

A.

Finance Commission

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FINANCE COMMISSION OF TEXAS

MEETING DATE.....**October 24, 2025**

MEETING LOCATIONFinance Commission Building
William F. Aldridge Hearing Room
2601 North Lamar Boulevard
Austin, Texas 78705

CONTACT INFORMATION.....Phone: (512) 936-6222
Website: www.fc.texas.gov

FUTURE MEETING DATESDecember 12, 2025
February 20, 2026
April 17, 2026
June 19, 2026
August 21, 2026
October 16, 2026
December 11, 2026

*** The State of Texas fiscal year begins September 1 and ends August 31. The dates noted meet the minimum statutory requirement of six meetings per calendar year. Finance Code §11.106*

Meeting Accessibility. Under the Americans with Disabilities Act, the agency will accommodate special needs. Those requesting auxiliary aids or services should notify the Texas Finance Commission Administrator several days prior to the meeting using the contact information above by mail, telephone, or email.

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FINANCE COMMISSION AGENDA

Friday, October 24, 2025
9:00 a.m.
or Upon Adjournment of the Audit Committee Meeting
Finance Commission Building
William F. Aldridge Hearing Room
2601 North Lamar Boulevard
Austin, Texas 78705

Section A.3 will take up agenda items A1, C3-C5 and D3, with NO DISCUSSION as notated in bold and italicized.

Public comment on any agenda item or issue under the jurisdiction of the Finance Commission of Texas agencies is allowed unless the comment is in reference to a rule proposal for which the public comment period has ended. However, upon majority vote of the Commission, public comment may be allowed related to final rule adoption.

A. FINANCE COMMISSION MATTERS

1. Review and Approval of the Minutes of the August 15, 2025 Finance Commission Meeting

2. General Public Comment

3. Consent Agenda

4. Finance Commission Operations

5. Audit Committee Report

A. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2025 Fourth Quarter Investment Officer Reports

- 1. Texas Department of Banking**
- 2. Office of Consumer Credit Commissioner**
- 3. Department of Savings and Mortgage Lending**

B. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' 2025 Fourth Quarter Financial Statements

- 1. Texas Department of Banking**
- 2. Office of Consumer Credit Commissioner**
- 3. Department of Savings and Mortgage Lending**

C. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Final Selection of Organizations to Receive Grant Funds from the Texas Financial Education Endowment Fund

D. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action to Approve Charging Certain Expenses Against the Texas Financial Education Endowment for Grant Administration and Management

E. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Activities of the Texas Financial Education Endowment Fund

6. Discussion of the Condition of the Texas State Banking System Report

7. Discussion of and Possible Vote to Take Action on the Accomplishment Reports for Fiscal Year 2025 for the Commissioners of the Texas Department of Banking, the Office of Consumer Credit Commissioner and the Department of Savings and Mortgage Lending
8. Discussion of and Possible Vote to Take Action Regarding Personnel Matters Pursuant to § 551.074, Texas Government Code: Deliberations with Respect to the Duties and Compensation of a Person Holding the Position of Executive Director of the Finance Commission, Deliberations with Respect to the Duties and Compensation of Persons Holding the Position of Agency Commissioner Positions, and Other Staff
9. Discussion of and Possible Vote to Take Action Regarding Facility Planning and Real Property Matters Pursuant to § 551.072, Texas Government Code: Deliberations Regarding the Purchase, Exchange, Lease or Value of Real Property
10. Discussion of and Consultation with Attorney and Possible Vote to Take Action Pursuant to § 551.071, Texas Government Code, for the Purpose of Seeking the Advice or Attorney-client Privileged Communications from our Attorneys, Including Matters Related to the Potential Financial Exposure of the Finance Commission Agencies and Their Officers and the Finance Commission and its Officers and Including Matters of Pending and Contemplated Litigation
11. Discussion of and Consultation on Security Audit, Possible Issue Related to Confidential or Sensitive Information, Security Breach Audit and Assessment, or Security Assessments or Deployment Related to Information Resources Technology as Authorized by §§ 551.076 and 551.089, Texas Government Code
12. Discussion of Matters Made Confidential by Law Pursuant to § 551.0811, Texas Government Code, including Information Relating to the Financial Condition or Business Affairs of a Financial Institution

