SELF-EVALUATION REPORT

TO THE SUNSET ADVISORY COMMISSION

OCCC

TEXAS OFFICE OF CONSUMER CREDIT COMMISSIONER

SEPTEMBER 1, 2017

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Office of Consumer Credit Commissioner
Self-Evaluation Report

I. Agency Contact Information

A. Please fill in the following chart.

Office of Consumer Credit Commissioner
Exhibit 1: Agency Contacts

	Name	Address	Telephone & Fax Numbers	Email Address
Agency Head	Leslie L. Pettijohn	2601 N. Lamar Blvd. Austin, TX 78705	P-512.936.7640 F-512.936.7610	leslie.pettijohn@occc.texas.gov
Agency's Sunset Liaison	Juan V. Garcia	2601 N. Lamar Blvd. Austin, TX 78705	P-512.936.7620 F-512.936.7610	juanv.garcia@occc.texas.gov

Table 1 Exhibit 1 Agency Contacts

II. Key Functions and Performance

Provide the following information about the overall operations of your agency. More detailed information about individual programs will be requested in a later section.

A. Provide an overview of your agency's mission, objectives, and key functions.

The mission of the Office of Consumer Credit Commissioner (OCCC) is to regulate nondepository financial services and to educate consumers and creditors, fostering a fair, lawful, and healthy credit environment for economic prosperity in Texas.

The OCCC promotes high principles of professional conduct, ethics, diversity, stewardship, conservation of funds, and limited yet effective regulation. The OCCC regulates nondepository financial service providers, either through licensing or registration. The agency's programs and services are based on a four-factor philosophy:

Regulate fairly, efficiently, and effectively, balancing the needs of both consumers and creditors by enforcing Texas credit laws and licensing qualified financial service providers;

Educate consumers about rights, responsibilities, and remedies; and educate financial services providers about rights and responsibilities;

Communicate collaboratively with and encourage communication among the financial services industry, consumer public, and the OCCC; and

Protect and safeguard consumers against abusive, unfair, and deceptive lending practices.

The OCCC licenses the following nonbank financial service providers: regulated lenders, property tax lien lenders, certain residential mortgage loan originators, motor vehicle sales finance dealers and holders, credit access businesses, pawnshops, and pawnshop employees. The OCCC also registers debt management service providers, refund anticipation loan facilitators, crafted precious metal dealers, and retail sellers (creditors) who finance the sales of their goods and services.

The OCCC is functionally organized to perform its regulatory responsibilities to successfully fulfill core functions while striving to produce results and high levels of customer service. The key functions are:

- Licensing and Registration
- Examination and Investigation
- Consumer Assistance
- Legal and Enforcement
- Financial Education
- Administration

B. Do your key functions continue to serve a clear and ongoing objective? Explain why each of these functions is still needed. What harm would come from no longer performing these functions?

The key functions of licensing and registration, examination and investigation, consumer assistance, legal and enforcement, financial education, and administration are integral to supporting the mission and statutory responsibilities of the OCCC. Each function has a clear and ongoing objective.

- The licensing and registration function ensures that only qualified and eligible financial service providers that meet the statutory requirements operate in the market. This reduces the risk of consumer fraud, enhances consumer protection, and increases the level of compliance in the overall marketplace. If the licensing and registration function were eliminated, the OCCC would no longer satisfy its statutory obligations to issue licenses and registrations to financial service providers. Further, Texas consumers would be left unprotected and at great risk for harm from unscrupulous actors and deceptive practices.

- The examination and investigation function verifies compliance with statutory requirements by financial service providers. Performing examinations of qualified and licensed financial service providers enhances consumer protection, provides independent risk monitoring, reduces litigation exposure for licensed providers, and increases the level of compliance in the overall marketplace. Performing investigations of alleged violations of state law by licensed or registered, as well as unlicensed or unregistered, financial service providers enhances consumer protection, identifies patterns and practices of noncompliance, and increases the level of compliance in the overall marketplace.

- The consumer assistance function resolves consumer complaints and provides consumers with necessary information about financial products and providers. Resolving complaints enhances consumer protection, identifies patterns and practices of noncompliance, provides consumers with meaningful information, and increases the level of compliance in the overall marketplace.

- The legal and enforcement function brings formal legal action against persons subject to the agency's authority for violations of rules and laws. The legal function also assists with rulemaking, provides advisory guidance, and provides agency staff with legal advice. These activities ensure that the agency fulfills its obligations, that the industry complies with legal requirements, and that consumers are protected.

- The financial education function encourages and supports providing Texans with access to resources and financial education opportunities, which empowers them to make informed financial decisions.

- The administration function is integral to the operation of the agency and provides support to all of the key functions.

C What evidence can your agency provide to show your overall effectiveness and efficiency in meeting your objectives?

The OCCC strives to ensure that Texas has a fair and competitive financial marketplace while protecting consumers. One measure of overall effectiveness is the percentage of industry participants with satisfactory compliance ratings. The OCCC uses this measurement to focus resources and improve each industry's level of compliance.

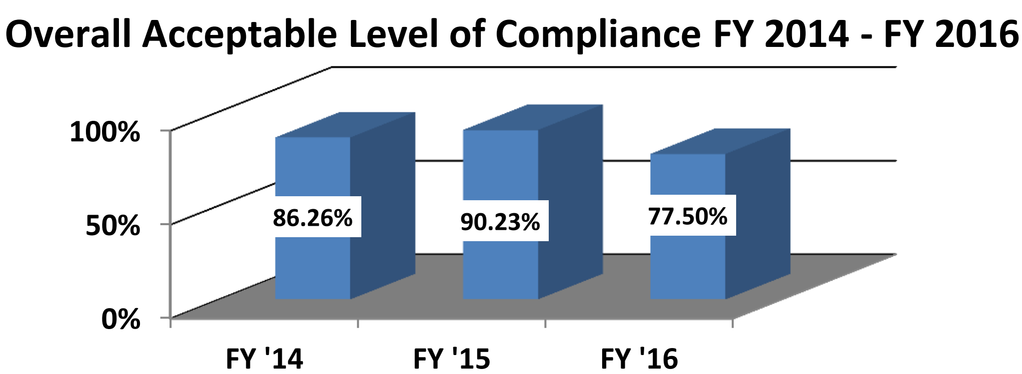


Figure 1 Overall Acceptable Levels of Compliance

Another primary measure of the OCCC's overall effectiveness is the amount of money that is returned to consumers at the direction of the OCCC. The Texas Finance Code limits the charges that licensees may impose on consumers. If the OCCC finds that a licensee has charged an unauthorized amount, the OCCC will instruct the licensee to make a refund to the consumer.

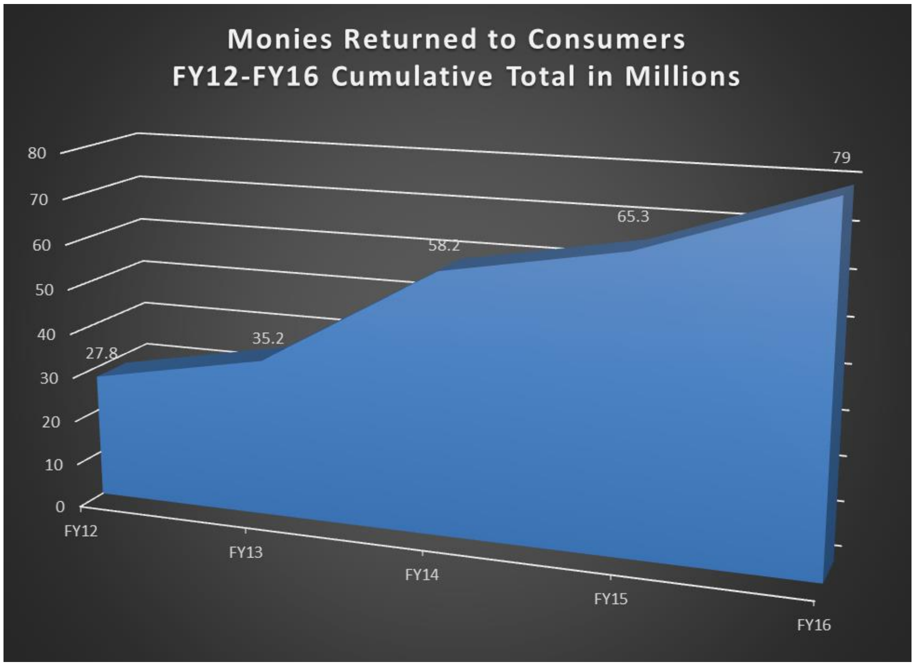


Figure 2 Monies Returned to Consumers

The OCCC also generally finds that advisory guidance and rulemaking support a more efficient and effective marketplace. For example, adopting model loan and credit contracts has improved compliance by licensees.

D. Does your agency's enabling law continue to correctly reflect your mission, objectives, and approach to performing your functions?

The enabling law continues to correctly reflect the OCCC's mission, objectives, and functional approach.

E. Have you recommended changes to the Legislature in the past to improve your agency's operations? If so, explain. Were the changes adopted?

In each legislative session, the agency has worked closely with the Legislature, the industry, and all interested stakeholders to improve agency operations.

In 2017, the agency recommended transferring enforcement authority for the credit card surcharge prohibition from the OCCC to the Office of the Attorney General, in order to ensure consistency with the debit card surcharge prohibition, which the attorney general currently enforces. The legislation was passed by the Legislature as SB 560 (2017).

In 2015, the agency made four sets of recommendations:

- ***Criminal history:*** These recommended amendments specified that the OCCC can collect fingerprint-based criminal history on license and registration applicants under Chapters 180, 393, and 394 of the Finance Code, as well as applicants for employment with the agency. The OCCC already had authority to receive criminal history information on other types of applicants, so this legislation covered some gaps and ensured that the OCCC was able to effectively evaluate the qualifications of all applicants. The legislation was passed by the Legislature as SB 1075 (2015).

- ***Crafted precious metal dealers:*** These recommended amendments would have specified that the agency's enforcement authority under Chapter 14 of the Finance Code applies to crafted precious metal dealers, and would have made other technical corrections regarding crafted precious metal dealers. The legislation was filed as SB 957 and HB 3505, but was not passed.

- ***Credit access businesses:*** These recommended amendments would have specified several requirements for credit access businesses under Chapter 393, including a definition of services that a credit access business provides, as well as limitations on post-maturity charges. The legislation was filed as SB 1650, but was not passed.

- ***Technical corrections:*** These recommended amendments included technical corrections to various provisions of the Finance Code, including updated references to federal law, as well as amended notice-and-hearing requirements and confidentiality provisions. The legislation was filed as SB 1282 and HB 3094, but was not passed.

F. Do any of your agency's functions overlap or duplicate those of another state or federal agency? Explain if, and why, each of your key functions is most appropriately placed within your agency. How do you ensure against duplication with other related agencies?

The Consumer Financial Protection Bureau (CFPB) is a federal agency that was created under the Dodd-Frank Act of 2010. The CFPB focuses on unfair, deceptive and abusive practices in financial transactions and has supervisory jurisdiction over the payday lending industry, the mortgage industry, and the student lending market. The CFPB may also engage in rulemaking to establish supervisory jurisdiction over larger participants in specific markets. To date, the CFPB has adopted larger market participant rules in the areas of consumer reporting, consumer debt collection, student loan servicing, international money transfers, and automobile financing. The OCCC has concurrent supervisory jurisdiction related to payday lending and larger participants in the automobile financing market. State financial regulators have entered into a framework of shared supervision to coordinate examination and enforcement activity with the CFPB to prioritize certain activities, to enable the sharing of resources, and to prevent duplication.

The Consumer Protection Division of the Office of the Attorney General (OAG) accepts complaints about a wide range of products and services provided to consumers, including violations of the Texas Deceptive Trade Practices Act. The OAG refers complaints to the OCCC relating to credit issues and other areas that the OCCC regulates. Likewise, the OCCC frequently refers consumers to the OAG for non-credit issues. The OAG also represents the agency in certain legal matters, but its representation is generally limited to representing the agency in state and federal district and appellate courts, and advising the agency and the Finance Commission regarding open meetings and rulemaking matters.

G. In general, how do other states carry out similar functions?

Other states have similar regulatory responsibilities in the nonbank financial services markets. These responsibilities are functionally carried out in a substantially similar manner, although organizational structures vary across the states.

H. What key obstacles impair your agency's ability to achieve its objectives?

See Section IX, Major Issues 1-4.

I. Discuss any changes that could impact your agency's key functions in the near future (e.g., changes in federal law or outstanding court cases).

In 2016, the federal CFPB proposed a rule with transaction limitations for payday, title, and other high-cost consumer loans. In July 2017, the CFPB adopted a rule that will prohibit class-action waivers in pre-dispute arbitration agreements for consumer financial products. Both of these rules could substantially affect consumer finance in Texas. The CFPB may also expand into additional consumer finance areas under its authority to regulate "larger participants."

The Office of the Comptroller of the Currency, the federal agency responsible for chartering national banks, is exploring the possibility of a "fintech charter." This would provide a national bank charter to nondepository financial providers that engage in lending and payment processing. The Conference of State Bank Supervisors has sued the Office of the Comptroller of the Currency, arguing that it does not have authority to issue this fintech charter, and that the charter would effectively preempt state consumer protection laws.

J. What are your agency's biggest opportunities for improvement in the future?

The OCCC's biggest opportunities lie in the continued use of innovative technology to advance compliance regulation, both within the agency and within the compliance management systems of financial service providers. Further opportunities lie in the continued growth and expansion of the Texas financial services market as the market responds to serve the growing needs of the Texas population. Critical to the financial health of consumers and the marketplace will be ensuring an environment that supports and encourages competitive and transparent financial service products.

K. In the following chart, provide information regarding your agency's key performance measures included in your appropriations bill pattern, including outcome, input, efficiency, and explanatory measures. Please provide information regarding the methodology used to collect and report the data.

Office of Consumer Credit Commissioner
Exhibit 2: Key Performance Measures — Fiscal Year 2016

Key Performance Measures	FY 2016 Target	FY 2016 Actual Performance	FY 2016 % of Annual Target
Consumer Complaints Closed	2,100	2,160	103.10%
Investigations Closed	86	104	120.93%
Compliance Examinations Performed	4,000	4,288	107.20%
Business Applications Processed	1,875	1,901	101.39%
Individual (Pawnshop Employee) Licenses Processed	2,500	3,253	130.12%
Consumers Receiving Financial Education	325	230	70.77%
% Consumer Complaints Resolved Within 90 Days	92%	94.46%	102.67%
% Examinations in Compliance	85%	77.50%	91.18%
Monies Returned to Consumers from Licensees	$2,500,000	$13,563,000	542.52%

Table 2 Exhibit 2 Key Performance Measures

The methodology related to performance measures is as follows:

- Consumer Complaints Closed is the number of consumer complaints that are processed and closed.
- Investigations Closed is the number of investigations, usually involving on-site fieldwork, that are completed, processed, and closed.
- Compliance Examinations Performed is the number of completed examinations of licensed locations and registered offices.
- Business Applications Processed is the number of applications for business licenses (regulated lender, pawn, property tax, motor vehicle sales finance, and credit access businesses) that have been completed and for which a license has either been issued or denied.
- Individual (Pawnshop Employee) Licenses Processed is the number of applications for licenses held by individual pawnshop employees that have been completed and for which a license has either been issued or denied.
- Consumers Receiving Financial Education is the total number of consumers who attend direct education classes that are presented by the OCCC or a partnering organization.
- The Percent of Consumer Complaints Resolved Within 90 Days is the total number of complaints that have been closed and resolved within a 90 day period over the total number of complaints that have been closed and resolved.
- The Percent of Examinations in Compliance is the total number of examinations performed that receive a satisfactory compliance rating over the total number of examinations performed.
- Monies Returned to Consumers from Licenses is a measure to track the restitution that has been provided to consumers as a result of action taken by the OCCC.

L. Please discuss any "high-value data" your agency possesses, as defined by Section 2054.1265 of the Government Code. In addition, please note whether your agency has posted those data sets on publically available websites as required by statute.

The OCCC does not possess any "high-value data" as defined by Section 2054.1265. Narrative reports and searchable data of licensed and registered financial service providers are available on the OCCC website. Annual report data is aggregated in a manner to exclude confidential information about individual businesses.

III. History and Major Events

Provide a timeline of your agency's history and key events, including:

- the date your agency was established;
- the original purpose and responsibilities of your agency; and
- major changes in responsibilities or statutory authority.

Also consider including the following information if beneficial to understanding your agency:

- changes to your policymaking body's name or composition;
- significant changes in state/federal legislation, mandates, or funding;
- significant state/federal litigation that specifically affects your agency's operations; and
- key changes in your agency's organization (e.g., a major reorganization of the agency's divisions or program areas).

1876 The Texas Constitution of 1876 contains a usury limitation, providing a maximum interest rate of 12% for all loans.

1879 The Legislature enacts the 1879 Revised Civil Statutes, which include penalties for usury and a definition of "interest" that is substantially the same definition used in today's statute.

1891 A constitutional amendment reduces the maximum interest rate to 10% (HJR 1).

1959 The Texas Legislative Council recommends that the Legislature enact a small loan law, citing three primary abuses of borrowers: excessive charges, pyramiding of loans, and harassment of borrowers in collection practices.

1960 A constitutional amendment authorizes the Legislature to classify loans and lenders, license and regulate lenders, define interest, and set maximum rates of interest (HJR 6).

1963 The Legislature enacts the Texas Regulatory Loan Act (SB 15). The act establishes the Office of Regulatory Loan Commissioner and authorizes the agency to license and regulate lenders of consumer loans up to $1,500. The agency is subject to the oversight and direction of the Texas Finance Commission, which at the time consists of nine members (six members in the Banking Section and three members in the Building and Loan Section).

The Legislature states that the act is intended "to bring under public supervision those engaged in the business of making such loans, to eliminate practices that facilitate abuse of borrowers; to establish a system of regulation for the purpose of insuring honest and efficient loan service and of stimulating competition in such lending; to provide for interest that is fair, just and equitable, and to provide the administrative machinery necessary for effective enforcement."

1965 Governor John Connally issues a proclamation requesting that the Finance Commission study consumer credit in Texas, with a view toward developing comprehensive legislation that will protect the public from abuses and provide a fair, competitive climate for lenders.

1966 The Finance Commission conducts public hearings to gather information in response to the Governor's proclamation.

1967 The Legislature enacts the Texas Credit Code in response to recommendations from the Finance Commission (HB 452). The code re-enacts and replaces the Texas Regulatory Loan Act, and it provides additional requirements for retail installment contracts, which are sales of goods or services on credit. The code changes the name of the Office of Regulatory Loan Commissioner to the Office of Consumer Credit Commissioner.

The Legislature states that the act is based on "a need for a comprehensive code of legislation to clearly define interest and usury, to classify and regulate loans and lenders, to regulate credit sales and services, and place limitations on charges imposed in connection with such sales and services, to provide for consumer education and debt counseling, to prohibit deceptive trade practices in all types of consumer transactions, and to provide firm and effective penalties for usury and other prohibited practices."

1971 The Legislature enacts the Texas Pawnshop Act, which authorizes the OCCC to license and regulate pawnshops (HB 416). The Legislature states that the act is intended to:

"(1) prevent fraud, unfair practices, discrimination, imposition, and abuse of state residents;
(2) exercise the state's police power to ensure a sound system of making pawn loans and transfers of personal property by and through pawnshops;
(3) prevent transactions in stolen property and other unlawful property transactions by licensing and regulating pawnbrokers and pawnshop employees;
(4) provide for licensing and investigation fees;
(5) provide minimum capital requirements for pawnbrokers;
(6) ensure financial responsibility to the state and its residents and compliance with federal, state, and local law, including rules and ordinances; and
(7) assist local governments in the exercise of their police power."

1980 The OCCC licenses 1,688 regulated lenders and 780 pawnshops.

1981 The Legislature enacts an omnibus interest rate bill, modifying the maximum interest rate structure of credit transactions (HB 1228). The Legislature also requires pawnshop employees who write pawn transactions to be licensed with the OCCC (SB 538).

1983 The Legislature increases the total number of Finance Commission members from nine to twelve, adding a three-member Consumer Credit Section that consists of two consumer credit executives and a public member (SB 295).

1985 The OCCC licenses 1,429 regulated lenders and 1,021 pawnshops.

1987 The Legislature requires persons who sell retail goods and services on credit, including motor vehicle installment sales, to register with the OCCC (HB 1230). Registration is also required for arrangers, assignees, or holders of retail installment contracts.

1989 The Legislature amends the Finance Commission's composition by removing the Consumer Credit Section and increasing the number of public members (SB 607).

1990 The OCCC licenses 1,531 regulated lenders and 1,300 pawnshops. Additionally, there are 10,700 registered creditors.

1991 The Legislature requires the OCCC to obtain fingerprint-based criminal history from license applicants and their principal parties, as part of the licensing process (HB 1258).

1992 The OCCC establishes a consumer helpline, and its number is printed on every contract of a regulated lender.

1995 The Legislature allows financing of medical and dental services as retail installment transactions (SB 872). Doctors and dentists who finance their services must register with the OCCC.

The OCCC licenses 2,203 regulated lenders and 1,489 pawnshops. Additionally, there are 12,372 registered creditors.

1997 The Legislature recodifies portions of the Texas Credit Code into the new Texas Finance Code (HB 10). The Legislature amends other portions of the Texas Credit Code to allow flexibility for larger commercial loans, and to require commercial borrowers to provide commercial lenders with notice of possible violations, giving commercial lenders an opportunity to cure violations (HB 1971).

Voters approve a constitutional amendment that authorizes home equity loans and reverse mortgages (HJR 31). The amendment includes transaction limitations for home equity loans, and generally requires nondepository lenders to be licensed with the OCCC in order to make home equity loans.

1999 The Legislature recodifies the remaining portions of the Texas Credit Code into the Texas Finance Code (SB 1368).

2000 The OCCC licenses 3,076 regulated lenders and 1,297 pawnshops. Additionally, there are 15,253 registered creditors.

2001 The Legislature passes a sunset bill for the OCCC, requiring motor vehicle sales finance dealers and holders to be licensed with the agency (SB 317). Previously, these companies were required to be registered. The sunset bill also requires OCCC licensees to use plain language contracts in loans and retail installment transactions. The Legislature passes a sunset bill for the Finance Commission, amending the commission's composition to include a consumer credit executive (HB 1763).

2003 Voters approve a constitutional amendment with requirements for home equity lines of credit, as well as authority for the Legislature to designate state agencies that may interpret the constitution's home equity provisions (SJR 42). The Legislature authorizes the Finance Commission and Credit Union Commission to issue interpretations (SB 1067).

2005 The Legislature requires debt management service providers to register with the OCCC (SB 1112).

The OCCC licenses 4,879 regulated lenders, 1,209 pawnshops, and 5,280 motor vehicle sales finance entities. Additionally, there are 8,288 registered creditors.

2007 The Legislature enacts the Property Tax Lender License Act, requiring property tax lenders to be licensed with the OCCC (HB 2138).

The Legislature requires refund anticipation loan facilitators to register with the OCCC (HB 1344).

2009 The Legislature enacts the Texas SAFE Act, requiring individual residential mortgage loan originators to be licensed (HB 10). The OCCC is the regulatory official for originators who are employed by the agency's licensees and registrants, including regulated lenders offering secondary mortgages, property tax lenders, and registered manufactured home creditors.

The Legislature designates the OCCC as a self-directed semi-independent agency (HB 2774).

The Legislature allows motor vehicle dealers to charge a documentary fee over $50, subject to the OCCC's review for reasonableness (HB 3621).

2010 The OCCC licenses 3,260 regulated lenders, 1,518 pawnshops, 84 property tax lenders, and 6,719 motor vehicle sales finance entities. Additionally, there are 11,094 registered entities.

2011 The Legislature requires credit access businesses, which are companies that assist consumers in obtaining payday or title loans, to be licensed with the OCCC (HB 2594). The Legislature also enacts disclosure requirements for credit access businesses (HB 2592).

The Legislature requires crafted precious metal dealers to register with the OCCC (HB 2490).

The Legislature amends the scope of Chapter 394 of the Finance Code, requiring debt settlement companies to be registered with the OCCC (SB 141).

The Legislature transfers requirements for regulation of commercial motor vehicle retail installment contracts from Chapter 348 of the Finance Code to new Chapter 353 (HB 2559).

The Legislature requires motor vehicle debt cancellation agreements to be reviewed and approved by the OCCC (HB 2931).

