

Doug Clark

May 24, 2018



Sunset Advisory Commission
Senate Finance Committee Room
Room E1.036, Capitol Extension
1400 Congress Avenue
Austin, Texas 78711

Via Hand Delivery

Re: Office of Consumer Credit Commissioner Sunset Review
Public Comments by the Texas Consumer Finance Association

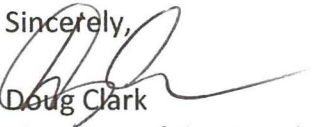
Dear Commission Members and Staff:

The Texas Consumer Finance Association (the "TCFA") submits these comments regarding the Sunset Review of the Office of Consumer Credit Commissioner ("OCCC"). TCFA represents the interests of traditional installment lenders in Texas making loans under subchapter F of chapter 342, Texas Finance Code. TCFA appreciates the opportunity to participate in the Sunset Commission's review of the OCCC.

On September 1, 2017, the OCCC filed its Self-Evaluation Report, which identified several major issues affecting the agency. One of the issues identified by the OCCC, and of particular interest to the TCFA, is the current gap in available loan amounts in the consumer-lending market. Specifically, as the OCCC explained, "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." The TCFA agrees with the OCCC that, given Chapter 342's "well-established framework for consumer lending in Texas," "it is appropriate to ensure that Chapter 342 serves market needs."

The OCCC proposed potential solutions for addressing this problematic market gap, including raising the maximum amount for Subchapter F loans. In TCFA's opinion, raising the maximum amount for Subchapter F loans is the most-suitable alternative. As cited by the OCCC in its report, TCFA sponsored legislation this last legislative session which, if passed, would have partially addressed the problem by raising the Subchapter F maximum loan amount to \$2,070. The bill accomplished this by increasing the maximum reference base amount for Subchapter F loans from \$200 to \$300. TCFA believes such an increase would help reduce the market gap, and do so under an established consumer lending framework.

We understand the Sunset Commission, and the eventual Sunset legislation, will focus on the issues raised in the April 2018 Sunset Staff Report. However, we submit these comments because the current consumer-loan market gap is a priority issue for the OCCC and industry participants. TCFA is hopeful the Legislature will consider raising the maximum amount for Subchapter F loans next session. Thank you for your consideration.

Sincerely,


Doug Clark
Chairman of the Board
Texas Consumer Finance Association

Self-Evaluation Report at 85.

¹ *Id.* at 86.

¹ *Id.*

¹ Tex. H.B. 3419, 85th Leg., R.S. (2017).

¹ *Id.*