B. TEXAS DEPARTMENT OF BANKING

1. Industry Status and Departmental Operations: a) Current Issues Affecting Department's Regulated Entities; b) Bank and Trust Division Activities; c) Corporate Division Activities; d) Non-Depository Supervision Division Activities; e) Administrative, Staffing and Fiscal Division Activities; f) Strategic Support Division Activities including Consumer Complaint Data; g) Legal Division Activities including Enforcement Activity and Gift Reporting; and h) Legislative Activities
2. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation

Anthony Hrcir v. Internal Revenue Service, the Texas Department of Banking, et al.; Cause No. 4:24-cv-00692-SDJ-AGD, United States District Court, Eastern District of Texas

C. OFFICE OF CONSUMER CREDIT COMMISSIONER

1. Industry Status and Departmental Operations: a) Consumer Protection and Assistance Division Activities; b) Licensing Division Activities; c) Administration Division Activities; d) Financial Division Activities; e) Legal Division Activities; and f) Legislative Activities
2. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation
3. *Discussion of and Possible Vote to Take Action on the Adoption of Amendments in 7 TAC, Part 1, Chapter 2, Concerning Residential Mortgage Loan Originators Regulated by the Office of Consumer Credit Commissioner*
4. *Discussion of and Possible Vote to Take Action on the Adoption of Amendments in 7 TAC, Part 5, Chapter 85, Subchapter A, Concerning Rules of Operation for Pawnshops*

5. ***Discussion of and Possible Vote to Take Action on the Readoption of 7 TAC, Chapter 89, Concerning Property Tax Lenders, Resulting from Rule Review***
6. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments in 7 TAC, Part 5, Chapter 83, Subchapter A, Concerning Rules for Regulated Lenders
7. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments in 7 TAC, Part 5, Chapter 89, Concerning Property Tax Lenders, Resulting from Rule Review

D. DEPARTMENT OF SAVINGS AND MORTGAGE LENDING

1. Industry Status and Departmental Operations: a) Thrift Regulation Division Activities; b) Mortgage Regulation Division Activities; c) Operations Division Activities; d) Strategic Projects, Initiatives, and Information Resources; e) Legal Division Activities, including Consumer Complaints and Gift Reporting; and f) Legislative Activities
2. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation

Hector Retta, Commissioner of the Department of Savings and Mortgage Lending v. Millard Smith d/b/a Processing Solutions, and Melkeisha Smith; Cause No. 25-DCV-330862, the 458th District Court, Fort Bend County, Texas
3. ***Discussion of and Possible Vote to Take Action on the Adoption of Amendments in 7 TAC, Part 4, Chapter 55, Concerning Residential Mortgage Loan Originators***

NOTE: The Finance Commission of Texas may go into executive session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551.

Meeting Accessibility: Under the Americans with Disabilities Act, the Finance Commission of Texas will accommodate special needs. Those requesting auxiliary aids or services should notify the Texas Department of Banking, 2601 North Lamar Boulevard, Austin, Texas 78705, (512) 936-6222, as far in advance of the meeting as possible.

MINUTES OF THE FINANCE COMMISSION MEETING Friday, August 15, 2025

The Finance Commission of Texas convened at 10:04 a.m., on August 15, 2025, with the following members present:

Finance Commission Members in Attendance:

Laura Warren, Vice Chairman	Martin “Marty” Green	David Osborn
Bob Borochoff	Troy Lambden	Miguel Romano, Jr.
Kathleen Fields	Sharon McCormick	

Finance Commission Members Absent:

Phillip Holt, Chairman	Hector Cerna	Roselyn “Rosie” Morris
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Commissioner Charles G. Cooper announced there was a quorum with eight (8) members present. *(1:27 on audio file).*