The Legislature increases the total number of Finance Commission members from nine to eleven, adding a public member and a banking executive (SB 249).

2013 The Legislature provides the OCCC with investigation and enforcement authority for the Finance Code's credit card surcharge prohibition (HB 2548).

2015 The Conference of State Bank Supervisors (CSBS) and American Association of Residential Mortgage Regulators (AARMR) issue a certificate of accreditation for mortgage supervision to the OCCC.

The OCCC licenses 3,370 regulated lenders, 1,583 pawnshops, 2,944 credit access businesses, 91 property tax lenders, and 8,115 motor vehicle sales finance entities. Additionally, there are 10,427 registered entities.

2017 The Legislature transfers enforcement authority for the credit card surcharge prohibition to the Office of the Attorney General (SB 560). The transfer is effective September 1, 2017.

The Legislature authorizes debt cancellation agreements for certain additional covered vehicles, including motorcycles, boats, and all-terrain vehicles (SB 1052). The agreements are subject to the OCCC's review and approval.

IV. Policymaking Structure

A. Complete the following chart providing information on your policymaking body members.

Office of Consumer Credit Commissioner
Exhibit 3: Policymaking Body

Member Name	Term / Appointment Dates Appointed by Governor	Qualification *(e.g., public member, industry representative)*	City
Stacy G. London Chair	Term Expires: Feb 1, 2020 Appointment Date: June 26, 2008 Governor	Mortgage Industry Representative	Houston
Robert (Bob) Borochoff	Term Expires: Feb 1, 2022 Appointment Date: Feb. 23, 2016 Governor	Public Member	Houston
Hector J. Cerna	Term Expires: Feb 1, 2020 Appointment Date: Dec. 16, 2015 Governor	Banking Industry Representative	Eagle Pass
Margaret (Molly) Curl	Term Expires: Feb 1, 2022 Appointment Date: Feb. 23, 2016 Governor	Public Member – CPA	Richardson
Phillip A. Holt	Term Expires: Feb 1, 2022 Appointment Date: Feb. 23. 2016 Governor	Consumer Credit Industry Representative	Bonham
William M. (Will) Lucas	Term Expires: Feb 1, 2018 Appointment Date: Sept. 27, 2011 Governor	Savings Bank Industry Representative	Center
Lori B. McCool	Term Expires: Feb 1, 2020 Appointment Date: Feb. 27, 2009 Governor	Public Member	Boerne
Matthew (Matt) Moore	Term Expires: Feb 1, 2022 Appointment Date: Feb. 23, 2016 Governor	Public Member	Amarillo
Paul Plunket	Term Expires: Feb 1, 2020 Appointment Date: June 26, 2008 Governor	Public Member	Dallas

Member Name	Term / Appointment Dates Appointed by Governor	Qualification *(e.g., public member, industry representative)*	City
Vince E. Puente, Sr.	Term Expires: Feb 1, 2018 Appointment Date: Aug. 25, 2016 Governor	Public Member	Ft. Worth
Hilliard (Jay) Shands, III Vice Chair	Term Expires: Feb 1, 2018 Appointment Date: Aug. 23, 2010 Governor	Banking Industry Representative	Lufkin

Table 3 Exhibit 3 Policymaking Body

COMPOSITION DETAILS ON POLICYMAKING BODY

The Finance Commission of Texas originated in 1943 and derives its authority from Chapter 11 of the Texas Finance Code. The Commission is not a state agency, but an oversight body of Texas citizens. The Commission consists of eleven members appointed by the Governor, subject to Senate confirmation. Members serve overlapping, six-year terms. Since 2011, the Commission has included two banking executives, one savings executive, one consumer credit executive, one residential mortgage loan originator and six public members, one of whom must be a certified public accountant. Not more than two members may be residents of the same state senatorial district.

B. The primary role and responsibilities of your policymaking body.

The Finance Commission is responsible for overseeing and coordinating the Texas Department of Banking, the Department of Savings and Mortgage Lending, and the Office of Consumer Credit Commissioner (the Agencies) and serves as the primary point of accountability for ensuring that state depository and lending institutions function as a system, considering the broad scope of the financial services industry.

The Finance Commission appoints, monitors and evaluates the performance of the banking commissioner, savings and mortgage lending commissioner, and consumer credit commissioner.

The Finance Commission is responsible for implementing policies through its rulemaking authority carried out in accordance with the Administrative Procedures Act, Texas Government Code, Chapter 2001. The Finance Commission advocates and exercises a system of open communication and broad stakeholder engagement for rulemaking.

C. How is the chair selected?

The Governor appoints the presiding officer. The duties of the presiding officer or chair are outlined in Texas Finance Code §11.107. Stacy G. London, a residential mortgage loan originator from Houston, Texas was appointed chair in February 2016. In furtherance of providing for the orderly operations of the Finance Commission, the chair designates a vice-chair who serves as the chair in the chair's absence. The chair appointed Hilliard (Jay) Shands, III, a banking executive, as vice-chair in April 2016.

D. List any special circumstances or unique features about your policymaking body or its responsibilities.

The Finance Commission appoints an agency commissioner to serve as the executive director to the Finance Commission. Banking Commissioner Charles G. Cooper was appointed to serve as the executive director effective May 2014. All administrative functions of the Finance Commission are performed by the staff of the executive director. An attorney from the Attorney General's Office is assigned to assist the Finance Commission on legal matters.

Other Responsibilities:

(1) The Finance Commission selects the firm to perform the internal audit functions for the Agencies and supervises the activities of the internal auditor. The Finance Commission reviews all audit reports from both the internal auditor and other state and federal agencies and approves and monitors corrective actions, if any.

(2) The Finance Commission is required to prepare and periodically update a strategic plan for coordination of the state financial system. The last five-year plan was prepared and adopted in August 2016.

(3) Appeals of certain actions taken by an Agency may be heard by the Finance Commission.

(4) The Finance Commission may instruct an Agency to conduct research on the availability, quality, and prices of financial services, including lending and depository services, offered in Texas to agricultural businesses, small businesses, and individual consumers and the practices of business entities in Texas that provide financial services to agricultural businesses, small businesses, and individual consumers.

(5) The Finance Commission reviews the Consumer Credit Commissioner's reports on high-cost lending in Texas and the Texas Department of Banking's and Department of Savings and Mortgage Lending's semi-annual Condition of the Texas Banking System reports.

Finance Commission members serve without remuneration but do receive travel expense reimbursements.

E. In general, how often does your policymaking body meet? How many times did it meet in FY 2016? In FY 2017?

Texas Finance Code §11.106 requires that the Finance Commission meet at least six times a year. In FY 2016, the Commission met six times. In December 2015, meetings were made available via live streaming for the public. All meeting packet information, agendas, minutes and related audio are available on the Finance Commission website. In FY 2017, the Commission met six times.

F. What type of training do members of your agency's policymaking body receive?

A one-day orientation is conducted for new Finance Commission members before their first meeting, which includes a review of: statutory responsibilities of the Finance Commission and its members including laws related to public officials and conflicts of interest; open meetings procedures; open records and public information laws; ethics; administrative procedure law; disciplinary and investigatory authority; state accounting procedures; and instructions on preparation of travel vouchers and accessing electronic packets. Each of the Agencies also familiarizes the new members with the activities, programs, roles, functions, budget, results of recent audits, and policies of their respective Agency.

Each member must also complete the online training related to the Public Information Act, the Open Meetings Act, Governing Bodies Responsibilities and the Public Funds Investment Act. Confirmation of this training is maintained by the executive director.

Periodically, the Agencies conduct briefing sessions for Finance Commission members to provide an in-depth review of specific areas of operation for each Agency. The last briefing session was held February 2017.

Additionally, members are notified of and encouraged to attend any seminars conducted by the Governor's Office or the Office of the Attorney General related to oversight body member duties.

G. Does your agency have policies that describe the respective roles of the policymaking body and agency staff in running the agency? If so, describe these policies.

The Finance Commission has a Policy and Procedures Manual (Manual) that outlines the duties and responsibilities of the members and the separation of functions of the Finance Commission and the three Commissioners. The Manual also includes a code of conduct and ethics section that members must adhere to. The Manual was last updated in December 2015.

Further, the roles of the Finance Commission members are outlined in Finance Code §§ 11.101-112. In general, the Finance Commission adopts rules, reviews policy, and monitors performance of the Agencies through its direct supervision of the commissioners. Each Agency's commissioner operates as the chief executive officer of his/her respective agency, and is responsible for the agency's daily operations. The executive director of the Finance Commission is responsible for administrative support of the Commission and preparation of all required reports and records.

Per Texas Finance Code §11.204, the Commission is authorized to use the staff, equipment, and facilities of the Agencies to the extent necessary to carry out their duties. To reduce administrative costs, the Agencies share staff, equipment, and facilities to the extent that the sharing contributes to cost efficiency without detracting from the staff expertise needed for individual areas of responsibility. For example, the Agencies share the Finance Commission building, a receptionist, building manager and imaging system.

H. What information is regularly presented to your policymaking body to keep them informed of your agency's performance?

The Agencies submit departmental reports at each Finance Commission meeting, recapping activities conducted in the two months prior to the meeting. Progress on performance measures attainment is reported on a quarterly basis.

The Agencies also provide financial statements with budget comparisons, performance measure data and investment officer reports quarterly. The Agencies annually present a budget proposal and semi-annually the Accomplishment Reports.

I. How does your policymaking body obtain input from the public regarding issues under the jurisdiction of the agency? How is this input incorporated into the operations of your agency?

Meetings of the Finance Commission are conducted with decorum and respect for all parties attending and appearing before the Finance Commission. The Finance Commission follows Robert's Rules of Order in conducting its meetings.

The Finance Commission obtains public input through its open meetings and the rulemaking process. Notices of Finance Commission and committee meetings are posted in the Texas Register in accordance with the Open Meetings Act and on the Finance Commission website. Meetings are generally held in the Hearing Room at the Finance Commission Building, which can seat approximately 40 members of the public.

Time is set aside at each meeting for public comment on any subject. Persons wishing to speak or comment go through a sign-in process and must state their name and who they represent for the record when speaking.

In addition to the formal comment period provided in the Administrative Procedures Act, many rule proposals are distributed by the Agencies for pre-comment among identified interested parties as a means of achieving negotiated, consensus solutions. Pre-comments are summarized for the Finance Commission prior to a vote to propose a rule, and comments received on proposals are provided and summarized for the Finance Commission before a vote to adopt. Further if deemed necessary, the Finance Commission can hold a special meeting to receive public comment on any rule proposal.

The Agencies hold a public hearing each year to present their proposed budgets and seek input from interested parties. Certain members of the Finance Commission attend these hearings and a recap of the hearing is provided to all members at the next Finance Commission meeting.

Interested parties are also invited to participate in the Finance Commission studies of financial services and home equity lending.

The Finance Commission is provided access to industry surveys conducted by the Agencies to evaluate the effectiveness of the Agencies. Each of the Agencies holds or participates in industry or stakeholder meetings. From time to time a Finance Commission member may attend and hear directly from the regulated industries outside of regular commission meetings.

All public input is evaluated and considered when making Agency decisions.

J. If your policymaking body uses subcommittees or advisory committees to carry out its duties, fill in the following chart. In addition, please attach a copy of any reports filed by your agency under Government Code Chapter 2110 regarding an assessment of your advisory committees.

Finance Commission
Exhibit 4: Subcommittees and Advisory Committees

Name of Subcommittee or Advisory Committee	Size / Composition / How are members appointed?	Purpose / Duties	Legal Basis for Committee
Audit Committee	Three members appointed by Chair, one of which is a Certified Public Accountant; Chair also appoints Chairperson of the committee.	Provide oversight of the Agencies' internal audit function including; (1) interviewing and recommending selection of an internal auditor, (2) reviewing and recommending the actions to be taken as a result of the annual risk assessments performed by the internal auditor, (3) reviewing, with the internal auditors, the audit scope and plan of the internal auditors, and (4) reviewing and recommending the actions to be taken on the audit plan resulting from the annual internal audit reports, including management's responses thereto, and monitoring the Agencies' corrective actions. Review and monitor the action plans resulting from external audits conducted by state and federal agencies, including management's responses thereto, and corrective actions. Review and recommend the actions to be taken on the annual operating budgets, quarterly financial statement reports and investment officer reports. Provide oversight and administration of the Texas Financial Education Endowment, including recommending the actions to be taken on the investment of funds and awarding of grants that support the objectives of the endowment.	Finance Code §11.107(c)(3)
Strategic Planning Committee	Three members appointed by Chair; Chair also appoints Chairperson of the committee.	Provide direction for and review of the strategic plans developed by each Agency and recommend action on the plans. Define the scope and development	Finance Code §11.107(c)(3)

Name of Subcommittee or Advisory Committee	Size / Composition / How are members appointed?	Purpose / Duties	Legal Basis for Committee
		of the Finance Commission's strategic plan and recommend action on the plan. Participate in legislative hearings, if requests made. Oversee selection process for Agency head and recommend action.	
Study Committee	Three members appointed by Chair; Chair also appoints Chairperson of the committee.	Request and review research studies and recommend action. Monitor and oversee Legislative Interim Studies. Monitor and oversee self-directed, semi-independent status. Review and recommend updates to policies and procedures of the Finance Commission. Oversee and monitor Agencies' Sunset Review Process.	Finance Code §11.107(c)(3)
Ad Hoc Committee	Three members appointed by Chair.	Coordinate evaluations of the Agency commissioners and recommend action. Short term committee as other needs arise.	Finance Code §11.107(c)(3)
Texas Financial Education Endowment Grant Advisory Committee.	Seven members recommended by OCCC and approved by Finance Commission	Provide advice and recommendations to the Finance Commission concerning grant administration and awards of the Texas Financial Education Endowment Fund.	Finance Code §11.107(c)(3) and §393.628

Table 4 Exhibit 4 Subcommittees and Advisory Committees

V. Funding

A. Provide a brief description of your agency's funding.

The OCCC's revenues are derived through the collection of license and registration application fees, renewal fees and assessments, charges for agency publications and administrative services, and examination charges collected from regulated entities. Various provisions in the Finance Code authorize the Commissioner to recover the cost of examination, the equitable or proportionate cost of maintenance and operation of the agency, and the cost of enforcement. The OCCC is responsible for all direct and indirect costs and does not receive any general revenue funds. The Legislature designated the OCCC as a self-directed, semi-independent (SDSI) agency in 2009. All revenues for operations are placed in a separate account at the Texas Treasury Safekeeping Trust Company.

The OCCC operates in a prudent and fiscally responsible manner while performing its statutory duties. The OCCC develops a budget annually that is evaluated and reviewed by the Finance Commission. The Finance Commission must approve the OCCC's budget before any expenditure can be made. A budget hearing, which is open to the public, is held each year. The OCCC seeks the input of stakeholders on its budget each year and works to ensure that it is accountable and transparent with respect to its financial requirements. The SDSI status has been instrumental over the past years in supporting the OCCC's efforts to fulfill its mission. As an SDSI agency, the OCCC is able to respond effectively and timely to the changing dynamics in the economy and OCCC's regulated industries. This includes the ability to adjust budgets and salaries, to retain and attract qualified personnel, and to strive for salary levels that are competitive with other state and federal agencies. Having SDSI status has allowed the OCCC to operate more efficiently and has provided the flexibility needed to expand or contract resources in response to economic and regulatory conditions.

B. List all riders that significantly impact your agency's budget.

The OCCC does not receive state appropriations and consequently there are no budget riders.

C. Show your agency's expenditures by strategy.

Office of Consumer Credit Commissioner
Exhibit 5: Expenditures by Strategy — 2016 (Actual)

Goal / Strategy	Amount Spent	Percent of Total	Contract Expenditures Included in Total Amount
Administration	$1,087,426	13.2%	$79,392
Consumer Assistance	447,915	5.4%	43,449
Examination and Investigation	5,431,646	65.9%	299,423
Financial Education	74,078	0.9%	4,161
Legal	695,333	8.4%	58,736
Licensing	507,317	6.2%	44,517
GRAND TOTAL	$8,243,715	100%	$529,678

Table 5 Exhibit 5 Expenditures by Strategy

The OCCC allocates costs to strategies or programs to more accurately reflect the cost basis of a particular program. The details of contract expenditure amounts are significantly driven by cost allocation among the programs.

D. Show your agency's sources of revenue. Include all local, state, and federal appropriations, all professional and operating fees, and all other sources of revenue collected by the agency, including taxes and fines.

Office of Consumer Credit Commissioner
Exhibit 6: Sources of Revenue — Fiscal Year 2016 (Actual)

Source	Amount
Regulated Lender Assessments, Fees, & Penalties	$2,352,379
Property Tax Lender Assessments, Fees, & Penalties	73,108
Residential Mortgage Loan Originator Fees & Penalties	103,900
Credit Access Business Assessments, Fees, & Penalties	1,467,345
Motor Vehicle Sales Finance Assessments, Fees, & Penalties	4,768,753
Pawnshop & Pawnshop Employee Assessments, Fees, & Penalties	1,061,747
Registered Industry Fees & Penalties	339,349
TOTAL	$10,166,581

Table 6 Exhibit 6 Sources of Revenue

E. If you receive funds from multiple federal programs, show the types of federal funding sources.

N/A

F. If applicable, provide detailed information on fees collected by your agency.

Office of Consumer Credit Commissioner
Exhibit 7: Fee Revenue — Fiscal Year 2016

Fee Description/Program/ Statutory Citation	Current Fee/Statutory Maximum	Number of Persons or Entities Paying Fee	Fee Revenue	Where Fee Revenue is Deposited (e.g., General Revenue Fund)
Regulated Lender New or Transfer Application Investigation Fee – Tex. Fin. Code § 342.101(b)	$200	250	$49,350	Local Funds
Regulated Lender Assessment* – Tex. Fin. Code §§ 14.107, 342.101(c), 342.154	$250 - $600 and a volume fee of $.03-.05 per $1000 loaned	~4,000	$2,240,659	Local Funds
Regulated Lender License Amendment Fee – Tex. Fin. Code § 14.107	$10 - $25	~400	$10,395	Local Funds
Regulated Lender Reinstatement or Late Filing Fees – Tex. Fin. Code § 349.303	$1,000 - $10,000	~40	$51,050	Local Funds
Motor Vehicle Sales Finance New or Transfer Application Investigation Fee – Tex. Fin. Code § 348.502(b)(1)	$25 - $200	~1,100	$212,425	Local Funds
Motor Vehicle Sales Finance Assessment* – Tex. Fin. Code §§ 14.107, 348.502(b)(2), 348.506	$430 - $460	~9,000	$3,753,537	Local Funds
Motor Vehicle Sales Finance License Amendment Fee -- Tex. Fin. Code § 14.107	$10-25	~650	$18,340	Local Funds
Motor Vehicle Sales Finance Reinstatement or Late Filing Fees – Tex. Fin. Code § 349.303	$1000 - $10,000	~300	$505,889	Local Funds
Property Tax Lender New or Transfer Application Investigation Fee – Tex. Fin. Code § 351.101(b)	$200	16	$3,200	Local Funds

Fee Description/Program/ Statutory Citation	Current Fee/Statutory Maximum	Number of Persons or Entities Paying Fee	Fee Revenue	Where Fee Revenue is Deposited (e.g., General Revenue Fund)
Property Tax Lender Assessment – Tex. Fin. Code §§ 14.107, 351.101(c), 351.154	$600 and a volume fee of $.03 per $1000 loaned	~84	$55,583	Local Funds
Property Tax Lender License Amendment Fee – Tex. Fin. Code § 14.107	$10 - $25	~17	$425	Local Funds
Property Tax Lender Reinstatement or Late Filing Fees – Tex. Fin. Code § 349.303	$1000 - $10,000	4	$4,000	Local Funds
Commercial Motor Vehicle Sales Finance New or Transfer Application Investigation Fee – Tex. Fin. Code § 353.502(b)(1)	$25 - $200	25	$5,025	Local Funds
Commercial Motor Vehicle Sales Finance Assessment* – Tex. Fin. Code §§ 14.107, 353.502(b)(2), 353.506	$430 - $460	~30	$14,818	Local Funds
Commercial Motor Vehicle Sales Finance License Amendment Fee -- Tex. Fin. Code § 14.107	$10-25	6	$150	Local Funds
Commercial Motor Vehicle Sales Finance Reinstatement or Late Filing Fees – Tex. Fin. Code § 349.303	$1000 - $10,000	1	$10,000	Local Funds
Pawnshop New , Transfer or Large County Relocation Application Investigation and Notice Fee – Tex. Fin. Code § 371.055(1)	$250 - $500 and a notification fee based upon the number of pawnshops in the county	~40	$34,683	Local Funds
Pawnshop Assessment* – Tex. Fin. Code §§ 14.107, 351.101(c), 351.154	$600 and a volume fee of $.05 per $1000 loaned	~1,500	$828,256	Local Funds
Pawnshop License Amendment Fee – Tex. Fin. Code § 14.107	$10 - $25	47	$1,175	Local Funds
Pawnshop Reinstatement or Late Filing Fees – Tex. Fin. Code § 349.303	$1000 - $10,000	4	$4,450	Local Funds
Credit Access Business New or Transfer Application Investigation Fee – Tex. Fin. Code § 393.604(b)	$200	~110	$23,010	Local Funds
Credit Access Business Assessment – Tex. Fin. Code §§ 14.107, 393.604(c), 393.613	$250 - $600 and a volume fee of $.03-.05 per $1,000 loaned	~2,275	$1,367,950	Local Funds
Credit Access Business License Amendment Fee – Tex. Fin. Code § 14.107	$10 - $25	~150	$3,885	Local Funds
Residential Mortgage Loan Originator Application & Renewal Fee* – Tex. Fin. Code § 180.061(2)	$300	~350	$103,800	Local Funds
Pawnshop Employee Annual License Fee – Tex. Fin. Code § 371.106(a)	$25	~3,000	$73,510	Local Funds
Pawnshop Employee Investigation and License Fee – Tex. Fin. Code § 371.103(b)	$15	~6,800	$102,330	Local Funds
Registered Creditor Registration Fee – Tex. Fin. Code § 345.351(a)(2)	$10 - $15	~6,800	$89,584	Local Funds
Registered Creditor Reinstatement or Late Filing Fee – Tex. Fin. Code § 349.303	$250	297	$74,250	Local Funds

Fee Description/Program/ Statutory Citation	Current Fee/Statutory Maximum	Number of Persons or Entities Paying Fee	Fee Revenue	Where Fee Revenue is Deposited (e.g., General Revenue Fund)
Refund Anticipation Loan Facilitator Registration Fee – Tex. Fin. Code §§ 14.107, 352.003(b)	$25 - $50	~1,850	76,525	Local Funds
Debt Management Provider New Application Investigation Fee – Tex. Fin. Code §§ 14.107, 394.204(c)(1)	$250	~15	$4,700	Local Funds
Debt Management Provider Annual Assessment – Tex. Fin. Code §§ 14.107, 394.204(f)	$430	83	$35,690	Local Funds
Crafted Precious Metal Dealer Registration Fee – Tex. Occ. Code § 1956.0612(c)	$25-$50	~1,100	$46,850	Local Funds
Debt Cancellation Agreement Review Fee – Tex. Fin. Code § 14.107	$250	43	$10,750	Local Funds
Administrative Penalties – Tex. Fin. Code §§ 14.208, 14.251; Tex. Occ. Code § 1956.0615	Varies	~244	$350,219	Local Funds

** Assessments are often discounted from the maximum amount based upon the amount of revenues collected within an industry segment.*

Table 7 Exhibit 7 Fee Revenue

The agency has consistently generated sufficient revenues to support the direct and indirect cost of operations and has regularly revised licensing fees, charges, and assessments in an attempt to accurately reflect the cost of providing effective regulation. The agency has regularly discounted, or reduced, assessments for specific regulated industries to properly align revenues with expenditures for the respective industry segment.

VI. Organization

A. Provide an organizational chart that includes major programs and divisions, and shows the number of FTEs in each program or division. Detail should include, if possible, Department Heads with subordinates, and actual FTEs with budgeted FTEs in parenthesis.

