

Credit Access Business Regulation

Department of Building Safety

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The Amarillo Municipal Code has been amended for the purpose of protecting the welfare of citizens of the Amarillo by monitoring credit service organizations in an effort to reduce abusive and predatory lending practices. This bulletin:

- Outlines the registration program for credit service organizations,
- Restricts loans or renewals made by credit service organizations,
- Establishes minimum recordkeeping requirements on credit service organizations.

Definitions:

Consumer: An individual who is solicited to purchase or who purchases the services of a credit access business

Registration Application

The Department of Building Safety shall issue a certificate of registration for a credit access business only when an applicant has submitted the following:

- A completed Application of Annual Registration form.
- A copy of a current, valid state license held by the credit service organization.
- A copy of a current, valid certificate of occupancy showing that the organization is in compliance with the Code of Ordinances.
- An application fee of \$40.00.

The Building Safety Department must be notified within 45 days after any changes are made of the information submitted in the Application of Annual Registration. This includes, but is not limited to, any change of address or any change in the status of the state license held by the applicant.

Issuance and Display of Certificate of Registration

A certificate of registration for a credit access business must be clearly displayed to the public in the business.

Non-transferability

A certificate of registration is not transferable to any individual, corporation, organization, partnership, association, financial institution or any other legal entity.

Restrictions on Extension of Consumer Credit

The cash advanced under a line of credit or an extending of credit that a credit access business obtains for a consumer in the form of a payday loan may not exceed twenty percent (20%) of the consumer's gross monthly income.

The cash advanced under a line of credit or an extending of credit that a credit access business obtains for a consumer in the form of a motor vehicle title loan may not exceed the lesser of:

- Three percent (3%) of the consumer's gross annual income; or
- 70 percent (70%) of the retail value of the motor vehicle

A credit access business shall retain a copy of one or more of the following documents used to determine a consumer's income:

- A paycheck issued to the consumer and dated within the same month that the consumer applies for line of credit,
- An IRS Form W-2 issued to the consumer for the preceding tax year,
- The consumer's personal income tax return for the preceding tax year, or
- A signed letter from the consumer's employer signed and dated within the same month that the consumer applies for a line of credit, which states length of the employer's payroll period and the total wages that the employer expects to pay to the consumer per payroll period.

A line of credit that allows repayment in installments may not be refinanced or renewed and may not allow payment in more than four installments. Each installment must be used to repay at least 25 percent of the principal amount.

A line of credit that provides for a single lump sum repayment may not be refinanced or renewed more than three times. Proceeds from each refinancing or renewal must be used to repay at least 25 percent of the principal amount. A line of credit that is granted to a consumer within seven (7) days after a previous line of credit has been paid will constitute a renewal.

Requirement of Consumer Understanding of Agreement

Every agreement between the credit access business and a consumer evidencing the making or renewal of any loan, each required notice, disclosure, and other forms must be available in English and Spanish at that location. For a consumer who cannot read, these must be read orally to the consumer in English or Spanish. The consumer must provide for any additional interpretation into another language, if needed.

Maintenance of Records

A credit access business shall maintain a complete set of records of all loans arranged by the business, whether an original transaction, refinancing, and renewal of a loan. Records must include the following information:

- The name and address of the consumer.
- The principal amount of cash actually advanced.
- The length of the line of credit, including the number of installments and renewals.
- The fees charged by the business to arrange line of credit; and
- The documentation used to establish a consumer's income.

A credit access business shall maintain a copy of each written agreement between the business and a consumer evidencing an extension of consumer credit.

A business shall maintain copies of all quarterly reports filed with the Texas Consumer Credit Commissioner.

The records required to be maintained by a business must be retained for at least three years after the date an extension of credit expires, terminates, or is cancelled. Such records shall be made available for inspection upon request during regular business hours at the business location.

Referral to Consumer Credit Counseling

The credit access business shall provide a form, established by the Department of Building Safety, to each consumer seeking assistance in obtaining a line of credit or renewal, which references non-profit organizations that provide financial education, training programs, and cash assistance programs.