fees for registration. There would be a \$1,000 fee for the initial registration and annual renewal. The rule would authorize the OCCC to annually adjust these dollar amounts based on the Consumer Price Index (CPI), but the rule would also provide that the OCCC may discount or reduce a fee.

Proposed new §86.310 describes disclosure requirements, explaining that the disclosures required by Texas Finance Code, §398.051 must be provided before the recipient signs an agreement for commercial sales-based financing, and that all terms in the disclosure must be accurate. In addition, proposed new §86.310(c) would require a contract to include a notice explaining how the recipient may contact the OCCC regarding a complaint.

Proposed new §86.311 would include recordkeeping requirements for providers and brokers. This includes a transaction file with any written agreement, each disclosure, and an account history, to be maintained for the later of four years from the date of the transaction or two years from the date of the final entry. The rule would also require maintaining third-party agreements and information related to data security and data breaches.

Proposed new §86.312 would implement the prohibition on unfair, deceptive, and abusive acts and practices under Texas Finance Code, §398.005. The proposed rule describes prohibited acts and practices including false, misleading, or inaccurate statements in advertisements, disclosures, or contracts; failure to perform contracted-for services; charging fees that were not specifically disclosed or contracted for; certain waivers of statutory rights; certain violations of Chapter 398; failure to maintain records; improperly characterizing a consumer transaction as a "business" or "commercial" transaction; a device or subterfuge to evade regulatory requirements; and other listed acts and practices.

Proposed new §86.313 would implement the prohibition of certain automatic debits under Texas Finance Code, §398.056. The rule explains that 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, and describes the requirements that govern perfection and pri-