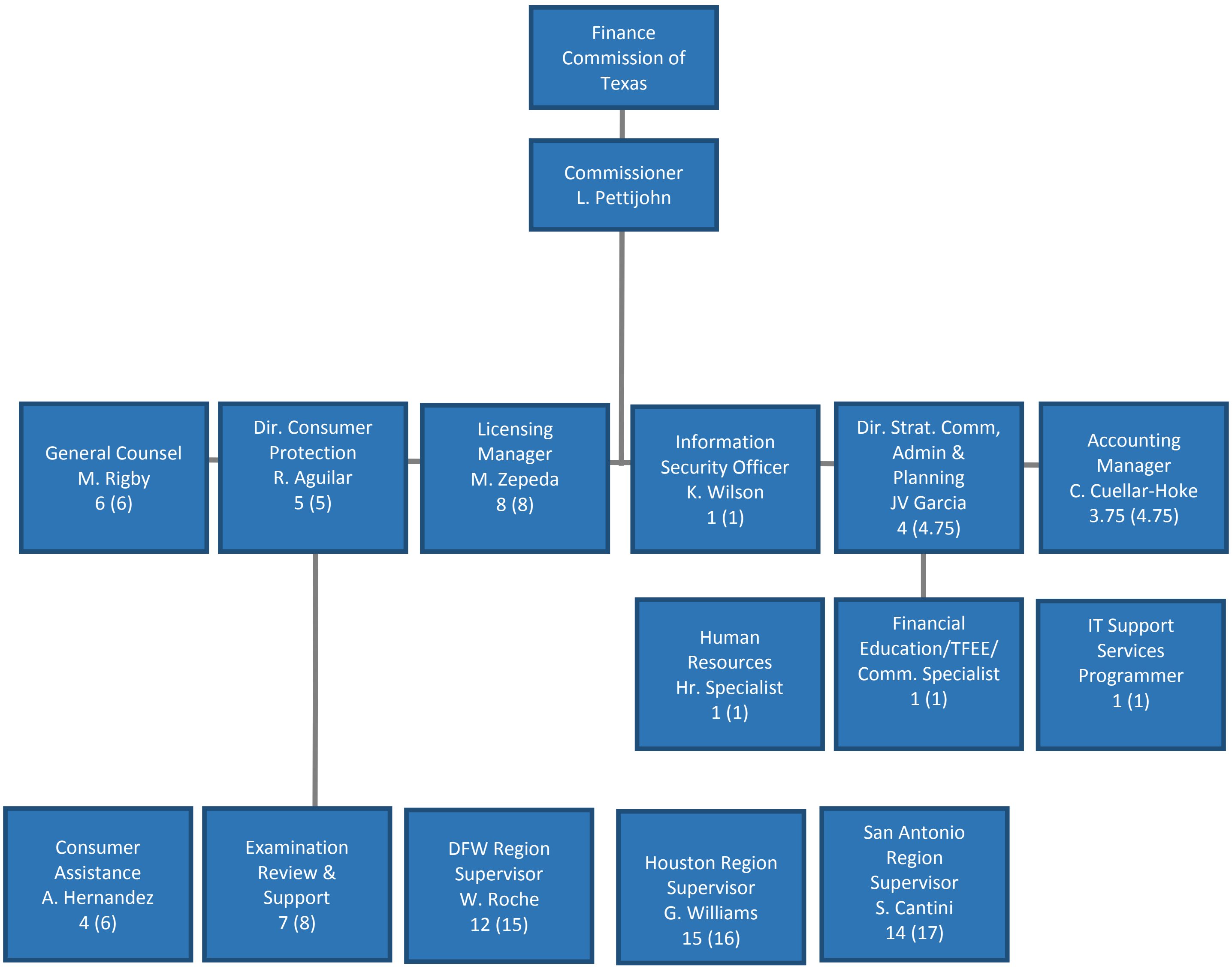


Figure 3 OCCC Organizational Chart

B. If applicable, fill in the chart below listing field or regional offices.

Office of Consumer Credit Commissioner
Exhibit 8: FTEs by Location — Fiscal Year 2016

Headquarters, Region, or Field Office	Location	Co-Location? Yes/No	Number of Budgeted FTEs FY 2016	Number of Actual FTEs as of June 1, 2016
Headquarters	Austin	Yes	46.5	41.5
Dallas Region	Dallas/ Fort Worth	No	16	14
Houston Region	Houston	No	15	16
San Antonio Region	San Antonio/ Rio Grande Valley	No	16	15
		TOTAL:	**93.5**	**86.5**

Table 8 Exhibit 8 FTEs by Location

C. What are your agency's FTE caps for fiscal years 2016–2019?

The Office of Consumer Credit Commissioner does not receive state appropriations and, therefore, does not have an FTE cap listed in the General Appropriations Act. However, the Finance Commission of Texas approved the following:

Fiscal Year	FTEs
FY 2016	93.5
FY 2017	93.5
FY 2018	91.0
FY 2019 (est.)	91.0

Table 9 Approved FTEs

D. How many temporary or contract employees did your agency have as of August 31, 2016? Please provide a short summary of the purpose of each position, the amount of expenditures per contract employee, and the procurement method of each position.

As of August 31, 2016, the OCCC had no temporary employees.

E. List each of your agency's key programs or functions, along with expenditures and FTEs by program.

Office of Consumer Credit Commissioner
Exhibit 9: List of Program FTEs and Expenditures — Fiscal Year 2016

Program	Number of Budgeted FTEs FY 2016	Actual FTEs as of August 31, 2016	Actual Expenditures
Licensing and Registration	9.0	7.0	$507,317
Examination and Investigation	60.0	59.0	5,431,646
Consumer Assistance	6.0	5.0	447,915
Legal	7.0	6.0	695,333
Financial Education and TFEE	1.0	1.0	74,078
Administration	10.5	10.5	1,087,426
TOTAL	**93.5**	**88.5**	**$8,243,715**

Table 10 Exhibit 9 List of Program FTEs and Expenditures

VII. Guide to Agency Programs

The following guide to agency programs describes the OCCC's seven administrative areas:

- Licensing and Registration
- Examination and Investigation
- Consumer Assistance
- Legal and Enforcement
- Financial Education
- Texas Financial Education Endowment Fund (TFEE)
- Administration

LICENSING AND REGISTRATION

A. Provide the following information at the beginning of each program description.

Name of Program or Function: Licensing and Registration

Location/Division: Austin

Contact Name: Mirand Zepeda

Actual Expenditures, FY 2016: $507,317

Number of Actual FTEs as of June 1, 2017: 8

Statutory Citation for Program:

Licenses: Tex. Fin. Code Ch. 180, 342, 348, 351, 353, 371, 393
Registrations: Tex. Fin. Code Ch. 345, 347, 352, 394; Tex. Occ. Code Ch. 1956

B. What is the objective of this program or function? Describe the major activities performed under this program.

The licensing and registration function ensures that financial service providers meet the statutory and eligibility requirements to operate in the market. This reduces the risk of consumer fraud, enhances consumer protection, and increases the level of compliance in the overall marketplace.

The licensing department issues six types of licenses based upon the type of financial service activity for business entities and four types of registrations. Applications are required for new licenses, as well as any transfers or changes of ownership in the licensed business. Annual renewals for all licenses and registrations are processed by the department. Staff members also provide customer service and technical support for the online system, ALECS, to all licensees, registrants and applicants.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and outcome performance measures that best convey the effectiveness and efficiency of this function or program. Also please provide a short description of the methodology behind each statistic or performance measure.

In order to measure the output and productivity of the licensing department, data on business, individual, residential mortgage loan originator, and registration applications processed is reported throughout the fiscal year.

The table below shows processing data for FY 2016:

FY 16 Applications Processed	Total Processed
Total New Business Applications	1,642
Total Business Transfer Applications	259
Total Business Applications Processed	**1,901**
Pawnshop Employee Applications Processed	3,253
RMLO Applications Processed	148
Total Individual Applications Processed	**3,401**

Table 11 Applications Processed

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

In February 2014, the Application Licensing Examination Compliance System (ALECS) modernized the way businesses applied for licenses and registrations. Applicants are able to enter information for a new license or a renewal through an online platform. Licensees initiate fingerprint-based criminal background checks through a third party, and the OCCC receives the results electronically. In addition, applicants and licensees have access to self-service transactions, such as address changes and license renewals.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

The Texas Finance Code contains eligibility requirements for licensees. Applicants are required to submit applications showing that their financial responsibility, experience, character, and general fitness are sufficient to command the confidence of the public and warrant the belief that the business will be operated lawfully and fairly. In addition, the Finance Code requires certain licensees to maintain minimum net assets that are readily available for use in the business. The net asset requirements are currently $25,000 per location for regulated lenders, property tax lenders, and credit access businesses; and $150,000 per location for pawnshops.

All business license applicants must provide entity filing documents, statements of experience, business operating plans, and loan documents. Applicants that are not sole proprietorships must also provide proof from the Comptroller of Public Accounts that they are in good standing.

Principal parties for all business licenses and debt management registrations must provide a completed personal questionnaire, personal affidavit, employment history, and criminal background check to demonstrate general character and fitness.

The following table shows license and registration counts as of September 1, 2016:

BUSINESS LICENSES	Total
Commercial Motor Vehicle Sales Finance (CMVSF)	29
Credit Access Businesses (CABs)	2,216
Motor Vehicle Sales Finance (MVSF)	8,444
Pawnshops	1,574
Property Tax Lenders (PTL)	90
Regulated Lenders	3,804
TOTAL	**16,157**

INDIVIDUAL LICENSES	Total
Pawn Employees	7,469
Residential Mortgage Loan Originators (RMLO)	370
TOTAL	**7,839**

REGISTRATIONS	Total
Crafted Precious Metal Dealers (CPMD)	1,106
Debt Management & Settlement Providers	108
Refund Anticipation Loan Lenders (RAL)	1,536
Registered Creditors	7,851
TOTAL	**10,601**

TOTAL LICENSES & REGISTRATIONS	Total
Business Licenses	16,157
Individual Licenses	7,839
Registrations	10,601
TOTAL	**34,597**

Table 12 Licensee and Registrant Total

F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.

All license applications and registrations are handled by the licensing department located at Austin headquarters. The team is equipped to address inquiries and issues that range from routine application questions to complex business organizational issues. License applications are processed using the following illustrated workflow.

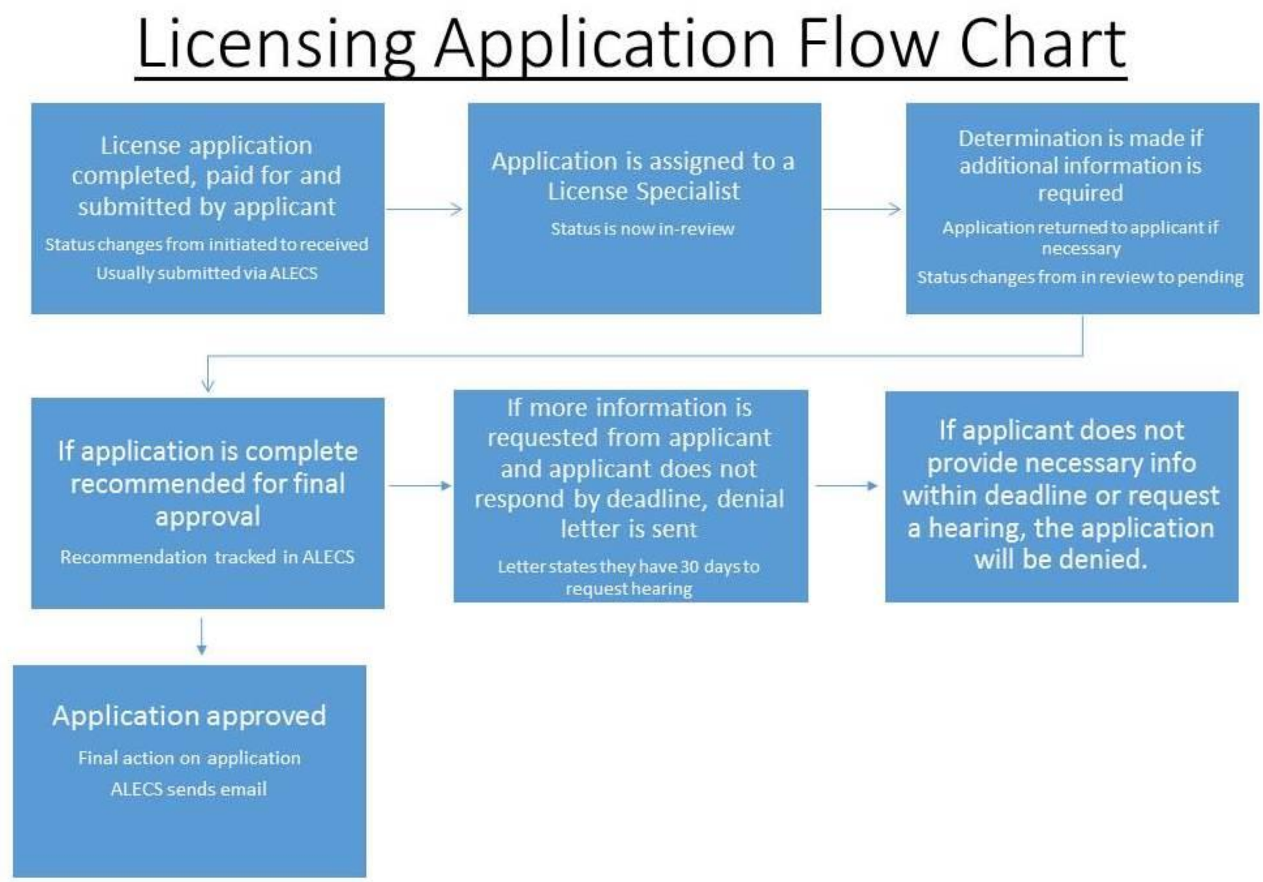


Figure 4 Licensing Application Flow Chart

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

The OCCC derives revenues through the collection of license and registration application fees, renewal fees and assessments, charges for agency publications and administrative services, and examination charges collected from regulated entities. As a self-directed, semi-independent agency, the OCCC does not receive appropriations.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.

The Texas Department of Savings and Mortgage Lending (SML) also regulates mortgage lenders in Texas. For secondary mortgages and home equity loans, a lender can choose whether to be licensed by SML or the OCCC. Lenders are generally not required to be licensed by both agencies. SML enforces laws with respect to its licensees (which include residential mortgage loan companies providing first-lien mortgages), while the OCCC enforces laws with respect to its licensees. In some cases, there is overlapping enforcement authority between the two agencies (e.g., lenders making certain mortgage loans without a license from either agency).

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

The OCCC and SML both participate in the Nationwide Multistate Licensing System (NMLS). NMLS is a nationwide system used by state agencies to process licensing information for residential mortgage loan originators. The OCCC's use of NMLS and access to data are subject to state agency terms of use. The OCCC has also coordinated with SML in examinations of entities that hold licenses with both agencies.

J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

N/A

K. If contracted expenditures are made through this program please provide:

- **a short summary of the general purpose of those contracts overall;**
- **the amount of those expenditures in fiscal year 2016;**
- **the number of contracts accounting for those expenditures;**
- **the method used to procure contracts**
- **top five contracts by dollar amount, including contractor and purpose;**
- **the methods used to ensure accountability for funding and performance; and**
- **a short description of any current contracting problems.**

The OCCC allocates costs to programs to more accurately reflect the cost basis of a particular program. The amounts for several contract expenditures are significantly driven by cost allocation among the programs. Total contracted expenditures, including the allocated portion, for the licensing department are $44,517.

Contract Name	Contract Purpose	FY 16 Expenditures	Contract Method
Department of Banking	Shared costs for facility and other allocated expenses	$7,972	Interagency Agreement
Sistema Technologies	Software application maintenance	$7,245	DIR – ICT Cooperative Contract
Vintage IT	Managed IT services	$5,040	DIR – ICT Cooperative Contract
Texas NICUSA – DIR	To facilitate electronic payment of license and registration assessments and fees through the Texas Payment Engine and Texas.gov.	$4,700	DIR – Texas.gov prescribed contract
Department of Information Resources	Telecommunication services	$3,492	Interagency Agreement

Table 13 Top Five Contract Expenses for Licensing Program

L. Provide information on any grants awarded by the program.

N/A

M. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.

See Section IX, Major Issues 1–4.

N. Provide any additional information needed to gain a preliminary understanding of the program or function.

N/A

O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- **why the regulation is needed;**
- **the scope of, and procedures for, inspections or audits of regulated entities;**
- **follow-up activities conducted when non-compliance is identified;**
- **sanctions available to the agency to ensure compliance; and**
- **procedures for handling consumer/public complaints against regulated entities.**

The OCCC issues six types of business licenses:

- ***Regulated lenders:*** These businesses make consumer loans at effective interest rates over 10% that are: (1) unsecured loans, (2) loans secured by personal property, or (3) secondary mortgage loans. These businesses are subject to Chapter 342 of the Texas Finance Code, which includes a license requirement, disclosure requirements, limitations on interest and fees, reporting requirements, and authority for the OCCC to periodically examine businesses.
- ***Motor vehicle dealers and holders:*** These businesses sell motor vehicles on credit or accept assignment of motor vehicle retail installment contracts. These businesses are subject to Chapter 348 of the Texas Finance Code, which includes a license requirement, disclosure requirements, limitations on finance charges and fees, and authority for the OCCC to periodically examine businesses.
- ***Commercial motor vehicle dealers and holders:*** These businesses sell commercial motor vehicles on credit or hold commercial motor vehicle retail installment contracts. These businesses are subject to Chapter 353 of the Texas Finance Code, which includes a license requirement, disclosure requirements, and limitations on finance charges and fees.
- ***Property tax lenders:*** These businesses provide property tax loans, under which the business pays a property owner's due or delinquent property taxes and receives a transfer of the taxing unit's lien. These businesses are subject to Chapter 351 of the Texas Finance Code and Chapter 32 of the Texas Tax Code, which include a license requirement, disclosure requirements, limitations on interest and fees, reporting requirements, and authority for the OCCC to periodically examine businesses.

- ***Pawnshops:*** These businesses provide pawn loans, under which the business accepts pledged goods from the borrower as collateral for the loan. These businesses are subject to Chapter 371 of the Texas Finance Code, which includes a license requirement, disclosure requirements, limitations on finance charges and fees, and authority for the OCCC to periodically examine businesses.
- ***Credit access businesses:*** These businesses assist consumers in obtaining payday or title loans from third-party lenders. These businesses are subject to Chapter 393 of the Texas Finance Code, which includes a license requirement, disclosure requirements, reporting requirements, and authority for the OCCC to periodically examine businesses.

The OCCC issues two types of individual licenses:

- ***Residential mortgage loan originators:*** These individuals negotiate and take applications for residential mortgage loans. The OCCC regulates originators who are employed by businesses regulated under Chapter 342, 348, 347, or 351 of the Finance Code. These individuals are subject to Chapter 180 of the Finance Code, which includes a license requirement and advertising requirements.
- ***Pawnshop employees:*** These individuals write pawn transactions, buy or sell merchandise at a pawnshop, or supervise other employees who perform these activities. These individuals are employed by licensed pawnshops, and are required to be individually licensed under Chapter 371 of the Finance Code.

The OCCC issues four types of registrations:

- ***Registered creditors:*** These businesses sell consumer goods on credit, accept assignment of retail installment contracts for consumer goods, or act as creditors in manufactured home purchases. Businesses that sell consumer goods or accept retail installment contracts for consumer goods are subject to Chapter 345 of the Finance Code, while businesses that act as manufactured home creditors are subject to Chapter 347. Each of these chapters includes a registration requirement, disclosure requirements, and limitations on finance charges and fees.
- ***Refund anticipation loan facilitators:*** These businesses assist consumers in obtaining loans from third-party lenders based on the consumer's anticipated federal income tax refund. These businesses are subject to Chapter 352 of the Finance Code, which includes a registration requirement and disclosure requirements.
- ***Debt management providers:*** These businesses assist consumers by negotiating with creditors to seek more favorable terms on a consumer's outstanding debt. These businesses are subject to Chapter 394 of the Finance Code, which includes a registration requirement, disclosure requirements, limitations on fees, and reporting requirements.
- ***Crafted precious metal dealers:*** These businesses purchase crafted precious metal items (e.g., gold jewelry) from consumers. These businesses are subject to Chapter 1956, Subchapter B of the Occupations Code, which includes a registration requirement, disclosure requirements, and reporting requirements.

Licensing and registration requirements support the OCCC's goal of consumer protection, as well as the agency's overall mission of fairly regulating industry providers to support a fair, transparent, and competitive market that will grow economic prosperity for all Texans. When issuing business licenses, the licensing department works to ensure that licensees have the proper knowledge, experience, and background to operate fairly and lawfully. In addition, registration and individual license requirements help ensure that providers are identifiable and accountable. This helps ensure that the OCCC can resolve complaints against providers, and helps to maintain the integrity of the financial services industry in Texas.

Periodic examinations and reporting requirements also support the OCCC's goals of consumer protection and fair regulation. Examinations help ensure that licensees are operating lawfully and fairly, and that they are not engaged in unfair or deceptive practices that harm consumers. Examinations also provide licensees with certainty about how to comply with the law. Reporting requirements support the OCCC's goals by enabling the agency to track trends in the financial services market, inform the assessment of risk and scoping for examinations, and ensure that bodies such as the Legislature and Finance Commission can use this information in developing policy.

Disclosure requirements and limitations on fees also support the goal of consumer protection. Disclosure requirements help ensure that consumers are not provided with false or misleading information, and that they can make informed decisions about their use of credit and other financial services. When consumers can make informed decisions, this enhances competition. Along the same lines, limitations on interest and fees help ensure that businesses do not engage in harmful or abusive practices.

For information about examination procedures and follow-up activities, see Section VII, "Examination and Investigation," Question O.

For information about complaint procedures, see Section VII, "Consumer Assistance," Question O.

For information about sanctions for licensed and registered entities, see Section VII, "Legal and Enforcement," Question O.

P. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices. Please include a brief description of the methodology supporting each measure.

For information about complaints, see Section VII, "Consumer Assistance," Question P.

For information about referrals resulting in enforcement orders, see Section VII, "Legal and Enforcement," Question P.

EXAMINATION AND INVESTIGATION

A. Provide the following information at the beginning of each program description.

Name of Program or Function: Examination and Investigation

Location/Division: Austin

Contact Name: Rudy Aguilar

Actual Expenditures, FY 2016: $5,431,646

Number of Actual FTEs as of June 1, 2017: 57

Statutory Citation for Program:

Investigations: Tex. Fin. Code § 14.201
Regulated Lender Examinations: Tex. Fin. Code § 342.552
Motor Vehicle Examinations: Tex. Fin. Code § 348.514
Property Tax Lender Examinations: Tex. Fin. Code § 351.008
Pawnshop Examinations: Tex. Fin. Code § 371.201
Credit Access Business Examinations: Tex. Fin. Code § 393.622(a)(3)

B. What is the objective of this program or function? Describe the major activities performed under this program.

The objective of the examination and investigation program is to ensure compliance with statutory and regulatory requirements. The program performs examinations of regulated lenders, motor vehicle dealers and holders, property tax lenders, pawnshops, and credit access businesses. The program also performs investigations of licensees or registrants, as well as unlicensed and unregistered persons, when there is reason to believe that the person has violated a law that the OCCC enforces. Through examinations and investigations, the program ensures that businesses comply with applicable law, and instructs businesses on how to correct violations.

The examination program also reviews plain language contracts and debt cancellation agreements for compliance with the Texas Finance Code. The OCCC has issued standard plain language contracts for Chapter 342 loans and Chapter 348 retail installment transactions. Before using a nonstandard contract, licensees must submit the contract to the OCCC, and the examination program reviews the contracts to ensure that they meet readability requirements. Licensees are also required to submit debt cancellation agreements to the OCCC for approval before using them. The examination program coordinates with the legal department to review these agreements, ensuring that they include required provisions and do not contain inconsistent or misleading provisions.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and outcome performance measures that best convey the effectiveness and efficiency of this function or program. Also please provide a short description of the methodology behind each statistic or performance measure.

Three key performance measures may be used to evaluate the effectiveness and efficiency of the examination process: (1) the number of compliance examinations performed in a fiscal year; (2) the percentage of examinations reporting an acceptable level of compliance; and (3) the amount of restitution returned to the consumers.

The number of compliance examinations performed in a fiscal year is determined by summing the number of examinations for each reporting period in a fiscal year. The following table represents the number of compliance examinations performed for FY14, FY15, and FY16.