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
A. Finance Commission Matters		
1. Review and Approval of the Minutes of the June 20, 2025 Finance Committee Meeting	On Consent Agenda – Item A1 This item Approved on the Consent Agenda.	n/a
2. General Public Comment	Mr. Andre Cardenas from Panacea Lending, LLC, testified on Recommended Rule Amendments in TAC 7, Chapter 89, regarding Property Tax Lenders. No Action Required.	1:39 Start of Discussion
3. Consent Agenda – Items A1 and D3	Kathleen Fields made a motion to Approve Consent Agenda items A1, and D3 Marty Green seconded, and the motion passed.	9:27 Start of Discussion 10:01 Vote
4. Finance Commission Operations	No Action Required.	10:19 Start of Discussion
5. Audit Committee Report		
A. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies’ 2025 Third Quarter Investment Officer Reports 1. Office of Consumer Credit Commissioner 2. Department of Savings and Mortgage Lending 3. Texas Department of Banking	Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Agencies’ 2025 Third Quarter Investment Officer Report passed.	12:31 Start of Discussion 12:43 Vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
B. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Readoption of the Investment Policies for: 1. Office of Consumer Credit Commissioner 2. Department of Savings and Mortgage Lending 3. Texas Department of Banking	Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Readoption of the Investment Policies for the Office of Consumer Credit Commissioner, Department of Savings and Mortgage Lending and Texas Department of Banking passed.	12:57 Start of Discussion 13:09 Vote
C. Discussion of and Possible Vote to Recommend that the Finance Take Action on the Agencies' 2025 Third Quarter Financial Statements 1. Office of Consumer Credit Commissioner 2. Department of Savings and Mortgage Lending 3. Texas Department of Banking	Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Agencies' 2025 Third Quarter Financial Statements passed.	13:23 Start of Discussion 13:31 Vote
D. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Agencies' Fiscal Year 2026 Operating Budgets 1. Office of Consumer Credit Commissioner 2. Department of Savings and Mortgage Lending 3. Texas Department of Banking	Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Office of Consumer Credit Commissioner's Fiscal Year 2026 Operating Budgets. Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Department of Savings and Mortgage Lending's Fiscal Year 2026 Operating Budget passed. Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Texas Department of Banking's Fiscal Year 2026 Operating Budget passed.	13:44 Start of Discussion 14:28 Vote 14:46 Vote 15:08 Vote
E. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action to Approve the Renewal of the Internal Auditor Contract for Garza/Gonzalez and Associates for Fiscal Year 2026	Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Renewal of the Internal Auditor Contract for Garza/Gonzalez and Associates passed.	15:30 Start of Discussion 15:40 Vote
F. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Office of Consumer Credit Commissioner's 2025 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzalez and Associates	Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Office of Consumer Credit Commissioner's 2025 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzalez and Associates passed.	15:56 Start of Discussion 16:07 Vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
G. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Department of Savings and Mortgage Lending's 2025 Annual Internal Audit Report as Prepared and Presented by Garza/Gonzalez and Associates	Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Department of Savings and Mortgage Lending's 2025 Annual Internal Report as Prepared and Presented by Garza/Gonzalez and Associates passed.	16:20 Start of Discussion 16:33 Vote
H. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Activities of the Texas Financial Education Endowment Fund	No Action Required.	n/a
I. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Department of Savings and Mortgage Lending's Mortgage Grant Administration Manual Pursuant to 7 TAC, Part 4, § 52.3 (c)	Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Department of Savings and Mortgage Lending's Mortgage Grant Administration Manual Pursuant to 7 TAC, Part 4, § 52.3 (c) passed.	16:53 Start of Discussion 17:06 Vote
6. Discussion of and Possible Vote to Take Action on the Agency Priorities for Fiscal Year 2026 for the Commissioners of the Office of Consumer Credit Commissioner, Department of Savings and Mortgage Lending and the Texas Department of Banking	David Osborn made a motion to Approve the Agency Priorities for Fiscal Year 2026 for the Commissioners of the Office of Consumer Credit Commissioner, Department of Savings and Mortgage Lending and the Texas Department of Banking. Sharon McCormick seconded, and the motion passed.	17:32 Start of Discussion 20:30 Vote
7. Discussion of and Possible Vote to Take Action Regarding Personnel Matters Pursuant to § 551.074, Texas Government Code: Deliberations with Respect to the Duties and Compensation of a Person Holding the Position of Executive Director of the Finance Commission, Deliberations with Respect to the Duties and Compensation of Persons Holding the Position of Agency Commissioner Positions, and Other Staff	No Discussion.	n/a
8. Discussion of and Possible Vote to Take Action Regarding Facility Planning and Real Property Matters Pursuant to § 551.072, Texas Government Code: Deliberations Regarding the Purchase, Exchange, Lease or Value of Real Property	Deferred to Executive Session.	n/a