Number of Examinations Performed (Fiscal Year Comparison)					
	Regulated Lenders	Property Tax	Motor Vehicle Sales Finance	Credit Access Businesses	Pawn
FY 2014	1,106	34	1,274	1,031	593
FY 2015	1,065	23	1,565	816	533
FY 2016	891	25	2,181	707	484

Table 14 Number of Examinations Performed per Fiscal Year

A licensee's compliance level is rated in each examination on a 1 to 5 scale. An acceptable level of compliance is associated with an examination that is rated a 1, 2, or 3. The aggregate acceptable level of compliance of examinations for FY14, FY15, and FY16 is represented in the graph shown below.

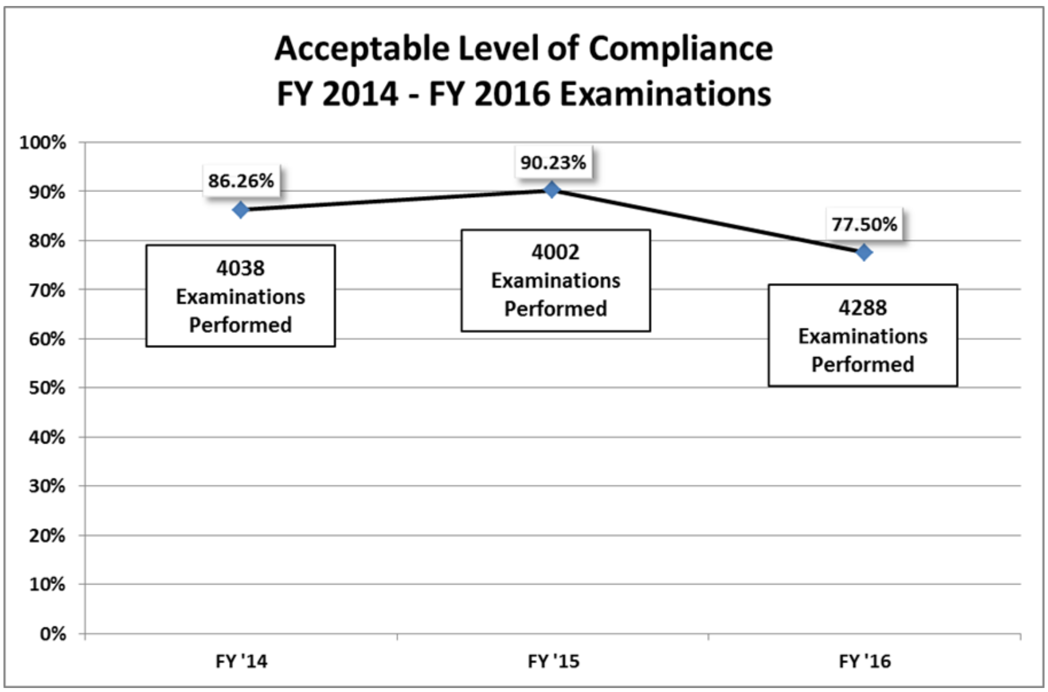


Figure 5 Acceptable Level of Compliance FY14-FY16

For FY17, the acceptable level of compliance is approximately 91% for all licensee types. The percentage of examinations reporting an acceptable level of compliance is determined by dividing the total number of examinations processed with an acceptable level of compliance (as determined by the agency), by the total number of processed examinations during a reporting period.

As part of the compliance examinations, if there are any overcharges relating to excessive or unauthorized finance charges, late charges, and other fees, licensees are generally required to provide restitution to the affected consumers. During FY14–FY16, Texas consumers received approximately $12.76 million per year in restitution from licensees. The amount of restitution returned to consumers is determined by summing the total amount of monetary corrections made by licensees in a fiscal year.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

In 2010, the first multi-state mortgage examination was conducted with other states under the multi state examination protocol agreement.

In 2016, the first multi-state motor vehicle examination was conducted with the Consumer Financial Protection Bureau and other states.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

BUSINESS LICENSES FY16	Total
Regulated Lenders	3,804
Credit Access Businesses	2,216
Motor Vehicle Sales Finance	8,444
Pawnshops	1,574
Property Tax Lenders	90
TOTAL	**16,157**

REGISTRATIONS FY16	Total
Crafted Precious Metal Dealers	1,106
Debt Management & Settlement Providers	108
Refund Anticipation Loan Lenders	1,536
Registered Creditors	7,851
TOTAL	**10,601**

Table 15 Business Licenses and Registrations

F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.

The examination staff is composed of field examiners based in three regional areas (San Antonio, Dallas, and Houston). Each region has a supervisor based in the region who is responsible for the scheduling of examinations for the region. Review examiners and a financial analyst are based in Austin. Additionally, administrative staff members are responsible for processing examination reports, documentation, and correspondence.

The investigation program is administered by a senior review examiner. Investigations originate from complaints, referrals from other organizations, and internally from licensing and the legal department. The investigation coordinator assigns investigations, receives investigation reports, and recommends closing actions. In FY16, 104 investigations were completed.

For additional information about examination procedures, see Question O in this section.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

The OCCC derives revenues through the collection of license and registration application fees, renewal fees and assessments, charges for agency publications and administrative services, and examination charges collected from regulated entities. As a self-directed, semi-independent agency, the OCCC does not receive appropriations.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.

Agencies located in other states also regulate and examine nondepository financial institutions, in a manner similar to the OCCC's regulation in Texas. Due to differences in state law, the scope of each agency's authority varies from state to state.

The federal Consumer Financial Protection Bureau (CFPB) was established in 2010 under the Dodd-Frank Act, to provide consumer protection in the area of financial regulation. The CFPB conducts examinations of certain market participants in the areas of mortgage lending and servicing, consumer lending, motor vehicle sales finance, and payday lending. In addition, the CFPB accepts complaints against some of the same businesses the OCCC oversees. The OCCC's regulatory approach may differ from the CFPB's approach. While the CFPB's authority relates primarily to subject matter addressed in federal statutes (e.g., consumer disclosures, equal credit opportunity), the OCCC's authority relates primarily to subject matter addressed in the Texas Finance Code (e.g., usury limitations, prohibitions on certain fees).

The Texas Department of Housing and Community Affairs (TDHCA) Manufactured Housing Division also regulates manufactured home sellers. Generally, TDHCA enforces requirements related to the sale of manufactured homes, while the OCCC's regulation and enforcement relates to the financing of manufactured homes through credit contracts.

The Texas Department of Insurance (TDI) regulates the sale of insurance in Texas. TDI's enforcement authority has some overlap with the OCCC's authority in transactions where a creditor imposes a charge for insurance. TDI's authority generally relates to whether the sale of the insurance is authorized, while the OCCC's authority generally relates to whether charges are authorized in a credit contract.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

The OCCC has entered into several information sharing agreements with other Texas state agencies, as well as agencies from other states. These agreements include sharing for examination reports, investigations, and complaints.

The OCCC is a member of two associations of state financial regulatory agencies: the American Association of Residential Mortgage Regulators (AARMR) and the National Association of Consumer Credit Administrators (NACCA). The OCCC also works with the Conference of State Bank Supervisors (CSBS), primarily through CSBS's work supporting the Nationwide Multistate Licensing System. These associations support state agencies, allowing state financial regulators to coordinate enforcement and policy. OCCC staff members serve on the following committees of NACCA: Auto Finance Committee, Information Technology Committee, Legislation Committee, and Nomination Committee.

In 2011, the OCCC entered an Information-Sharing MOU among the CFPB, CSBS, and various state financial regulatory agencies. The purpose of the Information-Sharing MOU is to coordinate and share information in supervision and enforcement. Under the MOU, the parties agree to promote consistent standards for examinations, use resources of the CFPB and state regulators efficiently, enforce consumer financial protection laws effectively, and minimize regulatory burden on financial product providers. In 2013, the CFPB and CSBS created the CFPB-State Supervisory Coordination Framework, as a flexible and dynamic process to implement the MOU. The State Coordinating Committee was formed by the Nationwide Cooperative Agreement for State Governance of Non-Depository Supervision as the official coordinating body for the Framework.

The OCCC coordinates with TDHCA through complaint referrals and joint training events for manufactured home sellers.

The OCCC has coordinated with TDI in examination matters regarding the unauthorized sale of insurance by motor vehicle dealers.

Previously, the OCCC was part of the residential mortgage fraud task force, which was a group of agencies that shared information to track and prosecute residential mortgage fraud in Texas. The task force included the OCCC, the Department of Banking, SML, TDI, TDHCA, and the attorney general. The Legislature abolished the residential mortgage fraud task force with SB 526 (2017). However, the bill specified that these agencies may continue to share confidential information.

J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

The OCCC coordinates with the CFPB on concurrent examinations, complaint referral, information sharing in regulated mortgage lending, motor vehicle sales finance, and payday lending.

In the area of pawnshop regulation, the OCCC coordinates with local and state law enforcement on property crime issues. Additionally, the OCCC coordinates with the Bureau of Alcohol, Tobacco, Firearms and Explosives, mainly on firearm issues in pawnshops.

K. If contracted expenditures are made through this program please provide:

- **a short summary of the general purpose of those contracts overall;**
- **the amount of those expenditures in fiscal year 2016;**
- **the number of contracts accounting for those expenditures;**
- **the method used to procure contracts**
- **top five contracts by dollar amount, including contractor and purpose;**
- **the methods used to ensure accountability for funding and performance; and**
- **a short description of any current contracting problems.**

The OCCC allocates costs to programs to more accurately reflect the cost basis of a particular program. The amounts for several contract expenditures are significantly driven by cost allocation among the programs. Total contracted expenditures, including the allocated portion, for the examination department are $299,423.

Contract Name	Contract Purpose	FY 16 Expenditures	Contract Method
Department of Banking	Shared costs for facility and other allocated expenses	$54,192	Interagency Agreement
Sistema Technologies	Software application maintenance	$52,507	DIR – ICT Cooperative Contract
Vintage IT	Managed IT services	$34,965	DIR – ICT Cooperative Contract
Department of Information Resources	Telecommunication services	$23,859	Interagency Agreement
Commonwealth Trading Partners	Purchase of computer hardware for field staff	$19,592	DIR – ICT Cooperative Contract

Table 16 Top Five Contract Expenses for Examination and Investigation Program

L. Provide information on any grants awarded by the program.

N/A

M. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.

See Section IX, Major Issues 1–4.

N. Provide any additional information needed to gain a preliminary understanding of the program or function.

N/A

O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- **why the regulation is needed;**
- **the scope of, and procedures for, inspections or audits of regulated entities;**
- **follow-up activities conducted when non-compliance is identified;**
- **sanctions available to the agency to ensure compliance; and**
- **procedures for handling consumer/public complaints against regulated entities.**

An examination is designed primarily to determine a licensee's compliance with both state and federal laws. An examination is scheduled based upon a risk-weighted assessment of the licensee and additional pertinent considerations. When an examination has been scheduled, an examiner will conduct preliminary work to scope and prepare for the examination. During the examination, the examiner will perform tests of the licensee's compliance management system and its established policies and procedures to assess compliance with state and federal laws. If violations are identified, the examiner will require the licensee to take corrective action. The examiner will prepare a written report of the findings and the examination.

The agency uses an automated system to manage examinations and investigations. Field examiners use this system to generate examination reports that are processed and submitted electronically. Administrative staff members review and verify these data submissions. Review examiners monitor examination reports, track corrective actions by licensees, and ensure quality control for accurate and consistent reports of examination.

Examinations receiving an unacceptable level of compliance (4 or 5 rating) require a follow-up examination after the required corrective actions have been taken by the licensee. These follow-up examinations are scheduled after the corrective actions are completed.

For information about types of licenses and registrations and why regulations are needed, see Section VII, "Licensing and Registration," Question O.

For information about complaint procedures, see Section VII, "Consumer Assistance," Question O.

For information about sanctions for licensed and registered entities, see Section VII, "Legal and Enforcement," Question O.

P. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices. Please include a brief description of the methodology supporting each measure.

For information about complaints, see Section VII, "Consumer Assistance," Question P.

For information about referrals resulting in enforcement orders, see Section VII, "Legal and Enforcement," Question P.

CONSUMER ASSISTANCE

A. Provide the following information at the beginning of each program description.

Name of Program or Function: Consumer Assistance Department

Location/Division: Austin

Contact Name: Alfredo Hernandez

Actual Expenditures, FY 2016: $447,915

Number of Actual FTEs as of June 1, 2017: 6

Statutory Citation for Program: Tex. Fin. Code § 14.062

B. What is the objective of this program or function? Describe the major activities performed under this program.

The objective of the consumer assistance department is to address consumer complaint issues and respond to credit related inquiries. The agency accomplishes this task by providing consumer information on the website, maintaining a consumer helpline, and accepting complaints through an online complaint portal, email, mail, and telephone.

OCCC licensees and registrants are generally required to include the OCCC's contact information on loan contracts and retail installment contracts. The notice directs consumers to visit the OCCC website or contact the consumer helpline (800-538-1579) to obtain answers to general credit related questions or to file complaints. The helpline is answered by a professional team of individuals who are trained to efficiently answer consumer inquiries or resolve complaints.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and outcome performance measures that best convey the effectiveness and efficiency of this function or program. Also please provide a short description of the methodology behind each statistic or performance measure.

Key Statistics	FY 2016
Number of complaints processed	2,160
% of written complaints closed in 90 days	94.46%
Monetary restitution to consumers	$286,759

Table 17 Key Statistics for Consumer Assistance Program

When a complaint is resolved, notations are made indicating the closing date and disposition, as well as a specific statement of resolution noting the actions that resulted in the complaint's closing.

The percentage of written complaints closed in 90 days is obtained by dividing the total number of written complaints that were resolved in 90 calendar days or less by the total of all written complaints resolved during the reporting period.

Monetary restitution to consumer is a credit to the consumer's account or a direct refund due to request for corrective action by the consumer assistance department.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

In addition to the efforts to provide consumers with information and resources pertaining to their credit related questions and inquiries on the improved website, the ALECS complaint portal went live January 30, 2017. This module allows consumers to file complaints online. As the complaint module matures, the OCCC expects to gain efficiencies in resolving consumer complaints.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

The OCCC serves all Texans by answering calls and corresponding to financial services questions or concerns. These contacts can be about general credit related questions, consumers seeking resolutions to complaints against one of the OCCC's licensees or creditors, or consumers filing complaints against businesses for violations under the office's enforcement authority. Consumers who contact the OCCC for complaints that are outside the OCCC's jurisdiction are directed to contact the appropriate state or federal regulator.

The consumer assistance department provides consumers with useful information by publishing information on the agency's website, answering calls, responding to correspondence regarding credit questions or concerns, and resolving complaints. The department is able to answer calls from Spanish speakers. By routinely updating its website to prominently provide consumers with credit-related information, the OCCC encourages financial literacy and education.

F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.

All inquiries and complaints are handled by the consumer assistance department located at Austin headquarters. The team is equipped to address inquiries and issues that range from routine debt collection complaints to more resource intensive mortgage related issues.

For additional information about complaint processing, see Question O in this section.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

The OCCC derives revenues through the collection of license and registration application fees, renewal fees and assessments, charges for agency publications and administrative services, and examination charges collected from regulated entities. As a self-directed, semi-independent agency, the OCCC does not receive appropriations.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.

The Texas Department of Motor Vehicles (TxDMV) also regulates motor vehicle dealers. Generally, TxDMV enforces requirements related to the sale, titling, and registration of motor vehicles, while the OCCC's regulation and enforcement relates to the financing of motor vehicles through retail installment contracts. TxDMV also accepts complaints online against motor vehicle dealers.

The Federal Trade Commission (FTC) is a federal agency that functions as an avenue for consumers to report violations of federal consumer protection laws. The FTC uses information provided by consumers to detect patters of fraud, abuse, and unfair business practices. While the FTC's authority relates primarily to generally applicable federal laws (e.g., consumer disclosure requirements, debt collection laws, identity theft), the OCCC's authority relates primarily to subject matter addressed in the Texas Finance Code (e.g., usury limitations, prohibitions on certain fees).

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

The OCCC coordinates and shares information with TxDMV. Shared information includes complaint and violation referrals, as well as lienholder listings. The OCCC and TxDMV participate in joint training events for motor vehicle dealers on a monthly basis. TxDMV makes referrals to the OCCC for complaints related to Texas Finance Code (such as unlicensed activity), and the OCCC makes referrals to TxDMV for issues that pertain to TxDMV's authority (such as the Texas Lemon Law, dealer advertisements, and registrations).

When the OCCC receives complaints that are not under its enforcement authority, it contacts the consumer to make a referral to an appropriate agency. Likewise, the OCCC receives referrals from other agencies for matters that are within the OCCC's purview.

J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

The OCCC sometimes receives referrals from local law enforcement such as the Houston Police Department and Austin Police Department for information regarding pawnshop records, stolen property, or pawn ticket descriptions.

K. If contracted expenditures are made through this program please provide:

- **a short summary of the general purpose of those contracts overall;**
- **the amount of those expenditures in fiscal year 2016;**
- **the number of contracts accounting for those expenditures;**
- **the method used to procure contracts**
- **top five contracts by dollar amount, including contractor and purpose;**
- **the methods used to ensure accountability for funding and performance; and**
- **a short description of any current contracting problems.**

The OCCC allocates costs to programs to more accurately reflect the cost basis of a particular program. The amounts for several contract expenditures are significantly driven by cost allocation among the programs. Total contracted expenditures, including the allocated portion, for the consumer assistance department are $43,449.

Contract Name	Contract Purpose	FY 16 Expenditures	Contract Method
Rainier Management	Office lease	$19,683	Lease facilitated by Texas Facilities Commission
Department of Banking	Shared costs for facility and other allocated expenses	$5,331	Interagency Agreement
Sistema Technologies	Software application maintenance	$4,996	DIR – ICT Cooperative Contract
Vintage IT	Managed IT services	$3,384	DIR – ICT Cooperative Contract
Department of Information Resources	Telecommunication services	$2,347	Interagency Agreement

Table 18 Top Five Contract Expenses for Consumer Assistance Program

L. Provide information on any grants awarded by the program.

N/A

M. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.

N/A

N. Provide any additional information needed to gain a preliminary understanding of the program or function.

In fiscal year 2016, the top two areas of complaints were Motor Vehicle Sales Finance (MVSF) and Credit Access Business (CAB).

MVSF complaints were the largest complaint category at 52.2%. The second largest category was CAB complaints. Collectively, CAB complaints are 18.8%; separately, these are at 9.6% for payday loans and 9.2% for title loans.

O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- **why the regulation is needed;**
- **the scope of, and procedures for, inspections or audits of regulated entities;**
- **follow-up activities conducted when non-compliance is identified;**
- **sanctions available to the agency to ensure compliance; and**
- **procedures for handling consumer/public complaints against regulated entities.**

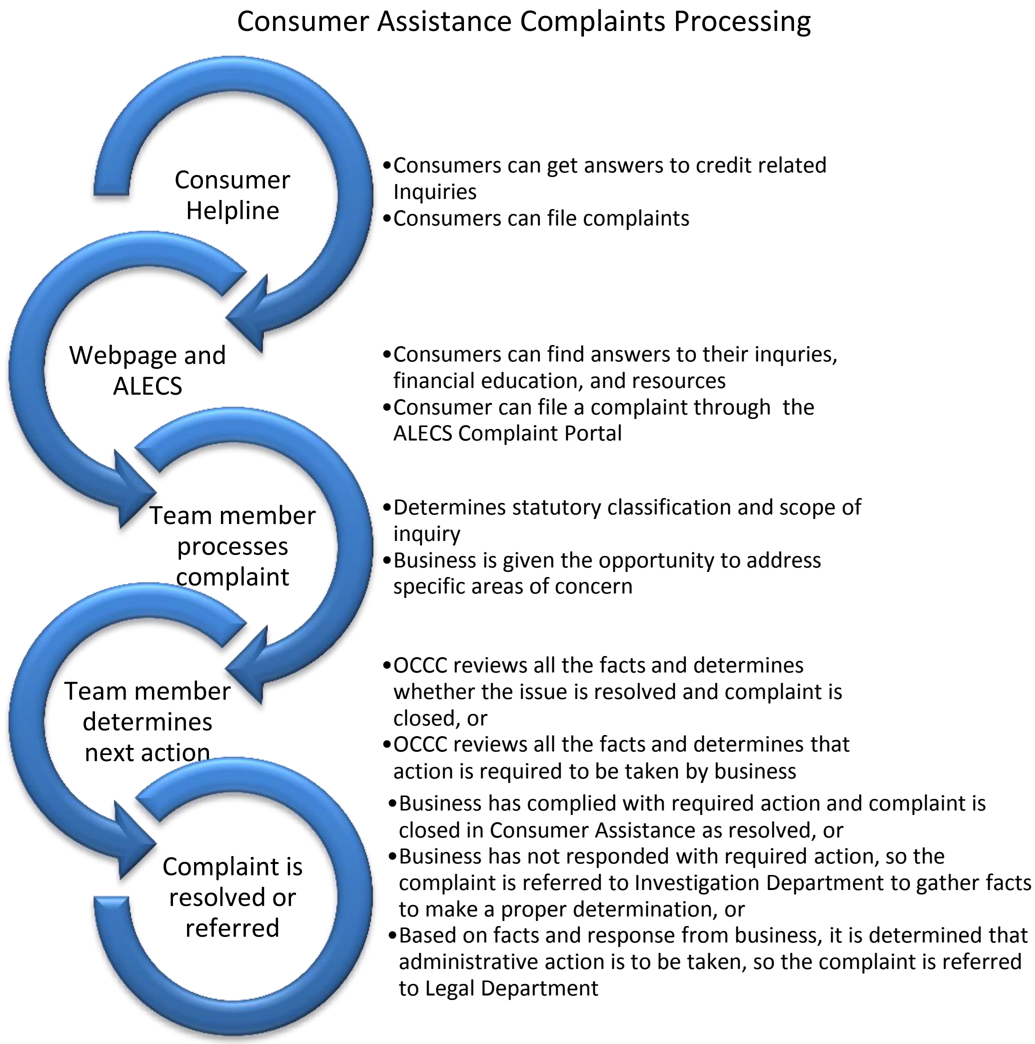


Figure 6 Consumer Assistance Complaints Processing Flow Chart

Once a complaint is received, consumer assistance staff members enter a record of the complaint. When a complaint is closed, notations are made indicating the closing date and disposition, as well as a specific statement of resolution noting the actions that resulted in the complaint's closing.

The most complex issues are handled in conjunction with input from members of the senior staff. If issues cannot be resolved internally, they are referred to investigations to gather additional information in order to determine whether a violation exists. In some instances, no further information is required to determine that a violation exists and the issue is referred to the legal department for enforcement.

For information about types of licenses and registrations and why regulations are needed, see Section VII, "Licensing and Registration," Question O.

For information about examination procedures and follow-up activities, see Section VII, "Examination and Investigation," Question O.

For information about sanctions for licensed and registered entities, see Section VII, "Legal and Enforcement," Question O.

P. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices. Please include a brief description of the methodology supporting each measure.

Office of Consumer Credit Commissioner
Consumer Assistance
Exhibit 10: Information on Complaints Against Regulated Persons or Entities
Fiscal Years 2015 and 2016

	Fiscal Year 2015	Fiscal Year 2016
Total number of business licenses	16,103	16,157
Total number of individual licensees	7,660	7,839
Total number of registrations	10,427	10,601
Total number of examinations performed	4,002	4,288
Total number of investigations closed	87	104
Total number of complaints received from the public	2,186	2,055
Number of complaints pending from prior years	377	272
Number of complaints resolved	2,131	2,165
Percentage of written complaints closed within 90 days	82.47%	94.46%

Table 19 Exhibit 10 Information on Complaints Against Persons or Entities

The consumer assistance department processes complaints received from the public. Examinations and investigations are completed separately by the examination and investigation program, as discussed in Section VII, "Examination and Investigation."

For information regarding enforcement orders resulting from complaint referrals, see Section VII, "Legal," Question P

LEGAL AND ENFORCEMENT

A. Provide the following information at the beginning of each program description.

Name of Program or Function: Legal

Location/Division: Austin

Contact Name: Michael Rigby

Actual Expenditures, FY 2016: $695,333

Number of Actual FTEs as of June 1, 2017: 6

Statutory Citation for Program: Tex. Fin. Code §§ 14.101, 14.108, 14.201

B. What is the objective of this program or function? Describe the major activities performed under this program.

The legal department performs five primary services for the agency:

- ***Enforcement*** involves bringing formal legal action against persons subject to the agency's authority for violations of laws and rules.
- ***Rulemaking*** involves drafting rules to implement statutes, which are proposed to and adopted by the Finance Commission with input from stakeholders.
- ***Advisory guidance*** involves issuing advisory bulletins, advisory letters, and official interpretations to stakeholders, in order to answer questions of law within the agency's authority.
- ***Public information*** involves responding to requests subject to the Public Information Act.
- ***Legal advice*** involves providing advice to agency leadership and staff regarding agency operations.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and outcome performance measures that best convey the effectiveness and efficiency of this function or program. Also please provide a short description of the methodology behind each statistic or performance measure.

The following are the legal department's outcome measures for FY 2016:

- 399 enforcement actions closed by final order
- 6 administrative hearings conducted
- 5 advisory bulletins published

The number of enforcement actions taken consists of actions closed by an order issued by the commissioner during a fiscal year. However, the agency takes other actions that are not included in the number of enforcement actions. Such actions include issuing an order to resolve an appeal of a license application denial, an appeal of a rejected debt cancellation agreement, and a pawnshop protest.

Additionally, the agency may agree to accept an assurance of voluntary compliance or close an enforcement action without issuing an administrative order.

The number of administrative hearings conducted consists of actions that resulted in an administrative hearing actually held before an administrative law judge during a fiscal year.

The number of advisory bulletins published consists of advisory bulletins published on the OCCC website during a fiscal year. Revised versions of a bulletin are not counted as separate or additional bulletin.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

In 2015, the OCCC stopped contracting with an individual administrative law judge to conduct contested case hearings, and entered into a contract with the State Office of Administrative Hearings (SOAH). Conducting hearings at SOAH has not substantially changed the services or functions of the program, but it has created more consistency with how other state agencies conduct hearings.

Also in 2015, the public information officer position was incorporated into the legal department.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

The legal department provides legal advice to agency staff and handles enforcement actions against regulated entities.

The following table shows the number of enforcement actions closed by the OCCC during FY 2015 and FY 2016. The table includes all enforcement actions closed by a formal order issued by the Commissioner. The table does not include enforcement actions that were closed without an order (e.g., informal resolution, dismissal, assurance of voluntary compliance):

Enforcement Actions Closed by Order		
	FY 2015	**FY 2016**
Revocation / Suspension Actions		
Regulated Loan License	4	0
Pawnshop License	0	0
Pawnshop Employee License	2	2
Credit Access Business	0	0
Motor Vehicle Sales Finance License	1	2
Property Tax Loan License	0	0
Crafted Precious Metal Dealer	2	0
Total Revocation / Suspension Actions	**9**	**4**
Injunction Actions		
Regulated Loan License	1	87
Pawnshop License	0	1
Pawnshop Employee License	0	0
Credit Access Business License	0	24
Motor Vehicle Sales Finance License	11	17

Enforcement Actions Closed by Order		
Property Tax Loan License	1	16
Crafted Precious Metal Dealer	3	0
Registered Creditor (Ch. 345)	0	1
Manufactured Housing (Ch.347)	0	0
Debt Management Services (Ch.394)	3	1
Credit Card Surcharge (Ch. 339)	0	2
Residential Mortgage Loan Originator	0	0
Total Injunction Actions	**19**	**149**
Administrative Penalty / Restitution Actions		
Regulated Loan License	74	0
Pawnshop License	3	36
Pawnshop Employee License	1	2
Credit Access Business License	131	75
Motor Vehicle Sales Finance License	76	126
Property Tax Loan License	7	3
Crafted Precious Metal Dealer	0	1
Residential Mortgage Loan Originator	0	1
Total Administrative Penalty / Restitution Actions	**292**	**244**
Application Denial and Protest Actions		
Regulated Loan License	0	0
Pawnshop License	0	0
Pawnshop Employee License	1	2
Credit Access Business License	0	0
Motor Vehicle Sales Finance License	1	0
Property Tax Loan License	0	0
Residential Mortgage Loan Originator	0	0
Total Application Denial and Protest Actions	**2**	**2**
Total Enforcement Actions	**322**	**399**

Table 20 Enforcement Actions in FY 15 & FY 16

The legal department's activities also affect rule stakeholders (such as industry members and consumer groups), individuals who read the agency's advisory guidance, and public information requestors.

F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.

Enforcement: Enforcement matters begin with a referral from another OCCC department to the legal department, recommending that the legal department bring an enforcement action against a respondent. The main types of enforcement actions are:

- **Injunction:** An order that directs a respondent to cease and desist unlawful conduct, or to take affirmative action to comply with the law.

- **Violation of injunction:** An order requiring payment of an administrative penalty for violating a previously issued injunction.
- **Administrative penalty:** An order requiring payment of an administrative penalty for a knowing and wilful violation of a law or rule. Some violations do not require proof of the “knowing and wilful” element.
- **Restitution:** An order that directs a respondent to make restitution to identifiable persons who were injured by the respondent's illegal conduct.
- **Appeal of license application denial:** An applicant's request for a hearing on a notice of denial for a license application.
- **Revocation:** An order suspending or revoking a respondent's license or registration.
- **Agreed order:** An order signed by the OCCC and a respondent, in which the respondent agrees that a violation occurred, and agrees to do one or more of the following: cease unlawful conduct, take affirmative action, pay an administrative penalty, pay restitution, or surrender its license.
- **Assurance of voluntary compliance:** A document signed by both the OCCC and a respondent, in which the respondent does not admit that a violation occurred, but agrees to do one or more of the following: cease a type of conduct, take affirmative action, pay an administrative penalty, or pay restitution.

The assigned attorney and legal assistant work on the enforcement matter. This may include requesting proof of compliance from the respondent, negotiating a settlement, or representing the agency before an administrative law judge in a contested case hearing. The legal department manages enforcement cases through the ALECS system. The general counsel manages enforcement matters.

Rulemaking: Rulemaking begins when the legal department develops a schedule of upcoming rule actions by working with the commissioner and other agency staff. Rule actions may be based on recent legislation or policy compliance issues identified by agency staff members. Rules are intended to provide stakeholders with guidance on how to comply with the statute. An attorney assigned to draft the rule action typically works with other agency staff to discuss the content of the rule and circulate internal drafts. The agency almost always sends a precomment draft of the rule action to stakeholders, providing stakeholders with an opportunity to provide informal precomments. Usually, the agency will also hold a public stakeholder meeting, where stakeholders can ask questions about the precomment draft.

The agency uses stakeholder input to draft a proposal for the Finance Commission. If the Finance Commission votes to publish the rule for comment, then the public has 30 days to provide official comments. Using these comments, the agency drafts a proposed adoption action for the Finance Commission. If the Finance Commission votes to adopt the rule, then it becomes legally effective.

Advisory guidance: The advisory guidance process begins when a new issue warranting advisory guidance comes to the agency’s attention. This can occur through questions from stakeholders, as well as recent legislation or rules. The legal department works with other staff members to determine whether questions are most appropriately addressed through an advisory letter, advisory bulletin, or official interpretation. The legal department typically either drafts the guidance or reviews the guidance drafted by another staff member. Advisory bulletins are published on the OCCC’s website, and are either revised or removed if they become outdated. Advisory letters and bulletins are both examples of informal guidance. The legal department does not provide legal advice to persons outside the agency. Official interpretations must be formally approved by the Finance Commission.

Public information: Any person has the right to request public information from the OCCC under the Public Information Act. In order to make a public information request by e-mail, a requestor must send an e-mail to the public information officer. Any public information requests that the agency receives by mail or hand delivery are immediately forwarded to the public information officer.

The public information officer processes requests and communicates with requestors. When appropriate, the public information officer coordinates with other agency staff to search the agency's records, and works with the attorneys in the legal department to ensure that confidential and privileged information is redacted. The legal department's attorneys prepare any referrals to the Office of the Attorney General's Open Records Division. The legal department also processes information requests from other governmental agencies.

Legal advice: The legal department provides general legal advice to the agency's staff. This can include performing legal research, preparing legal memos and outlines, and discussing legal options and recommendations with the commissioner and other management. This can also include personnel matters, as well as risk mitigation and review of agency operations and policies.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

The OCCC derives revenues through the collection of license and registration application fees, renewal fees and assessments, charges for agency publications and administrative services, and examination charges collected from regulated entities. As a self-directed, semi-independent agency, the OCCC does not receive appropriations.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.

The Office of the Attorney General (OAG) represents the agency in state and federal district and appellate courts (while the OCCC legal department represents the agency before an administrative law judge). The OAG also advises the agency and the Finance Commission regarding open meetings and rulemaking matters (while the OCCC legal department provides more general legal advice).

The Consumer Protection Division of the OAG also accepts complaints online about a wide range of issues regarding goods and services provided to Texas consumers, including violations of the Texas Deceptive Trade Practices Act. The OAG uses this information to file lawsuits against businesses that violate laws protecting consumers. The OAG Consumer Protection Division's enforcement authority relates to Texas consumer laws generally, while the OCCC's authority relates more specifically to credit laws and includes licensing and examination. However, the OAG does not take action on every complaint it receives and acts as a clearinghouse by referring complaints to other agencies with enforcement authority to handle those issues.

The OCCC works together with Department of Savings and Mortgage Lending (SML), the Texas Department of Banking (DOB), and the Texas Credit Union Department (CUD) to draft and propose interpretations of the home equity lending provisions of the Texas Constitution. The Finance

Commission and Credit Union Commission are authorized to adopt these interpretations under Article XVI, Section 50(u) of the Texas Constitution, and Sections 11.308 and 15.413 of the Finance Code.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

The OCCC legal department coordinates with the OAG regarding all matters where the OAG represents the agency. This collaborative relationship ensures that the agency receives high-quality, effective representation from legal counsel. The OCCC has entered contracts to pay for the services of the OAG, as well as an information sharing and common interest agreement between state attorneys general and state financial regulators.

The OAG Consumer Protection Division refers complaints to the OCCC regarding credit issues, as well as complaints against crafted precious metals dealers. The OCCC often refers consumers to the Consumer Protection Division for non-credit issues.

The OCCC legal department coordinates with SML, DOB, and CUD to draft and propose amendments to the home equity interpretations, and to seek input from stakeholders. Collectively, the four agencies are referred to as the "Joint Financial Regulatory Agencies."

J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

The OCCC communicates with local law enforcement in certain enforcement matters (e.g., cases involving stolen goods at pawnshops or crafted precious metal dealers). The OCCC has communicated with the CFPB regarding federal consumer financial protection regulations and their effect on Texas.

K. If contracted expenditures are made through this program please provide:

- **a short summary of the general purpose of those contracts overall;**
- **the amount of those expenditures in fiscal year 2016;**
- **the number of contracts accounting for those expenditures;**
- **the method used to procure contracts**
- **top five contracts by dollar amount, including contractor and purpose;**
- **the methods used to ensure accountability for funding and performance; and**
- **a short description of any current contracting problems.**

The OCCC allocates costs to programs to more accurately reflect the cost basis of a particular program. The amounts for several contract expenditures are significantly driven by cost allocation among the programs. Total contracted expenditures, including the allocated portion, for the legal department are $58,736.

Contract Name	Contract Purpose	FY 16 Expenditures	Contract Method
Office of the Attorney General	Provides legal services to the agency	$14,699	Interagency Contract
State Office of Administrative Hearings	Contested case hearing adjudication	$10,736	Interagency Contract
Department of Banking	Shared costs for facility and other allocated expenses	$6,221	Interagency Contract
Sistema Technologies	Software application maintenance	$5,829	DIR – ICT Cooperative Contract
Reed Elsevier	Legal research resources	$3,996	Council on Competitive Government Contract

Table 21 Top Five Contract Expenses for Legal Program

L. Provide information on any grants awarded by the program.

N/A

M. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.

See Section IX, Major Issues 1–4.

N. Provide any additional information needed to gain a preliminary understanding of the program or function.

N/A

O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- **why the regulation is needed;**
- **the scope of, and procedures for, inspections or audits of regulated entities;**
- **follow-up activities conducted when non-compliance is identified;**
- **sanctions available to the agency to ensure compliance; and**
- **procedures for handling consumer/public complaints against regulated entities.**

The OCCC is authorized to order the following sanctions under the Finance Code:

- **Injunction:** An order that directs a respondent to cease and desist unlawful conduct, or to take affirmative action to comply with the law.
- **Administrative penalty:** A penalty imposed for violating the law. Generally, the Finance Code authorizes administrative penalties if the violation is "knowing and wilful." Section 351.006 of the Finance Code provides an exception to this requirement for a property tax lender's failure to provide certain notices. Section 14.208 of the Finance Code also provides a penalty for violating an injunction.

- **Restitution:** An order to return money to consumers following a respondent's violation. This can take the form of either a check sent to a consumer or a credit to the consumer's account.
- **License revocation:** An order suspending or revoking a respondent's license. Generally, the OCCC may suspend or revoke a license if: (1) the licensee fails to pay an annual license fee; (2) the licensee violates the Finance Code, the OCCC's rules, or an order of the OCCC; or (3) the OCCC learns facts that would have justified denying the license application. Chapters 342 and 351 also authorize revocation for failing to ensure that employees are properly licensed as residential mortgage loan originators. Chapter 371 also authorizes revocation where a pawnshop establishes an association with an unlicensed pawnshop.
- **Registration revocation:** An order revoking a respondent's registration. The OCCC may revoke a refund anticipation loan facilitator's registration if the facilitator violates Chapter 352. Similarly, the OCCC may revoke a crafted precious metal dealer's registration if the dealer violates Chapter 1956 of the Occupations Code.

For information about types of licenses and registrations and why regulations are needed, see Section VII, "Licensing and Registration," Question O.

For information about examination procedures and follow-up activities, see Section VII, "Examination and Investigation," Question O.

For information about complaint procedures, see Section VII, "Consumer Assistance," Question O.

P. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices. Please include a brief description of the methodology supporting each measure.

Office of Consumer Credit Commissioner
Legal Department
Exhibit 11: Information on Complaints Against Regulated Persons or Entities
Fiscal Years 2015 and 2016

	Fiscal Year 2015	Fiscal Year 2016
Enforcement orders resulting from referrals from consumer assistance:	1	2
injunction	0	1
administrative penalty / restitution	1	1
suspension / revocation	0	0

Table 22 Exhibit 11 Information on Complaints Against Persons or Entities

	Fiscal Year 2015	Fiscal Year 2016
Enforcement orders resulting from referrals from examination:	278	361
injunction	1	131
administrative penalty / restitution	271	226
suspension / revocation	6	4

Table 23 Exhibit 11 Information on Complaints Against Persons or Entities

	Fiscal Year 2015	Fiscal Year 2016
Enforcement orders resulting from referrals from investigation:	27	15
Injunction	9	8
administrative penalty / restitution	15	7
suspension / revocation	3	0

Table 24 Exhibit 11 Information on Complaints Against Persons or Entities

These tables show the number of enforcement orders resulting from referrals from consumer assistance (complaints initiated by the public), as well as referrals from the examination and investigation program (initiated by the OCCC) during FY 2015 and FY 2016. Referrals from examination include both matters found in periodic examinations and annual/quarterly reporting violations.

These tables do not include enforcement actions initiated through the licensing department (e.g., appeal of license application denial, agreement to pay late filing fee, violation discovered during license application process).

The tables only include enforcement actions closed by formal order. The tables do not include enforcement actions that were closed without an order (e.g., informal resolution, dismissal, assurance of voluntary compliance).

A matter is considered referred from consumer assistance only if it is referred directly from consumer assistance to the legal department. If consumer assistance first refers the complaint to investigation to obtain additional information, and then investigation refers the complaint to legal, the complaint is treated as a referral from investigation.

For information regarding number of complaints resolved, see Section VII, “Consumer Assistance,” Question P.

FINANCIAL EDUCATION

A. Provide the following information at the beginning of each program description.

Name of Program or Function: Financial Education

Location/Division: Austin

Contact Name: Juan V. Garcia/ Deandra Sullivan

Actual Expenditures, FY 2016: $74,078

Number of Actual FTEs as of June 1, 2017: 0.67

Statutory Citation for Program: Tex. Fin. Code §§ 14.102, 394.001

B. What is the objective of this program or function? Describe the major activities performed under this program.

The financial education program's objectives are to educate consumers about their rights, remedies, and responsibilities, and to encourage communication, transparency, and cooperation among the nonbank financial industry, the consumer public, and the agency. Delivery of this information is achieved through different venues that include presentations to community groups, participation at community-sponsored events, presentations to schools and partnerships with other educational organizations.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and outcome performance measures that best convey the effectiveness and efficiency of this function or program. Also please provide a short description of the methodology behind each statistic or performance measure.

The OCCC provides quarterly reporting of financial education outreach to the Finance Commission. In FY 2016 the target was 325 consumers receiving education, and the OCCC provided financial education to 246 consumers.

The agency counts the number of Texas consumers reached through agency participation at community events, presentations, and online resources and the number of consumers receiving financial education. The agency also employs available metadata analytics to track how often a specific web page or resource is accessed; it is assumed all resources are wholly viewed or used when accessed by the consumer.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

Financial education provides life-skills that are increasingly important. It is becoming the essential tool for the average Texas family trying to decide how to balance their budget, purchase a home, pay for their children's education, and guarantee a predictable income at the time of retirement for the parents.

In 1967, the Legislature directed the OCCC "to coordinate, encourage, aid and assist public and private agencies, organizations and groups, and consumer credit institutions in the development and operation of voluntary educational and debt counseling programs designed to promote the prudent and beneficial use of consumer credit by citizens of this state" (HB 452). This requirement is currently codified at Sections 14.102 and 394.001 of the Texas Finance Code. The OCCC's financial education program is consistent with this original intent.

Ongoing education in this area is critical to the success of financial freedom for Texas consumers. The agency continues to support and deliver financial education for various stages of consumers' lives and understands that in order to be most effective the teaching tools will have to adapt to consumers' needs.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

The program exists to increase awareness by providing Texas consumers with access to resources and financial education opportunities and creating transparency regarding consumer transactions. There are no qualifications or eligibility requirements for Texas consumers seeking assistance to financial education.

F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.

The financial education program's goal is to educate consumers about their rights, remedies, and responsibilities and to encourage communication and cooperation among the nonbank financial services industry, the consumer public, and the agency.

Requests for consumer directed financial education are delivered through:

- Presentations at community events;
- Participation in workshops with other education-oriented organizations;
- Press releases and public service announcements;
- Internet publications;
- Distribution of brochures;
- Outreach to high school students and teachers;
- Other internal and external publications and presentations; and
- Displays of information in certain licensed industry locations.

The financial education specialist evaluates requests and works with requestors to provide trainings and presentations to groups through various parts of the state.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

The OCCC derives revenues through the collection of license and registration application fees, renewal fees and assessments, charges for agency publications and administrative services, and examination charges collected from regulated entities. As a self-directed, semi-independent agency, the OCCC does not receive appropriations.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.

Other state agencies provide financial education, but have different subject matter topics. For example, the Texas Department of Insurance's (TDI) primary focus is to teach consumers the importance of home and auto insurance. The Texas State Securities Board (SSB), whose education program is structured to provide investment related tips to investors, is another financial education program. Although the goals of these programs are to educate the public, just like the OCCC's financial education program, these programs have different audiences with a different purpose and thus are not a duplication of services.

The OCCC's role is to support, encourage, and aid Texas consumers by teaching them about their rights, remedies, and responsibilities related to financial products and services.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

The OCCC's financial education program has a different audience with a different purpose, and thus eliminates the duplication of services. The OCCC's focus is to educate consumers on their rights, remedies, and responsibilities and to encourage communication and cooperation with the nonbank financial services industry. TDI's purpose is to educate consumers on various personal and commercial lines of insurance as well as provide assistance when shopping for insurance. The same can be said about SSB whose curriculum is focused on investor education and protection.

The OCCC has worked with local schools and other nonprofit programs, such as Junior Achievement, to teach work readiness and financial literacy through experiential, hands-on programs.

J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

From time to time, this program also works to support school districts in the delivery of financial education.

K. If contracted expenditures are made through this program please provide:

- **a short summary of the general purpose of those contracts overall;**
- **the amount of those expenditures in fiscal year 2016;**
- **the number of contracts accounting for those expenditures;**
- **the method used to procure contracts**
- **top five contracts by dollar amount, including contractor and purpose;**
- **the methods used to ensure accountability for funding and performance; and**
- **a short description of any current contracting problems.**

The OCCC allocates costs to programs to more accurately reflect the cost basis of a particular program. The amounts for several contract expenditures are significantly driven by cost allocation among the programs. Total contracted expenditures, including the allocated portion, for the financial education department are $4,161.

Contract Name	Contract Purpose	FY 16 Expenditures	Contract Method
Department of Banking	Shared costs for facility and other allocated expenses	$890	Interagency Agreement
Sistema Technologies	Software application maintenance	$833	DIR – ICT Cooperative Contract
Vintage IT	Managed IT services	$564	DIR – ICT Cooperative Contract
SHI Government Solutions	Software and software licenses	$471	DIR – ICT Cooperative Contract
Department of Information Resources	Telecommunication services	$392	Interagency Agreement

Table 25 Top Five Contract Expenses for Financial Education

L. Provide information on any grants awarded by the program.

N/A

M. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.

N/A

N. Provide any additional information needed to gain a preliminary understanding of the program or function.

N/A

O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

N/A

P. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices. Please include a brief description of the methodology supporting each measure.

N/A

TEXAS FINANCIAL EDUCATION ENDOWMENT

A. Provide the following information at the beginning of each program description.

Name of Program or Function: Texas Financial Education Endowment (TFEE)

Location/Division: Austin

Contact Name: Juan V. Garcia/ Deandra Sullivan

Actual Expenditures, FY 2016: $35,197.88

Number of Actual FTEs as of June 1, 2017: 0.33

Statutory Citation for Program: Tex. Fin. Code § 393.628

B. What is the objective of this program or function? Describe the major activities performed under this program.

The main function of the Texas Financial Education Endowment (TFEE) is to support statewide financial capability and consumer credit building activities and programs throughout the State of Texas. TFEE does this by administering a grant program to achieve these goals.

The endowment is administered through the receipt of assessments from regulated entities and distribution of grant monies to selected organizations that promote and increase the financial capabilities of consumers.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and outcome performance measures that best convey the effectiveness and efficiency of this function or program. Also please provide a short description of the methodology behind each statistic or performance measure.

Funds are awarded to grant recipients during a two-year cycle, and grantees submit semiannual reports with program updates. Evidence of effectiveness is reported in the grantees' reports in the statement of outcomes of the programs, which may include the number of consumers reached, the number of trainers taught financial education, or other key statistics related to the programs. For example, in the 2014-2015 funding cycle, 215,212 consumers were reached and 1,101 trainers trained.

For additional information, please refer to the TFEE website (www.tfee.texas.gov) section header "*Publications*" and see the section titled R*eports.* These reports include a summary of program activities and effectiveness.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

In 2011, the Legislature passed HB 2594, which required credit access businesses to be licensed with the OCCC and required the Finance Commission to create an endowment for financial education in Texas called the Texas Financial Education Endowment (TFEE), to provide opportunities for asset building, improved consumer credit, and financial education.

In December 2013, the Finance Commission awarded $250,000 to eight grant recipients for the first TFEE grant cycle (CY 2014-15). The funding priorities selected by the Finance Commission included K-12 financial education and capability, adult financial education, and financial coaching.

In December 2015, the Finance Commission announced the second TFEE grant cycle (CY 2016-17) and awarded $249,000 to eight grant recipients. The Finance Commission decided to continue funding the same priorities as established during the first grant cycle.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

TFEE is a highly competitive program, which means that there are more qualified applicants for the program than there is funding available. In order to be eligible, qualifying applicants' programs must:

- Offer financial capability and educational services or programs preferably at no cost to the participant (for minimal or no cost);
- Meet needs of the financial education and capability community;
- Support strong community interest in financial capability;
- Identify the measurement tools used to track, monitor, and evaluate success;
- Demonstrate how grant funds will be used to support the TFEE mission;
- Demonstrate sustainability after grant funding is discontinued; and
- Provide clearly defined and achievable objectives, activities, and progress indicators.

In addition to aligning with the aforementioned, applicants must focus their efforts in any of the three priorities selected by the Finance Commission: K-12 financial education and capability, adult financial education, and financial coaching.

F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.

The Finance Commission administers the TFEE grant. Grant cycles start every even-numbered year and run for two years. Prior to the start of every cycle, the grant coordinator reviews the policies and procedures with the Grant Advisory Committee, appointed by the Finance Commission, to identify opportunities for streamlining or improving procedures.

Once program objectives and funding levels are approved, the grant coordinator posts the new grant cycle. Once grant applications have been submitted, the grant coordinator collects them and the review process of the Grant Advisory Committee begins. Recommendations are made and the Finance Commission, through the Audit Committee, selects the recipients and awards the funds to the selected recipients.

Grantees submit semi-annual reimbursement reports that demonstrate performance outcomes and financial information over the term of the grant in accordance with their grant agreements. Throughout the grant cycle, program activities are monitored.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

Under Section 393.628 of the Finance Code, each CAB licensee pays to the OCCC an annual assessment ($200) to improve consumer credit, financial education, and asset-building opportunities in Texas.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.

Other internal and external entities provide financial education, although often with a singular focus. TFEE supports, enhances, encourages, and promotes statewide financial capability and consumer credit building activities and programs, by funding selected programs that meet the priorities established by the Finance Commission.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

N/A

J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

N/A

K. If contracted expenditures are made through this program please provide:

- **a short summary of the general purpose of those contracts overall;**
- **the amount of those expenditures in fiscal year 2016;**
- **the number of contracts accounting for those expenditures;**
- **the method used to procure contracts**
- **top five contracts by dollar amount, including contractor and purpose;**
- **the methods used to ensure accountability for funding and performance; and**
- **a short description of any current contracting problems.**

N/A

L. Provide information on any grants awarded by the program.

From 2013 to 2017, there have been two TFEE grant cycles, with each cycle lasting two years. During both of these cycles, the Finance Commission's funding priorities have been school and youth based financial education, adult financial education and capability, and financial coaching.

During the first cycle (January 1, 2014 to December 31, 2015), eight recipients were awarded funds in the aggregate amount of $250,000.

K-12 Financial Education & Capability	Adult Financial Education & Capability	Financial Coaching
Financial Mentors of America-Game of Real Life (Houston) • $25,000	Foundation Communities-Financial Coaching Program (Austin) • $35,000	Goodwill Industries of Central East Texas, Inc. - Workforce Development "Good Sense" Services (Lufkin) • $25,000
Independent Bankers Association of Texas [IBAT] Teach the Teacher Program (Statewide) • $30,000	United Way of Tarrant County-Financial Coaching (Fort Worth) • $30,000	
Texas Council on Economic Education-Smarter Texas (Houston) • $35,000		

Table 26 TFEE Grants Awarded in Cycle I

For the current cycle (second) starting on January 1, 2016 thru December 31, 2017, the Finance Commission used the same funding priorities from the previous cycle to award eight recipients an aggregate amount of $249,000.

K-12 Financial Education & Capability	Adult Financial Education & Capability	Financial Coaching
Texas Council on Economic Education-- Smarter Texas (Houston) • $32,000	Family Service Association of San Antonio (San Antonio) • $32,000	Family Pathfinders of Tarrant County (Fort Worth) • $32,000
	Easter Seals of Greater Houston (Houston) • $32,000	Community Development Corp. of Brownsville (Brownsville) • $32,000
	Goodwill Industries of Central Texas (Austin) • $32,000	Texas State Affordable Housing Corporation-Texas Statewide Homebuyer Education Program (Statewide) • $32,000
	El Paso Credit Union Home Ownership Assistance Program (HOAP) Inc. (El Paso) • $25,000	

Table 27 TFEE Grants Awarded in Cycle 2

M. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.

Currently there are no outdated or ineffective laws in place that would impede this program's performance. As the program and the endowment fund are relatively new, the program and fund are continuing to grow into a mature posture.

N. Provide any additional information needed to gain a preliminary understanding of the program or function.

TFEE's website (www.tfee.texas.gov) provides additional information, which may be helpful in understanding the program. It specifically has the Grant Administration and Advisory Policy Manual under the header "*Publications*" which identifies the roles and responsibilities, process, funding priorities and other pertinent information related to the administration of the grant.

O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- **why the regulation is needed;**
- **the scope of, and procedures for, inspections or audits of regulated entities;**
- **follow-up activities conducted when non-compliance is identified;**
- **sanctions available to the agency to ensure compliance; and**
- **procedures for handling consumer/public complaints against regulated entities.**

N/A

P. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices. Please include a brief description of the methodology supporting each measure.

N/A

ADMINISTRATION

A. Provide the following information at the beginning of each program description.

Name of Program or Function: Administration

Location/Division: Austin

Contact Name: Leslie Pettijohn/Juan V. Garcia

Actual Expenditures, FY 2016: $1,087,426

Number of Actual FTEs as of June 1, 2017: 10

Statutory Citation for Program: Tex. Fin. Code Ch. 14

B. What is the objective of this program or function? Describe the major activities performed under this program.

The purpose of this program is to oversee the daily operations of the agency, providing strategic direction and guidance to programs within the OCCC. Administration works to support the effectiveness and efficiencies of overall agency programs and functions.

C. What evidence can you provide that shows the effectiveness and efficiency of this program or function? Provide a summary of key statistics and outcome performance measures that best convey the effectiveness and efficiency of this function or program. Also please provide a short description of the methodology behind each statistic or performance measure.

As the administrative function works to support all of the agency's programs and functions, the effectiveness and efficiencies of each of those programs also reflect the performance of the administrative function.

D. Describe any important history regarding this program not included in the general agency history section, including how the services or functions have changed from the original intent.

The function is consistent with its original purpose.

E. Describe who or what this program or function affects. List any qualifications or eligibility requirements for persons or entities affected. Provide a statistical breakdown of persons or entities affected.

This area affects the agency, staff, licensees, registrants, applicants for licensure, applicants who want to operate a business regulated by the OCCC, and the public.

F. Describe how your program or function is administered, including a description of the processes involved in the program or function. Include flowcharts, timelines, or other illustrations as necessary to describe agency policies and procedures. Indicate how field/regional services are used, if applicable.

The administration division encompasses teams with responsibility for Human Resources, Accounting, and Information Technology. Human Resources oversees statewide direction for employment policies and practices, compensation and employee performance management, and recruitment. The Accounting Department is responsible for the collection of fees, budget development and implementation, payroll, and is responsible for preparing financial statements, maintaining the general ledger, accounts payable, payroll, and financial analysis. Other administration activities include information technology services, procurement, contracting, risk management, and publication of interest rate limitations.

G. Identify all funding sources and amounts for the program or function, including federal grants and pass-through monies. Describe any funding formulas or funding conventions. For state funding sources, please specify (e.g., general revenue, appropriations rider, budget strategy, fees/dues).

The OCCC derives revenues through the collection of license and registration application fees, renewal fees and assessments, charges for agency publications and administrative services, and examination charges collected from regulated entities. As a self-directed, semi-independent agency, the OCCC does not receive appropriations.

H. Identify any programs, internal or external to your agency, that provide identical or similar services or functions to the target population. Describe the similarities and differences.

The OCCC shares resources with two other state agencies that regulate financial institutions in Texas: the Department of Banking (DOB) and the Department of Savings and Mortgage Lending (SML). The Texas Finance Commission is the oversight body for the three state finance agencies. Under Section 11.204 of the Finance Code, the Finance Commission uses the resources of the three finance agencies to carry out its duties, including charge and control of the Finance Commission building where the three finance agencies are located.

I. Discuss how the program or function is coordinating its activities to avoid duplication or conflict with the other programs listed in Question H and with the agency's customers. If applicable, briefly discuss any memorandums of understanding (MOUs), interagency agreements, or interagency contracts.

The OCCC coordinates with DOB and SML to share resources and administrative costs. Section 11.204(b) of the Finance Code provides that the three finance agencies will enter an interagency agreement that proportionately charges costs of staff used by the Finance Commission to the three agencies. Under the Finance Commission's Policies and Procedures, the finance agencies enter an interagency agreement each year describing how travel and other costs are distributed among the agencies.

J. If the program or function works with local, regional, or federal units of government, include a brief description of these entities and their relationship to the agency.

See Section VII, "Examination and Investigation," Question I.

K. If contracted expenditures are made through this program please provide:

- **a short summary of the general purpose of those contracts overall;**
- **the amount of those expenditures in fiscal year 2016;**
- **the number of contracts accounting for those expenditures;**
- **the method used to procure contracts**

- **top five contracts by dollar amount, including contractor and purpose;**
- **the methods used to ensure accountability for funding and performance; and**
- **a short description of any current contracting problems.**

The OCCC allocates costs to programs to more accurately reflect the cost basis of a particular program. The amounts for several contract expenditures are significantly driven by cost allocation among the programs. Total contracted expenditures, including the allocated portion, for the administration area are $79,392.

Contract Name	Contract Purpose	FY 16 Expenditures	Contract Method
TIBH	Temporary staffing resources	$34,912	Comptroller of Public Accounts Term Contract
Department of Banking	Shared costs for facility and other allocated expenses	$9,327	Interagency Agreement
Sistema Technologies	Software application maintenance	$8,914	DIR – ICT Cooperative Contract
Vintage IT	Managed IT services	$5,977	DIR – ICT Cooperative Contract
Department of Information Resources	Telecommunication services	$4,107	Interagency Agreement

Table 28 Top Five Contract Expenses in Administration Program

The OCCC closely monitors contracts to ensure that deliverables meet specifications of the agreement. Payments are not made until proper authorization of the deliverable is obtained. The OCCC is not aware of any current contracting problems.

L. Provide information on any grants awarded by the program.

N/A

M. Are there any barriers or challenges that impede the program's performance, including any outdated or ineffective state laws? Explain.

N/A

N. Provide any additional information needed to gain a preliminary understanding of the program or function.

N/A

O. Regulatory programs relate to the licensing, registration, certification, or permitting of a person, business, or other entity. For each regulatory program, if applicable, describe:

- **why the regulation is needed;**
- **the scope of, and procedures for, inspections or audits of regulated entities;**
- **follow-up activities conducted when non-compliance is identified;**

- **sanctions available to the agency to ensure compliance; and**
- **procedures for handling consumer/public complaints against regulated entities.**

N/A

P. For each regulatory program, if applicable, provide the following complaint information. The chart headings may be changed if needed to better reflect your agency's practices. Please include a brief description of the methodology supporting each measure.

N/A

VIII. Statutory Authority and Recent Legislation

A. Fill in the following charts, listing citations for all state and federal statutes that grant authority to or otherwise significantly impact your agency. Do not include general state statutes that apply to all agencies, such as the Public Information Act, the Open Meetings Act, or the Administrative Procedure Act. Provide information on Attorney General opinions from FY 2011–2015, or earlier significant Attorney General opinions, that affect your agency's operations.

Office of Consumer Credit Commissioner
Exhibit 12: Statutes / Attorney General Opinions

Statutes

Citation / Title	Authority / Impact on Agency *(e.g., "provides authority to license and regulate nursing home administrators")*
Tex. Fin. Code Ch. 14	Describes the general authority and duties of the OCCC. Authorizes the OCCC to enforce Fin. Code Ch. 341–371, 393, & 394 by accepting written complaints, conducting investigations, issuing injunctions, assessing administrative penalties, and ordering restitution. Authorizes the Finance Commission to establish fees for the OCCC to carry out its duties. Authorizes the OCCC to issue official interpretations of Fin. Code Ch. 301–354.
Tex. Fin. Code Ch. 11	Describes the general authority, purpose, and composition of the Texas Finance Commission, the policy-making body for the OCCC.
Tex. Fin. Code Ch. 16	Provides that the OCCC and other finance agencies are self-directed, semi-independent agencies. Describes budgeting and auditing processes for these agencies.
Tex. Fin. Code Ch. 180 (Texas SAFE Act)	Provides licensing requirements, education requirements, and disclosure requirements for residential mortgage loan originators. Authorizes the OCCC to enforce the chapter by approving or denying a license application, revoking or suspending a license, assessing administrative penalties, and issuing cease-and-desist orders.
Tex. Fin. Code Ch. 301–339 (Title 4, Subtitle A)	Provides general limitations on interest for loans that are not subject to Fin. Code Ch. 342–371. Requires the OCCC to publish the weekly Texas Credit Letter, containing computations of rate ceilings. Authorized the OCCC to enforce the credit card surcharge prohibition until September 1, 2017.
Tex. Fin. Code Ch. 341	Provides the OCCC with general licensing authority relating to Fin. Code Ch. 342–353. Requires contracts for Ch. 342 & 348 transactions to be written in plain language, and authorizes the Finance Commission to adopt model plain language forms. Prohibits credit discrimination in Fin. Code Ch. 342–371 transactions. Describes administration of the residential mortgage loan originator recovery fund.

Citation / Title	Authority / Impact on Agency *(e.g., "provides authority to license and regulate nursing home administrators")*
Tex. Fin. Code Ch. 342	Provides licensing requirements, maximum fees and interest, disclosure requirements, and recordkeeping requirements for regulated consumer loans. Applies to consumer loans that: (1) have an interest rate over 10%, and (2) are either not secured by real estate or are secondary mortgages. Authorizes the OCCC to enforce the chapter by conducting examinations, approving or denying a license application, and revoking or suspending a license.
Tex. Fin. Code Ch. 343	Provides fee limitations and disclosure requirements for home loans.
Tex. Fin. Code Ch. 345	Provides registration requirements, maximum fees and finance charges, disclosure requirements, and recordkeeping requirements for retail installment transactions and retail charge agreements for non-motor-vehicle goods. Applies to retail sellers and holders of retail installment contracts or retail charge agreements.
Tex. Fin. Code Ch. 346	Provides maximum fees and interest for revolving credit accounts.
Tex. Fin. Code Ch. 347	Provides registration requirements, maximum fees and finance charges, and disclosure requirements for manufactured home credit transactions.
Tex. Fin. Code Ch. 348	Provides licensing requirements, maximum fees and finance charges, disclosure requirements, and recordkeeping requirements for motor vehicle retail installment transactions. Applies to retail sellers and holders of retail installment contracts. Authorizes the OCCC to enforce the chapter by conducting examinations, approving or denying a license application, and revoking or suspending a license.
Tex. Fin. Code Ch. 349	Describes civil liability and civil penalties for violating Fin. Code Ch. 341–354. Describes the late filing fee that a person must pay if the person obtains or renews an OCCC license or registration after the required date.
Tex. Fin. Code Ch. 350	Provides that a person who is not licensed, registered, or otherwise exempt under Fin. Code Ch. 342–371 must comply with the Federal Trade Practices Act, 15 U.S.C. §45.
Tex. Fin. Code Ch. 351	Provides licensing requirements, maximum fees, disclosure requirements, and recordkeeping requirements for property tax lenders. Authorizes the OCCC to enforce the chapter by conducting examinations, approving or denying a license application, and revoking or suspending a license.
Tex. Fin. Code Ch. 352	Provides registration requirements and disclosure requirements for tax refund anticipation loan facilitators. Authorizes the OCCC to enforce the chapter by revoking a registration or assessing an administrative penalty.

Citation / Title	Authority / Impact on Agency *(e.g., "provides authority to license and regulate nursing home administrators")*
Tex. Fin. Code Ch. 353	Provides licensing requirements, maximum fees and finance charges, and disclosure requirements for commercial vehicle retail installment transactions. Authorizes the OCCC to enforce the chapter by approving or denying a license application, or by revoking or suspending a license.
Tex. Fin. Code Ch. 354	Provides disclosure and refunding requirements for debt cancellation agreements for certain covered vehicles. Requires debt cancellation agreements to be approved by the OCCC.
Tex. Fin. Code Ch. 371 (Texas Pawnshop Act)	Provides licensing requirements, maximum fees and finance charges, disclosure requirements, and recordkeeping requirements for pawnshops, as well as licensing requirements for pawnshop employees. Authorizes the OCCC to enforce the chapter by conducting examinations, approving or denying a license application, and revoking or suspending a license.
Tex. Fin. Code Ch. 392 (Texas Debt Collection Act)	Contains requirements for debt collectors and creditors engaged in debt collection, including prohibitions on threats, harassment, unfair or unconscionable means, and deceptive or misleading representations.
Tex. Fin. Code Ch. 393	Provides licensing requirements and disclosure requirements for credit access businesses, which are companies that assist consumers in obtaining a payday or title loan. Authorizes the OCCC to enforce the chapter by conducting examinations, approving or denying a license application, and revoking or suspending a license. Establishes the Texas Financial Education Endowment.
Tex. Fin. Code Ch. 394	Provides registration requirements, maximum fees, disclosure requirements, and recordkeeping requirements for debt management providers. Authorizes the OCCC to enforce the chapter by approving or denying a registration application, revoking or suspending a registration, issuing a cease-and-desist order, and assessing an administrative penalty.
Tex. Occ. Code Ch. 1956, Subch. B	Provides registration requirements and disclosure requirements for crafted precious metal dealers. Authorizes the OCCC to enforce the subchapter by conducting investigations, revoking a registration, or assessing an administrative penalty.
Tex. Tax Code §§ 32.06, 32.065	Provides transaction requirements for tax lien transfers (also called "property tax loans"), including procedural requirements for obtaining the transfer from the taxing authority, disclosure requirements, maximum fees and interest, and procedural requirements for foreclosure.

Citation / Title	Authority / Impact on Agency *(e.g., "provides authority to license and regulate nursing home administrators")*
Tex. Govt. Code § 411.095	Authorizes the OCCC to obtain criminal history information regarding an applicant for or holder of a license or registration under Fin. Code Chs. 180, 342, 347, 348, 351, 371, 393, or 394, as well as criminal history for an employee or applicant for employment with the OCCC.
Tex. Const., art. XVI, § 11	Authorizes the Legislature to define interest and fix maximum rates of interest, and provides that in the absence of legislation, the maximum interest rate is 10%.
Tex. Const., art. XVI, § 50	Describes the permissible liens that may be placed on a homestead. Provides transaction requirements for home equity loans, construction loans, and reverse mortgages.
Federal Truth in Lending Act, 15 U.S.C. §§ 1601–1667f	Provides disclosure requirements for consumer credit transactions.
Federal Fair Credit Reporting Act, 15 U.S.C. §§ 1681–1681x	Provides requirements for reporting of credit information by and to credit bureaus.
Federal Equal Credit Opportunity Act, 15 U.S.C. §§ 1691–1691f	Prohibits credit discrimination based on race, color, religion, national origin, sex, marital status, age, or public-assistance income, and requires disclosures for adverse actions by creditors.
Federal Fair Debt Collection Practices Act, 15 U.S.C. §§ 1692–1692p	Contains requirements for third-party debt collectors, including prohibitions on harassment, unfair practices, and false or misleading representations.
Federal Gramm–Leach–Bliley Act, 15 U.S.C. §§ 6801–6827	Provides privacy requirements relating to a creditor's use of a consumer's nonpublic personal information.
Federal Real Estate Settlement Procedures Act, 12 U.S.C. §§ 2601–2617	Provides disclosure and servicing requirements for mortgage transactions.
Federal SAFE Act, 12 U.S.C. §§ 5101–5116	Describes nationwide licensing requirements for residential mortgage loan originators, and identifies the purposes and methods for the Nationwide Mortgage Licensing System and Registry.

Table 29 Exhibit 12 Statutes

Attorney General Opinions

Attorney General Opinion No.	Impact on Agency
M-1082 (1972)	A lender may not impose charges under one subchapter when the loan was made under another subchapter.
H-49 (1973)	A lender may not take possession of pledged goods unless the lender complies with the Texas Pawnshop Act.
MW-457 (1982)	The OCCC may deny a pawnshop license for an applicant who was convicted of a crime involving moral turpitude, such as robbery.
JM-225 (1984)	A pawnshop may not split a set of pawned items to gain a pawn service charge greater than it could charge in one transaction.
DM-253 (1993)	The Legislature has exclusive authority to regulate pawnshops, except for authority expressly delegated to the OCCC. A city may not regulate a pawnshop's outdoor displays and signs.
DM-332 (1995)	Debt subject to a lender's subordination agreement is generally not an applicable liability for calculating a pawnshop's net assets.
JC-0513 (2002)	The requirement that loan contracts be written in plain language applies only to loans regulated by the OCCC, and does not apply to loans regulated by other agencies.
GA-0787 (2010)	A property tax lender may not exercise a right of foreclosure after a property owner who has filed a deferment attains the age of 65.
GA-0951 (2012)	A standard, properly disclosed service fee for all transactions is not a prohibited credit card surcharge.
GA-0965 (2012)	Closing costs and lien recordation fees charged by a property tax lender are secured by the tax lien.
KP-0095 (2016)	A fee uniformly charged for all online means of payment by an arm's-length third-party vendor is not a prohibited credit card surcharge.

Table 30 Exhibit 12 Attorney General Opinions

B. Provide a summary of recent legislation regarding your agency by filling in the charts below or attaching information already available in an agency-developed format. Briefly summarize the key provisions. For bills that did not pass, briefly explain the key provisions and issues that resulted in failure of the bill to pass (e.g., opposition to a new fee, or high cost of implementation). Place an asterisk next to bills that could have a major impact on the agency.

Office of Consumer Credit Commissioner
Exhibit 13: 85th Legislative Session

Legislation Enacted

Bill Number	Author	Summary of Key Provisions
HB 1290	Roberts	Requires all state agencies to prepare a government growth impact statement for each proposed rule. Generally requires agencies to repeal or amend a rule for every new rule that increases cost, but exempts self-directed, semi-independent agencies from this requirement.
HB 2008	Cosper	Amends Fin. Code Ch. 342 to specify that a lender that engages in a payday loan with a member of the U.S. military or a member's dependent must comply with the federal Military Lending Act, and any rules adopted under that law, to the extent applicable.
HB 2019	King, Tracy	Removes references to lease-purchase agreements throughout Occ. Code Ch. 1201, which applies to manufactured home sales. Specifies the starting date for the three-day right of rescission in manufactured home cash and credit transactions. Amends provisions related to forms adopted by the Texas Department of Housing and Community Affairs. Updates references to federal laws and regulations throughout Fin. Code Ch. 347.
HB 2339	Thompson, Senfronia	Amends Fin. Code Ch. 348 to authorize a retail seller to provide a trade-in credit agreement. Includes disclosure requirements, refunding requirements, a limitation on the amount charged, and a requirement that the seller be insured under a contractual liability reimbursement policy approved by the Texas Department of Insurance.
HB 2949	Holland	Amends Fin. Code Ch. 348 to specify that a retail seller is not required to notify the OCCC of an increased documentary fee if the seller charges a documentary fee that is less than or equal to an amount presumed reasonable by rule of the Finance Commission.
HB 3342	Parker	Amends Fin. Code Ch. 180 to authorize the Finance Commission to set the number of years after which a residential mortgage loan originator must retake prelicensing education requirements.
SB 526	Birdwell	Abolishes certain advisory committees and bodies, including the residential mortgage fraud task force. Authorizes the agencies that were previously part of the task force (including the OCCC, Department of Banking, Department of Savings and Mortgage Lending, and the attorney general) to share confidential information.
SB 560	Hancock	Transfers enforcement authority for the credit card surcharge prohibition from the OCCC to the attorney general. This ensures consistent enforcement with the debit card surcharge prohibition.

Bill Number	Author	Summary of Key Provisions
SB 1052	Hughes	Moves provisions regarding debt cancellation agreements from Fin. Code Ch. 348 to new Ch. 354. Allows these agreements to be provided in a Ch. 345 retail installment transaction for a motorcycle, all-terrain vehicle, snowmobile, camper, boat, or personal watercraft trailer. Adds a new Ch. 397 authorizing debt cancellation agreements for covered vehicle leases. This new chapter will be enforced by the attorney general. Amends Ch. 348's deferment charge provisions to specify requirements for contracts using the true daily earnings method.
SB 1199	Campbell	Amends Occ. Code Ch. 1304 to authorize service contracts that provide a depreciation benefit optional member program.
SB 1349	Watson	Authorizes the Texas Department of Transportation to sell a portion of its Camp Hubbard property in Austin to the financial regulatory agencies (the OCCC, the Department of Banking, and the Department of Savings and Mortgage Lending).
SB 2065	Hancock	Amends several statutes relating to occupational licensing, including a repeal of Occ. Code Ch. 2306, which contained registration and disclosure requirements for vehicle protection product warranties. Amends the Deceptive Trade Practices Act to limit the use of certain terms in an advertisement for a vehicle protection product. Amends Fin. Code Ch. 348 and 353 to specify that a seller may not require a buyer to purchase a vehicle protection product.
SJR 60	Hancock	Amends the Texas Constitution's home equity lending provisions. Reduces the 3% fee cap to 2% and provides that certain fees are excluded from the fee cap. Removes the prohibition on a home equity loan secured by agricultural-use property. Allows a home equity loan to be refinanced as a non-home-equity loan if certain conditions are met, including a loan-to-value limitation and disclosure requirements.

Table 31 Exhibit 13 Legislation Enacted 85th Leg

Legislation Not Passed

Bill Number	Author	Summary of Key Provisions / Reason Bill Did Not Pass
HB 60	Romero	Would have required a credit access business (CAB), before obtaining a title loan for a consumer, to physically inspect the vehicle used as collateral, photograph the vehicle identification number, and verify that the number matches the number on the title provided by the consumer. The bill was referred to the House Investments and Financial Services Committee but was never heard in committee.

Bill Number	Author	Summary of Key Provisions / Reason Bill Did Not Pass
HB 197	Bernal	Would have required the contract and other documents provided by a CAB to be: (1) provided before signing and written in both English and Spanish, (2) written in plain language, and (3) printed in an easily readable font and type size. The bill was referred to the House Investments and Financial Services Committee but was never heard in committee.
HB 454	Cyrier	Would have expanded current disclosure requirements for insurance claims for damage to real property where the claim is paid to the insured and a lender. The bill was referred to the House Investments and Financial Services Committee but was never heard in committee.
HB 517	Longoria	Would have authorized the OCCC to inspect a crafted precious metal dealer's records and take statements in an investigation. Would have added Occ. Code Ch. 1956 to the Fin. Code provision describing the OCCC's enforcement authority. The bill was referred to the House Environmental Regulation Committee but was never heard in committee.
HB 584	Hernandez	Would have added Fin. Code Ch. 354, requiring a litigation financing agreement to be in writing and to state the funded amount to be paid to the consumer by the litigation financing company, an itemization of one-time charges, the total amount to be assigned, and a payment schedule. The bill was referred to the House Judiciary and Civil Jurisprudence Committee but was never heard in committee.
HB 741	Bernal	Would have required a CAB, before obtaining a loan for a consumer, to verify that the consumer can reasonably repay the loan through independently verifiable documentation of income and obligations. The bill was referred to the House Investments and Financial Services Committee but was never heard in committee.
HB 877	Turner	Would have prohibited CABs and their representatives from making telemarketing calls to consumers on the Texas no-call list, except for consumers who were parties to a contract with the CAB within the past year. Would have provided that the Texas Telemarketing Disclosure and Privacy Act applies to CABs. The bill failed to pass to third reading in a floor vote in the House.
HB 975	Giddings	Would have prohibited a CAB from filing criminal complaints, referring consumers to prosecutors, or threatening to refer consumers to prosecutors, unless the CAB possessed extrinsic evidence sufficient to prove theft or issuance of a bad check. The bill was voted out of the House Investments and Financial Services Committee but did not advance to a floor vote in the House.

Bill Number	Author	Summary of Key Provisions / Reason Bill Did Not Pass
HB 993 **SB 830**	Walle Rodriguez	Would have added a new Fin. Code Ch. 397, requiring mortgage servicers to provide annual accounting statements with information about payments made by the borrower during the previous year. HB 993 was heard in the House Investments and Financial Service Committee but was never voted out of committee. SB 830 was vetoed by the Governor.
HB 1134	Craddick	Would have placed transaction limitations and requirements on payday and title loans obtained by a CAB, including: (1) a limitation of the amount of the loan based on the consumer's income (or the vehicle's value for a title loan), (2) a limitation on the number of refinances and number of loan installments, and (3) a requirement that the CAB verify the consumer's income by reviewing documentation. Would have provided that local ordinances regulating CABs are not preempted if they are compatible with Fin. Code Ch. 393. The bill was heard in the House Investments and Financial Service Committee but was never voted out of committee.
HB 1157	Davis, Sarah	Would have required a pawnshop to withhold payment from the seller of a good until the end of the 20-day hold period for modifying, selling, or disposing of purchased goods. The bill was heard in the House Investments and Financial Service Committee but was never voted out of committee.
HB 1733	Uresti	Would have provided that the sum of all fees, interest, and other amounts in excess of principal due under a CAB payday or title loan may not exceed 25% of the principal. The bill was referred to the House Investments and Financial Services Committee but was never heard in committee.
HB 1767 **SB 2167**	Collier West	Would have prohibited a debt buyer from bringing an action against a consumer to collect a consumer debt, if the debt buyer knows or has reason to know that collection is barred by a statute of limitations. HB 1767 was heard in the House Investments and Financial Service Committee but was never voted out of committee. SB 2167 was referred to the Senate Business and Commerce Committee but was never heard.
HB 2832 **SB 1397**	Oliveira Nichols	Would have required a property owner, at least 10 days before entering a property tax loan, to send a notice to any applicable mortgage servicer, stating that the property owner intends to enter a property tax loan. HB 2832 was passed by the House and heard in the Senate Business and Commerce Committee, but was never voted out of committee. SB 1397 was referred to the Senate Business and Commerce Committee but was never heard in committee.

Bill Number	Author	Summary of Key Provisions / Reason Bill Did Not Pass
HB 2977	Longoria	Would have provided that the three-tiered interest charge for Fin. Code Ch. 342, Subch. E loans may be charged by either applying an applicable daily rate to each bracket of the unpaid principal balance, or by applying a single equivalent daily rate to the entire principal balance. The bill was referred to the House Investments and Financial Services Committee but was never heard in committee.
HB 3081 **SB 1530**	Capriglione Estes	Would have amended Fin. Code Ch. 11 to provide that a person subject to regulation by a finance agency (including the OCCC) is subject only to applicable federal and state law, preempting local ordinances. HB 3081 was voted out of the House Investments and Financial Services Committee but did not advance to a floor vote in the House. SB 1530 was heard in the Senate Business and Commerce Committee but was never voted out of committee.
HB 3088 **SB 1993**	Ortega Rodriguez	Would have limited licensing exemptions in Fin. Code Ch. 156–180 for wrap mortgage loans. HB 3088 was voted out of the House Investments and Financial Services Committee but did not advance to a floor vote in the House. SB 1993 was referred to the Senate Business and Commerce Committee but was never heard in committee.
HB 3410 **HB 3416** **SB 1621**	Israel Cortez Uresti	Would have provided that a county assessor-collector that deputizes persons to perform motor vehicle titling and registration fees may authorize the deputy to charge a fee in addition to fees authorized by the Texas Department of Motor Vehicles (TxDMV). Would have made conforming changes to the charge-authorizing provisions of Fin. Code Ch. 348 and 353. HB 3410 and HB 3416 were referred to the House Transportation Committee but were never heard in committee. SB 1621 was heard in the Senate Transportation Committee but was never voted out of committee.
HB 3419	Lucio III	Would have raised the reference base amount for loans under Fin. Code Ch. 342, Subch. F from $200 to $300. Currently, a lender can make a Subchapter F loan if the cash advance is $1,380 or less, and this amount is adjusted annually based on the Consumer Price Index. The effect of the bill would have been to increase this amount to approximately $2,070. The bill was voted out of the House Investments and Financial Services Committee but did not advance to a floor vote in the House.
HB 3448	Longoria	Would have amended Fin. Code Ch. 342 to allow a lender to offer single premium term life insurance in a Subchapter E loan, if the lender provided certain disclosures to the borrower and complied with other requirements. The bill was voted out of the House Investments and Financial Services Committee but did not advance to a floor vote in the House.

Bill Number	Author	Summary of Key Provisions / Reason Bill Did Not Pass
HB 3508 **SB 836**	Neave Rodriguez	Would have prohibited a governmental entity from entering a contract or any other agreement with a CAB, a business operating in the same space as a CAB, or a business owned by a business entity that owns a CAB. HB 3508 was heard in the House Investments and Financial Service Committee but was never voted out of committee. SB 836 was heard in the Senate Business and Commerce Committee but was never voted out of committee.
HB 3725	Walle	Would have provided that a tax lien is inferior to a lien that existed before its attachment if: (1) the closing costs for the property tax loan exceed $500, or (2) discount points were charged in connection with the property tax loan. The bill was referred to the House Ways and Means Committee but was never heard in committee.
HB 3782	Lozano	Would have amended Fin. Code Ch. 341 to prohibit a municipality or other political subdivision from prohibiting or restricting the ability of an individual to obtain, or of a person to make, a loan secured by the individual's personal property. The bill was filed but never referred to a committee in the House.
HB 4077	Dukes	Would have provided that a pawnshop must electronically report acquired goods to law enforcement agencies through a searchable database designated by the Finance Commission, before the end of each business day following the day goods are acquired. Would have extended the 11-day hold period for crafted precious metal dealers to a 14-day hold period. The bill was heard in the House Investments and Financial Service Committee but was never voted out of committee.
HB 4225	Elkins	Would have provided that any contract related to a credit transaction or services subject to the Finance Code may provide for the waiver of any class action with respect to any cause of action or dispute related to the credit transaction or services, provided the waiver is in bold-faced type or otherwise made conspicuous. The bill was heard in the House Investments and Financial Service Committee but was never voted out of committee.
HB 4264	Elkins	Would have repealed a provision of the Prop. Code providing that the sale of a homestead, where the buyer leases the property back to the seller, is considered a loan under the Fin. Code. The bill was voted out of the House Business and Industry Committee but did not advance to a floor vote in the House.
SB 1121	Garcia	Would have amended the Penal Code's mental-state requirements for the offenses of theft by check and issuance of a bad check, if the check was issued in connection with a consumer debt, an extension of consumer credit, or related services. The bill was referred to the Senate Criminal Justice Committee but was never heard in committee.

Bill Number	Author	Summary of Key Provisions / Reason Bill Did Not Pass
SB 1155	Menendez	Would have provided that fees paid to a CAB are considered interest for purposes of usury laws. The bill was referred to the Senate Business and Commerce Committee but was never heard in committee.
SB 1431	Zaffirini	Would have amended Fin. Code Ch. 343 to provide that if an escrow account is created for a home loan, the lender or mortgage servicer shall make a good-faith effort to ensure that the amount of taxes paid into the escrow account is reasonably likely to be sufficient based on all available evidence. The bill was heard in the Senate Business and Commerce Committee but was never voted out of committee.
SB 1603	Estes	Would have amended several statutes, including Govt. Code Ch. 2001 and Fin. Code Ch. 14, to add requirements for requests that are part of a state agency investigation. Would have allowed a responding party to object to a request and withhold certain information. Would have required any oral examination to be made before a person authorized to administer oaths, with a transcript of oral testimony provided to the witness. The bill was referred to the Senate Business and Commerce Committee but was never heard in committee.
SB 1875	Hinojosa	Would have provided additional reporting requirements for self-directed semi-independent (SDSI) agencies, including the OCCC. Would have provided responsibility to the Legislative Budget Board for monitoring SDSI agencies. The bill was passed by the Senate and heard in the House State Affairs Committee, but was never voted out of committee in the House.
SB 1994	Zaffirini	Would have limited licensing exemptions in Fin. Code Ch. 156–180 for wrap mortgage loans. Would have provided disclosure requirements for these loans. The bill was passed by the Senate and voted out of the House Investments and Financial Services Committee, but did not advance to a floor vote in the House.
SB 1995	Watson	Would have required wrap mortgage lenders to provide disclosures under the Property Code. The bill was referred to the Senate Business and Commerce Committee but was never heard in committee.
HB 365 (1st Called Session)	Anchia	Would have amended various provisions of Fin. Code Ch. 393 to specify that they refer to extensions of credit generally, not just payday or title loans. The bill was referred to the House Investments and Financial Services Committee but was never heard in committee.

Table 32 Exhibit 13 Legislation Not Passed 85th Leg

IX. Major Issues

The purpose of this section is to briefly describe any potential issues raised by your agency, the Legislature, or stakeholders that Sunset could help address through changes in statute to improve your agency's operations and service delivery. Inclusion of an issue does not indicate support, or opposition, for the issue by the agency's board or staff. Instead, this section is intended to give the Sunset Commission a basic understanding of the issues so staff can collect more information during our detailed research on your agency. Some questions to ask in preparing this section may include: (1) How can your agency do a better job in meeting the needs of customers or in achieving agency goals? (2) What barriers exist that limit your agency's ability to get the job done?

Emphasis should be given to issues appropriate for resolution through changes in state law. Issues related to funding or actions by other governmental entities (federal, local, quasi-governmental, etc.) may be included, but the Sunset Commission has no authority in the appropriations process or with other units of government. If these types of issues are included, the focus should be on solutions which can be enacted in state law. This section contains the following three components.

A. Brief Description of Issue

B. Discussion

***Background*. Include enough information to give context for the issue. Information helpful in building context includes:**

- **What specific problems or concerns are involved in this issue?**
- **Who does this issue affect?**
- **What is the agency's role related to the issue?**
- **Any previous legislative action related to the issue?**

C. Possible Solutions and Impact

Provide potential recommendations to solve the problem. Feel free to add a more detailed discussion of each proposed solution, including:

- **How will the proposed solution fix the problem or issue?**
- **How will the proposed change impact any entities or interest groups?**
- **How will your agency's performance be impacted by the proposed change?**
- **What are the benefits of the recommended change?**
- **What are the possible drawbacks of the recommended change?**
- **What is the fiscal impact of the proposed change?**

Complete this section for each issue. Copy and paste components A through C as many times as needed to discuss each issue.

ISSUE 1: Online Lending and Financial Technology

A. Brief Description of Issue

Companies offer financial products to consumers using established and emerging online and electronic technology, sometimes called "fintech." Technologically innovative financial products can enhance customer service and make products more accessible. However, there is regulatory uncertainty about whether some of these products are subject to the consumer protections that have traditionally applied to consumer loans in Texas, and whether the regulatory structure supports emerging financial technologies.

B. Discussion

Online lending and financial technology have evolved rapidly over the last decade. The OCCC has identified six significant practices associated with online lending and financial technology. Currently, Texas consumer lending laws do not explicitly recognize these rapidly evolving online lending practices, and do not provide the agency with specific tools to address them. Each of these practices involves some regulatory uncertainty about the legal framework that applies.

1. Lead generation: Many consumers provide information to an online lead generator before obtaining a loan. Lead generators are typically companies that allow a consumer to enter some information (such as name, contact information, income, and desired loan amount), and direct the consumer to an online lender that can make a loan to the consumer. Information is not always clearly disclosed to consumers, who may think that the lead generator is the lender, or that they are filling out a credit application. In its 2017 interim report, the House Investments and Financial Service Committee identified this issue and recommended that both online lenders and lead generators be regulated under Texas consumer lending laws. However, legislation on this issue was never filed.

2. Marketplace lending: Some companies have begun to offer online platforms called "marketplace lending" or "peer-to-peer lending." These platforms are used to match borrowers and lenders. The lender could be a group of professional investors, each of whom funds only a portion of each loan and spreads the amount loaned across many borrowers.

3. Bank-agent model: Some online loan servicing companies have used a bank-agent model, in which the servicing company affiliates with an out-of-state bank and performs many of the underwriting functions traditionally performed by lenders, even though the loans are made by the bank. The Colorado attorney general has sued some online servicing companies, arguing that they are the "true lender" in the online loans that they originate, because they bear the costs of making the loan, as well as most of the legal and economic risks.

4. Choice of law and tribal-sovereign model: Some online lenders include a choice-of-law provision in their loan contracts, specifying that the law of another state or jurisdiction outside Texas applies. One version of this practice is the tribal-sovereign model, where the lender affiliates with a Native American tribe and asserts that the tribe's law applies to the transaction. The Consumer Financial Protection Bureau has brought enforcement actions against some of these companies, on a theory that the laws of borrowers' home states actually apply to the loans, despite the choice-of-law provisions.

5. Assignment from national bank to unlicensed company: Some unlicensed companies have accepted loan assignments from national banks. The federal National Bank Act allows a national bank to export the usury limitations of its home state, meaning that the bank can use its home states' usury laws when they make loans to residents of other states. However, the act does not state whether this protection applies when a national bank assigns a loan to a nonbank. In its 2015 decision in *Madden v. Midland Funding, LLC*, the Second Circuit held that nonbank entities are not entitled to protection under the National Bank Act.

6. Income-share agreements: In an income-share agreement, a person provides an advance of money to a consumer, who agrees to give a share of the consumer's future income to the provider. Pension-advance agreements are a type of income-share agreement in which the consumer agrees to give a share of a pension. The providers of income-share agreements typically assert that the agreements are not loans because they do not necessarily require the consumer to repay the advance. Two bills filed in the U.S. Congress in 2017 (S 268 and HR 3145) would provide transaction limitations for income-share agreements, and would specify that the agreements are not subject to state usury laws.

C. Possible Solutions and Impact

One possible way to address online lending would be to specify that Texas consumer lending laws apply to loans made to Texas residents. This change would help minimize regulatory uncertainty by making it clear which law applies, and would help the OCCC in coordinating with other states. This change would also strengthen the agency's case if it chose to bring an action to ensure an online lender's compliance with Texas law.

States might coordinate to create a compact to respond to the growing needs of financial technology and innovation. States are discussing a structure that would harmonize and streamline regulation across states for financial technology companies that are seeking regional or national business. Alternatively, the Office of the Comptroller of the Currency, the federal agency responsible for chartering national banks, is exploring the possibility of a "fintech charter." This would provide a national bank charter to nondepository financial providers that engage in lending and payment processing, but would likely preempt state laws.

The agency recognizes that online lending is an important service that will continue to evolve. While consumer-lending statutes should enable innovation in financial products, they should also continue to ensure appropriate consumer protections.

ISSUE 2: Regulatory Uncertainty for Credit Access Businesses

A. Brief Description of Issue

Credit access businesses (CABs) are companies that obtain payday or title loans for consumers from third-party lenders. They are subject to Chapter 393 of the Texas Finance Code. CABs face regulatory uncertainty from three sources: (1) unclear requirements in Chapter 393, (2) local ordinances that impose additional requirements, and (3) proposed federal rulemaking that may impose additional requirements.

B. Discussion

The CAB model is the most common form for payday and title lending in Texas. In the CAB model, there are three parties: the consumer obtaining the loan, the lender making the loan, and the CAB, which is a separate company from the lender. The CAB typically manages the storefront where the consumer goes to borrow the money, accepts and reviews the consumer's credit application, and services and collects payments on the loan.

On the state level, the Legislature passed HB 2592 in 2011, creating disclosure requirements for CABs. The Legislature also passed HB 2594, which specified that CABs must be licensed with the OCCC, provided the OCCC with examination and enforcement authority, and required CABs to file quarterly reports. Another bill, HB 2593, would have created transaction limitations for CAB payday and title loans, including limitations of the amount of the loan based on the consumer's income (or the vehicle's value for a title loan), as well as limitations on the number of refinances and number of loan installments. However, the Legislature did not pass HB 2593.

On the local level, over 40 Texas cities have passed CAB-related ordinances since 2012. These ordinances require CABs to register with the city, and provide transaction limitations on loan amount, number of refinances, and number of installments. The ordinances are generally similar to each other, although there are some differences. The ordinances have resulted in litigation where CABs assert that the local ordinances are preempted by state law, and this litigation has not yet been resolved.

On the federal level, the Consumer Financial Protection Bureau proposed a rule in June 2016 to establish requirements for payday, title, and certain high-cost installment loans. For covered loans, the proposed rule would require creditors to comply with either: (1) ability-to-repay requirements, under which the creditor must make a reasonable determination that the consumer can repay the loan, based on a review of income, major financial obligations, and borrowing history, or (2) alternative requirements, which limit the loan amount and the number of covered loans a consumer can have outstanding in a period of time. The CFPB received over one million comments on the proposal.

All of this means that CABs face regulatory uncertainty on the state, local, and federal levels. On the state level, Chapter 393 lacks many of the specific requirements located in the Finance Code's other consumer lending provisions. Some CABs have asserted that they are exempt from many of Chapter 393's requirements in transactions where they act as a credit services organization and obtain a loan that is not a payday or title loan. On the local level, cities have responded to what they view as a lack of state-level requirements by enacting their own ordinances, creating a patchwork of regulation with varying levels of enforcement. On the federal level, the CFPB may adopt rules that will have a substantial impact on the industry, but it is unclear when these rules will be adopted or what their final form will be.

C. Possible Solutions and Impact

The OCCC has identified possible amendments that would provide additional clarity and specificity in Chapter 393:

- Adding a definition of “services” to specify the services that a CAB provides would clarify various provisions of Chapter 393 that use the term “services.”

- Specifying the timing of disclosure requirements would provide transparency and clarity to the industry regarding the formal requirements of a CAB transaction, and would help ensure that consumers receive appropriate disclosures.

- Specifying that CABs must comply with both state and federal debt collection laws would provide clarity and help ensure that consumers are protected from abusive practices.

- Clarifying the general prohibition on CABs filing criminal charges against consumers would help ensure that CABs meet a high evidentiary bar before filing a criminal charge, and that they do not simply use a district attorney’s hot-check division as a means for collecting on delinquent loans.

The agency believes that these changes would help reduce regulatory uncertainty in Chapter 393, while ensuring that the statute provides appropriate protections to consumers.

Regarding state law’s effect on local ordinances, three basic approaches have been attempted in legislation filed between 2013 and 2017. Some legislation would have provided:

- limitations on loan amount, number of refinances, and number of installments, as well as a requirement that the CAB verify the consumer’s ability to repay by reviewing income documentation, while specifying that local CAB ordinances are *not* preempted if they are compatible with, and equal to or more stringent than, Chapter 393’s requirements (e.g., HB 1134 (2017));

- the limitations and requirements described above, while specifying that local CAB ordinances are generally preempted (e.g., the introduced version of SB 1247 (2013)); or

- that local ordinances regulating financial products are preempted, without specifying additional limitations in CAB transactions (e.g., HB 3081 (2017)).

The OCCC will also continue to monitor federal rulemaking. If the CFPB adopts its rule on payday and title loans, the Legislature may wish to consider other amendments to Chapter 393 to ensure that credit remains available, that consumers are appropriately protected, and that conflicts are reduced among state, federal, and local law.

ISSUE 3: Ensuring That Consumer Lending Laws Serve Market Needs

A. Brief Description of Issue

Chapter 342 of the Finance Code governs regulated consumer loans. It provides two subchapters for loans not secured by real property: Subchapter E, for consumer loans generally, and Subchapter F, for loans up to $1,380. In the marketplace, there appears to be a gap between the highest Subchapter F loans at $1,380, and the lowest Subchapter E loans offered, currently around $3,000.

B. Discussion

The Texas Constitution authorizes the Legislature to set maximum interest rates. Chapter 342 provides different rate limitations for Subchapter E and F loans, with a $1,380 maximum loan amount for Subchapter F loans.

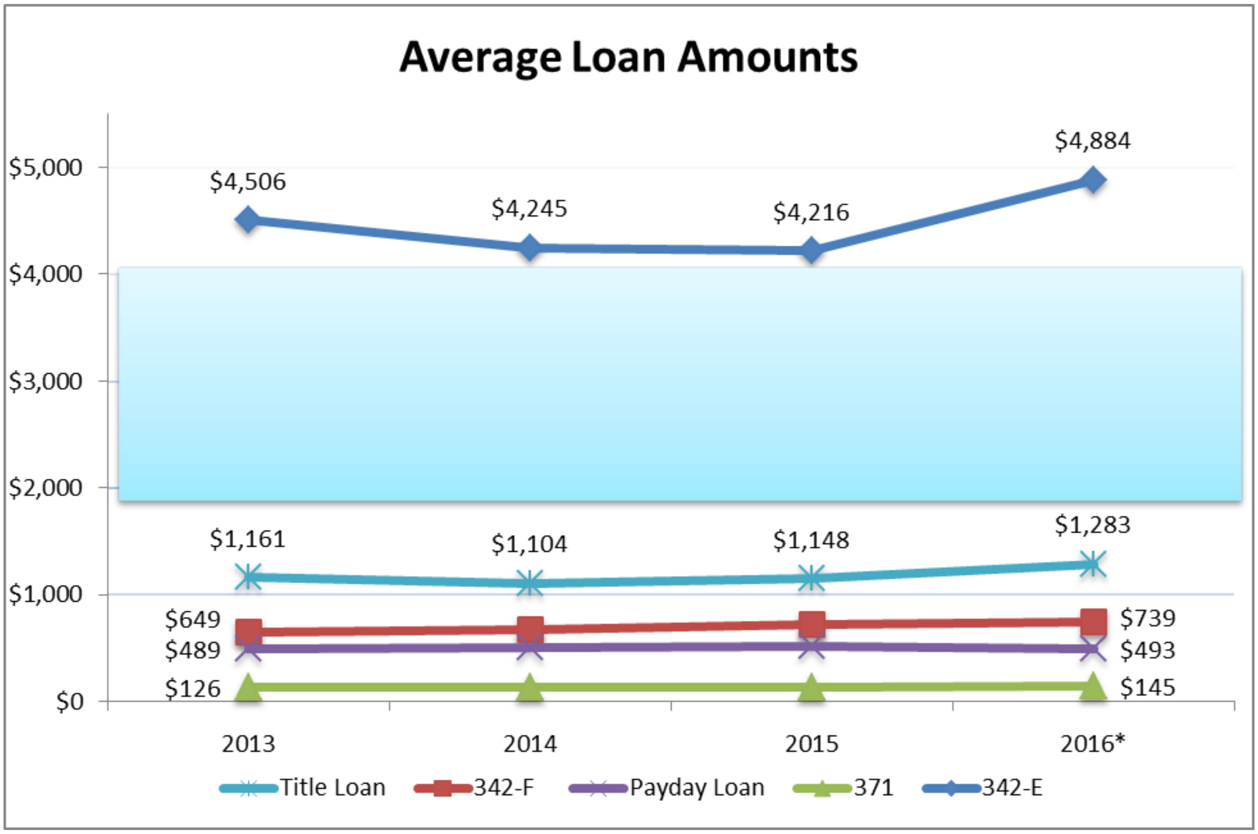
For Subchapter E loans, rates are typically between 18% and 31%, loan amounts are typically between $3,000 and $6,000, and loan terms are typically 60 months or more. Subchapter E lenders may also charge a prepaid administrative fee up to $100. The Finance Code provides three rate structures, under which lenders can choose to charge one of the following:

- an add-on interest rate up to 18% for the loan amount up to $2,070 and 8% for the amount over $2,070 up to $17,250,
- a simple interest rate up to 18%, or
- a three-tiered interest rate up to 30% for the loan amount up to $3,450, 24% for the amount over $3,450 up to $7,245, and 18% for the loan amount over $7,245 up to $17,250.

For Subchapter F loans, the Finance Code allows the lender to charge interest (called the “installment account handling charge”) up to 4% of the loan amount per month. Subchapter F lenders may also charge a prepaid acquisition charge that does not exceed the lesser of $100 or 10% of the loan amount. Annual percentage rates are typically between 80% and 113%, and loan terms are typically between 9 and 18 months.

In the marketplace, there appears to be a gap between the highest Subchapter F loans at $1,380, and the lowest Subchapter E loans offered, currently around $3,000. Texas strives to ensure a competitive market to serve consumers’ needs in a range of amounts. It appears that the yield for a Subchapter E loan may be affecting the availability of loans in this gap. In addition, although a Chapter 342 license authorizes a lender to make loans under both Subchapter E and Subchapter F, the OCCC has found that only 35 companies made loans under both subchapters in 2016.

The following chart shows average loan amounts for Chapter 342 Subchapter E loans, Chapter 342 Subchapter F loans, Chapter 371 pawnshop loans, Chapter 393 CAB payday loans, and Chapter 393 CAB title loans:



*At least 58% of companies reporting 342-E loans have a non-traditional purpose (Home Improvement/Mortgage, Life Insurance Loans, Student Loans, Auto Loans & Refinancing, Executive Loans, Nursing Home Loans, Motorcycle Financing, Debt Consolidation, Purchase Money for Consumer Goods/Solar Panels/Auto Repairs, etc.). Company data from companies with non-traditional programs has been excluded from computing the average loan amounts above.

Figure 7 Average Loan Amounts

C. Possible Solutions and Impact

Chapter 342 provides important consumer protections and contains a well-established framework for consumer lending in Texas. For this reason, it is appropriate to ensure that Chapter 342 serves market needs.

Some possible considerations regarding this issue include:

- A new subchapter could be added to Chapter 342, including rates to serve this segment.
- The maximum amount for Subchapter F could be raised. For example, the House committee substitute of HB 3419 (2017) would have resulted in raising the Subchapter F maximum amount to $2,070.
- Other states have provided general maximum interest rates of 36% for consumer loans. This, or some other rate, might serve as a rate that lenders could use as an alternative to current Chapter 342 rates.

Because the Texas Constitution provides authority to the Legislature to set interest rates, any legislative change would need to specify a maximum interest rate.

ISSUE 4: Ensuring That the OCCC Has Appropriate Authority and Enforcement Tools

A. Brief Description of Issue

Chapter 14 of the Finance Code provides the OCCC with authority to enforce Texas consumer lending laws. The OCCC has identified certain provisions that could be amended and modernized, to ensure that the OCCC has appropriate enforcement tools and that the Finance Code describes the OCCC's authority clearly and transparently.

B. Discussion

Chapter 14 describes the OCCC's general enforcement authority, including the authority to conduct investigations, issue injunctions, assess administrative penalties, and order restitution. As a general matter, this statute provides the agency with appropriate enforcement tools. However, the agency has identified some areas that could be improved and modernized.

- Chapter 14 contains cross-references to every law that the OCCC has the authority to enforce, with one exception: it does not refer to Occupations Code, Chapter 1956, Subchapter B, governing crafted precious metal dealers. For this reason, crafted precious metal dealers are subject only to the specific enforcement authority described in Chapter 1956: the authority to assess a $500 administrative penalty and the authority to revoke a registration.

- Chapter 14 also describes the confidentiality of examination and investigation information. One provision allows the agency to release information where a licensee has consented to its release. However, this provision does not specify exactly what types of information a licensee may consent to release.

- Chapter 14 allows the agency to send a request for information if the agency has reasonable cause to believe a violation has occurred. If a person does not respond to the request, the agency may conduct an investigation. The requirement that a person fail to respond can create delays in conducting an investigation.

- Chapter 14 allows the agency to order a licensee to provide restitution to injured consumers. This authority appears in provisions related to administrative penalties, but the procedural provisions for administrative penalties do not refer to restitution. Also, some licensees have asserted that consumers are not “injured” by unauthorized charges resulting from unlicensed activity or from voluntary agreements between the licensee and the consumer.

- Chapter 14 generally allows a respondent to appeal an enforcement action through a contested case governed by the Administrative Procedure Act. In addition, Chapter 14 describes other options for appeal, including a direct appeal to the Finance Commission and judicial review in district court.

- Chapter 14 and other provisions of the Finance Code contain different requirements regarding the notice and opportunity for a hearing that precedes certain agency actions. Some provisions state that the agency may take an action after notice and an opportunity for a hearing, while other provisions state that the agency may take an action after notice and a hearing.

C. Possible Solutions and Impact

The OCCC has identified the following possible amendments that would modernize the Finance Code to provide the OCCC with appropriate enforcement tools:

- ***Crafted precious metal dealers:*** Some changes would relate to crafted precious metal dealers. Specifying that crafted precious metal dealers are subject to the OCCC's general enforcement authority in Chapter 14 would help ensure that the OCCC has the enforcement tools to regulate dealers. Other clarifying changes include specifying the OCCC's authority to inspect dealers and take oaths, adding recordkeeping requirements, and clarifying the definition of "crafted precious metal."

- ***Confidentiality:*** Some changes would relate to confidentiality of information maintained by the OCCC. By specifying that licensees may waive confidentiality only for documents that they provide or that were provided to them, the amendments could provide clearer guidance to the agency and licensees. By specifying that the OCCC may disclose a summary of investigation information to a complainant, the amendments could ensure that complainants get clear information.

- ***Requests for information:*** One change would be to authorize the OCCC to generally request information from regulated persons, and to conduct an investigation with reasonable cause to believe that a violation has occurred. This would provide the agency with clear, appropriate enforcement tools for determining the scope of a possible violation and addressing it in an efficient manner.

- ***Restitution:*** One change would be to specify that an affirmative action ordered under an injunction may include restitution to consumers. This would provide a clear, appropriate method for the agency to order restitution.

- ***Judicial review and appeals:*** One change would be to amend provisions that currently provide multiple avenues of appeals. Specifying that contested case hearings are followed by a final order of the commissioner, with an opportunity for judicial review, would better conform to administrative procedures used by other agencies.

- ***Notice and opportunity for a hearing:*** Some changes would amend provisions related to notice and an opportunity for a hearing. By specifying that the agency may take actions after notice and an opportunity for a hearing, the agency can ensure that all respondents receive due process while maintaining the ability to efficiently resolve cases.

X. Other Contacts

A. Fill in the following charts with updated information on people with an interest in your agency, and be sure to include the most recent email address.

OCCC
Exhibit 14: Contacts

Interest Groups

Group or Association Name/ Contact Person	Address	Telephone	Email Address
Texas Consumer Finance Association (TCFA)/ Mr. Robert Howden	4600 Spicewood Springs Road, Suite 103, Austin, Texas 78759	(512) 458-3386	robert@howdenrs.com
Texas Automobile Dealers Association (TADA)/ Mr. Rob Braziel	1108 Lavaca, Suite 800 Austin, Texas 78701-2181	(512) 583-7913	rbraziel@tada.org
Texas Independent Automobile Dealers Association (TIADA)/ Mr. Jeff Martin	9951 Anderson Mill Rd. Suite 101 Austin, Texas 78750	(512) 244-6060	jeff.martin@txiada.org
The Dallas Fort Worth Metropolitan New Car Dealers Association/ President Mr. Trent Townsend	1122 Colorado, Ste. 2320 Austin, Texas 78701	(512) 476-8880	trent@imperiumpa.com
Consumer Service Alliance of Texas (CSAT)/ Mr. Robert W. Norcross, Jr.	2225 W. Southlake Blvd., Suite 423 Southlake, Texas 76092	(817) 491-7110	rnorcross@vianovo.com
Texas Organization of Financial Service Centers/ Mr. Michael Brown	18604 S. Alameda St. Suite B149 Corpus Christi, Texas 78411	(214) 293-8676	michael@creditaccessbusiness.com
Texas Property Tax Lenders Association (TPTLA)/ Mr. Allen Beinke	3432 Greystone, Suite 103 Austin, TX 78731	(512) 479-8162	abeinke@tuggeyllp.com
Texas Pawn Coalition/ Mr. Trent Townsend	1122 Colorado, Ste. 2320 Austin, Texas 78701	(512) 476-8880	trent@imperiumpa.com
Texas Association of Pawnbrokers/ Mr. Dave Springett	845 Canyon Crest Drive Irving TX 75063	(214) 223-1172	dspring102@gmail.com
Texas Mortgage Bankers Association/ Mr. John Fleming	700 Lavaca St. #1400 Austin, Texas 78701	(512) 320-9110	john@johnfleminglaw.com
Texas Manufactured Housing Association/ Mr. D.J. Pendelton	6850 Austin Center Blvd, Ste 325 Austin, Texas 78731	(512) 459-1221	dpendleton@texasmha.com
Texas Impact/ Ms. Bee Moorhead	200 East 30th Street Austin, Texas 78705	(512) 472-3903 x103	bee@texasimpact.org
Texas Appleseed/ Ms. Ann Baddour	1609 Shoal Creek, Suite 201 Austin, Texas 78701	(512) 473-2800 x104	abaddour@texasappleseed.net

Group or Association Name/ Contact Person	Address	Telephone	Email Address
Texas Catholic Conference of Bishops/ Ms. Jennifer Allmon	1600 N. Congress, Suite B Austin, TX 78701	(512) 339-9882	jennifer@txcatholic.org
American Financial Services Association/ Ms. Danielle Fagre Arlowe	919 18th St., NW Suite 300 Washington, D.C. 20006	(202) 466-8602	dfagre@afsamail.org

Table 33 Exhibit 14 Interest Groups

Interagency, State, or National Associations
(that serve as an information clearinghouse or regularly interact with your agency)

Group or Association Name/ Contact Person	Address	Telephone	Email Address
National Association of Consumer Credit Administrators (NACCA)/ Mr. Ray Sasala	P.O. Box 20871 Columbus, Ohio 43220-0871	(614) 326-1165	nacca2007@sbcglobal.net
American Association of Residential Mortgage Regulators (AARMR)/ David Saunders	1000 Potomac Street, NW Suite 108 Washington, DC 20007	(202) 521-3999	dsaunders@aarmr.org
Conference of State Bank Supervisors/ Mr. Bill Matthews	1129 20th Street, N.W. 9th Floor Washington, DC 20036	(202) 728-5711	bill.matthews@csbs.org

Table 34 Exhibit 14 Interagency, State, and National Association

Liaisons at Other State Agencies

Agency Name / Relationship / Contact Person	Address	Telephone	Email Address
Office of the Governor/Policy Advisor/ Mr. Jared Staples	100 San Jacinto Blvd, Austin, TX 78701	(512) 463-3329	jared.staples@gov.texas.gov
Legislative Budget Board/Budget Analyst /Elizabeth Krog	Robert E. Johnson Building Fifth Floor 1501 North Congress Austin, Texas 78701	(512) 463-5610	elizabeth.krog@lbb.state.tx.us
Texas Comptroller of Public Accounts/Statewide Fiscal Services/Lisa Haralson	111 E 17th St, Austin, TX 78711	(512) 936-8581	lisa.haralson@cpa.texas.gov
Texas Comptroller of Public Accounts/Statewide Fiscal Services/Steven Tubbs	111 E 17th St, Austin, TX 78711	(512) 463-4844	steven.tubbs@cpa.texas.gov
Texas Comptroller of Public Accounts/Fiscal Integrity/Cynthia Goodwin	111 E 17th St, Austin, TX 78711	(512) 936-8536	cynthia.goodwin@cpa.texas.gov
State Auditor's Office/Audit Manager/ Michael Clayton	1501 Congress Ave, Austin, TX 78701	(512) 936-9500	michael.clayton@sao.texas.gov

Agency Name / Relationship / Contact Person	Address	Telephone	Email Address
Office of the Attorney General/Attorney for the Finance Commission/ Alice McAfee	300 West 15th Street Austin, Texas 78701	(512) 475-3211	alice.mcafee@texasattorneygeneral.gov
Office of the Attorney General/ Chief, Financial Litigation and Charitable Trusts Division/ Mr. Joshua Godbey	300 West 15th Street Austin, Texas 78701	(512) 463-2018	joshua.godbey@texasattorneygeneral.gov
Office of the Attorney General/ Chief, Administrative Law Division/ Ms. Nichole Bunker-Henderson	300 West 15th Street Austin, Texas 78701	(512) 475-4300	nichole.bunker-henderson@texasattorneygeneral.gov
Office of the Attorney General/ Chief, Consumer Protection Division/ Mr. David Talbot	300 West 15th Street Austin, Texas 78701	(512) 463-2185	david.talbot@texasattorneygeneral.gov
Office of the Attorney General/ Chief, General Litigation Division/ Ms. Angela Colmenero	300 West 15th Street Austin, Texas 78701	(512) 463-2120	angela.colmenero@texasattorneygeneral.gov
Office of the Attorney General/ Solicitor General/ Mr. Scott Keller	300 West 15th Street Austin, Texas 78701	(512) 936-1700	scott.keller@texasattorneygeneral.gov

Table 35 Exhibit 14 Liaisons at Other State Agencies

XI. Additional Information

A. Texas Government Code, Sec. 325.0075 requires agencies under review to submit a report about their reporting requirements to Sunset with the same due date as the SER. Include a list of each agency-specific report that the agency is required by statute to prepare and an evaluation of the need for each report based on whether factors or conditions have changed since the statutory requirement was put in place. Please do not include general reporting requirements applicable to all agencies, reports that have an expiration date, routine notifications or notices, posting requirements, federally mandated reports, or reports required by G.A.A. rider. If the list is longer than one page, please include it as an attachment.

Office of Consumer Credit Commissioner
Exhibit 15: Evaluation of Agency Reporting Requirements

Report Title	Legal Authority	Due Date and Frequency	Recipient	Description	Is the Report Still Needed? Why?
Report on Availability, Quality and Pricing of Certain Financial Services and Consumer Loan Products	Tex. Fin. Code § 11.305 Tex. Fin. Code § 342.559 Tex. Const., Art. XVI, § 50(s)	December 1/ Annually	Legislature	This report provides data on the availability, quality and pricing of certain financial services and consumer loan products. The report highlights five of the most common loans that Texas consumers receive from OCCC licensed lenders, and lists general lower-cost alternatives to those products. Data and trends on: Home Equity Loans ; Personal/Secured Loans; Small Installment/Signature Loans; Credit Access Businesses (Payday and Title Loans); and Pawn Loans	The OCCC recommended repeal of this report in 2015, which at that time consisted of less data. Legislation was filed as SB 1282 and HB 3094 (2015), but this legislation did not pass. Since 2015, the report has been expanded to provide a more comprehensive view to financial service activity in these markets. The OCCC believes that information about depository services, as well as loans to agricultural businesses and small businesses, should be removed from Tex. Fin. Code § 11.305. The OCCC does not regulate these transactions, and financial institutions are not required to report this information to the OCCC.

Self-Directed and Semi-Independent Report of Agency Activity	Tex. Fin. Code § 16.005	November 1/ Annually	Governor, House Appropriations Committee, Senate Finance Committee, LBB	This report provides the following required information: the salary for all personnel and total per diem and travel expenses, the total amount of per diem and travel expenses for the Finance Commission, the operating plan and annual budget, and a detailed report of revenue and expenses.	The report provides transparency and accountability and is an important component of the SDSI structure. The report should be maintained.
Self-Directed and Semi-Independent Biennial Report	Tex. Fin. Code § 16.005	Before the beginning of each regular Legislative Session	Legislature and Governor	This report provides the following required information: any audits conducted by SAO, a financial report of the prior year, a description of all changes in fees, a report on changes in regulatory jurisdiction, including the number of license holders and registrants by type and a list of all new rules adopted or repealed.	The report provides transparency and accountability and is an important component of the SDSI structure. The report should be maintained.

Table 36 Exhibit 15 Agency Reporting Requirements

B. Has the agency implemented statutory requirements to ensure the use of "person first respectful language"? Please explain and include any statutory provisions that prohibits these changes.

Although the OCCC is not required by statute to ensure the use of “person first respectful language,” the OCCC supports and encourages such language in its publications and notices.

C. Fill in the following chart detailing information on complaints regarding your agency. Do not include complaints received against people or entities you regulate. The chart headings may be changed if needed to better reflect your agency’s practices.

Office of Consumer Credit Commissioner
Exhibit 16: Complaints Against the Agency — Fiscal Years 2015 and 2016

	Fiscal Year 2015	Fiscal Year 2016
Number of complaints received	0	0
Number of complaints resolved	0	0
Number of complaints dropped / found to be without merit	0	0
Number of complaints pending from prior years	0	0
Average time period for resolution of a complaint	0	0

Table 37 Exhibit 16 Complaints Against the Agency

D. Fill in the following charts detailing your agency's Historically Underutilized Business (HUB) purchases.

Office of Consumer Credit Commissioner
Exhibit 17: Purchases from HUBs

Fiscal Year 2015

Category	Total $ Spent	Total HUB $ Spent	Percent	Agency Specific Goal*	Statewide Goal
Heavy Construction	$0	$0	0%		11.2%
Building Construction	$2,425	$0	0%		21.1%
Special Trade	$0	$0	0%		32.9%
Professional Services	$12,740	$12,740	100%		23.7%
Other Services	$523,955	$424,660	81.04%		26.0%
Commodities	$40,477	$20,579	50.84%		21.1%
TOTAL	$579,597	$457,979	79.02%		

Table 38 Exhibit 17 HUB Purchases for FY 2015

* If your goals are agency specific-goals and not statewide goals, please provide the goal percentages and describe the method used to determine those goals. (TAC Title 34, Part 1, Chapter 20, Rule 20.284)

Fiscal Year 2016

Category	Total $ Spent	Total HUB $ Spent	Percent	Agency Specific Goal	Statewide Goal
Heavy Construction	$0	$0	0%		11.2%
Building Construction	$0	$0	0%		21.1%
Special Trade	$0	$0	0%		32.9%
Professional Services	$12,785	$12,740	99.65%		23.7%
Other Services	$244,750	$175,878	71.86%		26.0%
Commodities	$57,384	$35,665	62.15%		21.1%
TOTAL	$314,920	$224,283	72.22%		

Table 39 Exhibit 17 HUB Purchases for FY 2016

E. Does your agency have a HUB policy? How does your agency address performance shortfalls related to the policy? (Texas Government Code, Sec. 2161.003; TAC Title 34, Part 1, rule 20.286c)

The agency does not have a separate HUB policy. HUB purchasing is addressed in OCCC policy 803, Purchasing Procedures, which stipulates the purchase is to ensure that HUBs are appropriately considered in procurement procedures and decisions.

F. For agencies with contracts valued at $100,000 or more: Does your agency follow a HUB subcontracting plan to solicit bids, proposals, offers, or other applicable expressions of interest for subcontracting opportunities available for contracts of $100,000 or more? (Texas Government Code, Sec. 2161.252; TAC Title 34, Part 1, rule 20.285)

There are no current contracting initiatives valued at $100,000 or more that require a HUB subcontracting plan. We have one ongoing DIR - ICT Cooperative - DBITS technology contract, which was awarded in 2016 under the contracting requirements of SB 20 (2015) to a HUB vendor.

G. For agencies with biennial appropriations exceeding $10 million, answer the following HUB questions.

1. **Do you have a HUB coordinator? If yes, provide name and contact information. (Texas Government Code, Sec. 2161.062; TAC Title 34, Part 1, rule 20.296)**

Although the OCCC does not have biennial appropriations exceeding $10 million, the OCCC's budget would exceed the threshold. Kimberly Wilson serves as the HUB Coordinator, kimberly.wilson@occc.texas.gov; 512.936.7650.

2. **Has your agency designed a program of HUB forums in which businesses are invited to deliver presentations that demonstrate their capability to do business with your agency? (Texas Government Code, Sec. 2161.066; TAC Title 34, Part 1, rule 20.297)**

No

3. **Has your agency developed a mentor-protégé program to foster long-term relationships between prime contractors and HUBs and to increase the ability of HUBs to contract with the state or to receive subcontracts under a state contract? (Texas Government Code, Sec. 2161.065; TAC Title 34, Part 1, rule 20.298)**

No

H. Fill in the charts below detailing your agency's Equal Employment Opportunity (EEO) statistics.

Office of Consumer Credit Commissioner
Exhibit 18: Equal Employment Opportunity Statistics

1. Officials / Administration

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2015	4	-	7.4%	50.0%	22.1%	25.0%	37.4%
2016	4	-	7.4%	50.0%	22.1%	25.0%	37.4%

Table 40 Exhibit 18 EEO Statistics for Officials/Administration

2. Professional

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2015	82	21.95%	10.4%	30.49%	19.3%	42.68%	55.3%
2016	77	19.48%	10.4%	32.47%	19.3%	36.36%	55.3%

Table 41 Exhibit 18 EEO Statistics for Professionals

3. Technical

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2015	2	-	14.40%	-	27.20%	50%	55.30%
2016	2	-	14.40%	-	27.20%	50%	55.30%

Table 42 Exhibit 18 EEO Statistics for Technical

4. Administrative Support

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
2015	13	15.38%	14.80%	23.08%	34.80%	61.54%	72.10%
2016	20	10.00%	14.80%	35.00%	34.80%	80.00%	72.10%

Table 43 Exhibit 18 EEO Statistics for Administrative Support

Service / Maintenance

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
Not Applicable							

Table 44 Exhibit 18 EEO Statistics for Service and Maintenance

5. Skilled Craft

Year	Total Number of Positions	Percent African-American	Statewide Civilian Workforce Percent	Percent Hispanic	Statewide Civilian Workforce Percent	Percent Female	Statewide Civilian Workforce Percent
Not Applicable							

Table 45 Exhibit 18 EEO Statistics for Skilled Craft

I. Does your agency have an equal employment opportunity policy? How does your agency address performance shortfalls related to the policy?

The OCCC Human Resources department maintains a comprehensive equal employment opportunity policy 506, defined within the agency's policies and procedures. Each new OCCC employee receives specific training during orientation on the agency's policies and procedures prohibiting discrimination and sexual harassment; employees receive follow-up training on these policies every two years.

XII. Agency Comments

The OCCC works to regulate nonbank financial services, and to educate consumers and industry providers, fostering a fair, lawful, and healthy financial services market that grows economic prosperity for all Texans. As a self-directed, semi-independent agency, the OCCC is able to respond effectively and timely to the changing dynamics in the economy and OCCC's regulated industries, while protecting consumers.