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
9. Discussion of and Consultation with Attorney and Possible Vote to Take Action Pursuant to § 551.071, Texas Government Code, for the Purpose of Seeking the Advice or Attorney-client Privileged Communications from our Attorneys, Including Matters Related to the Potential Financial Exposure of the Finance Commission Agencies and Their Officers and the Finance Commission and its Officers and Including Matters of Pending and Contemplated Litigation	No Discussion.	n/a
10. Discussion of and Consultation on Security Audit, Possible Issue Related to Confidential or Sensitive Information, Security Breach Audit and Assessment, or Security Assessments or Deployment Related to Information Resources Technology as Authorized by §§ 551.076 and 551.089, Texas Government Code	No Discussion.	n/a
11. Discussion of Matters Made Confidential by Law Pursuant to § 551.081, Texas Government Code, including Information Relating to the Financial Condition or Business Affairs of a Financial Institution	No Discussion.	n/a
B. Office of Consumer Credit Commissioner		
1. Industry Status and Departmental Operations: a) Consumer Protection and Assistance Division Activities; b) Licensing Division Activities; c) Administration Division Activities; d) Financial Division Activities; e) Legal Division Activities; and f) Legislative Activities	No Action Required.	21:05 Start of Discussion
2. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation	No Action Required.	n/a
3. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments in 7 TAC, Part 1, Chapter 2, Concerning Residential Mortgage Loan Originators Regulated by the Office of Consumer Credit Commissioner	Marty Green made a motion to Approve the Proposal and Publication for Comment of Amendments in 7 TAC, Part 1, Chapter 2, Concerning Residential Mortgage Loan Originators Regulated by the Office of Consumer Credit Commissioner. Sharon McCormick seconded, and the motion passed.	37:22 Start of Discussion 40:04 Vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
4. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments in 7 TAC, Part 5, Chapter 83, Subchapter B, Concerning Rules for Credit Access Businesses	No Discussion.	n/a
5. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments in 7 TAC, Part 5, Chapter 85, Subchapter A, Concerning Rules of Operation for Pawnshops	Kathleen Fields made a motion to Approve the Proposal and Publication for Comment of Amendments in 7 TAC, Part 5, Chapter 85 Subchapter A, Concerning Rules for Operation for Pawnshops. Troy Lambden seconded, and the motion passed.	40:36 Start of Discussion 41:55 Vote
C. Department of Savings and Mortgage Lending		
1. Industry Status and Departmental Operations: a) Thrift Regulation Division Activities; b) Mortgage Regulation Division Activities; c) Operations Division Activities; d) Strategic Projects, Initiatives, and Information Resources; e) Legal Division Activities, including Consumer Complaints and Gift Reporting; and f) Legislative Activities	No Action Required.	42:32 Start of Discussion
2. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation <i>Hector Retta, Commissioner of the Department of Savings and Mortgage Lending v. Millard Smith d/b/a Processing Solutions, and Melkeisha Smith; Cause No. 25-DCV-330862, the 458th District Court, Fort Bend County, Texas</i>	No Action Required.	n/a
3. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments in 7 TAC, Part 4, Chapter 55, Concerning Residential Mortgage Loan Originators	Marty Green made a motion to Approve the Proposal and Publication for Comment of Amendments in 7 TAC, Part 4, Chapter 55, Concerning Residential Mortgage Loan Originators. Sharon McCormick seconded, and the motion passed.	1:02:56 Start of Discussion 1:05:26 Vote
D. Texas Department of Banking		
1. Industry Status and Departmental Operations: a) Current Issues Affecting Department's Regulated Entities; b) Bank and Trust Division Activities; c) Corporate Division Activities; d) Non-Depository Supervision Division Activities; e) Administrative, Staffing and Fiscal Division Activities; f) Strategic Support Division Activities including Consumer Complaint Data; g) Legal Division Activities including Enforcement Activity and Gift Reporting; and h) Legislative Activities	No Action Required.	1:06:48 Start of Discussion

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
2. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation Anthony Hrcir v. Internal Revenue Service, the Texas Department of Banking, et al.; Cause No. 4:24-cv-00692-SDJ-AGD, United States District Court, Eastern District of Texas	No Action Required.	n/a
3. Discussion of and Possible Vote to Take Action on the Adoption of New 7 TAC, Part 2, Chapter 33, § 33.55, Concerning Clarification of Texas Finance Code § 152.004(9)	On Consent Agenda – Item D3 This item Approved on the Consent Agenda.	n/a

Vice Chair Laura Warren called for an Executive Session at 11:31 a.m. (1:27:48 *on the audio file*). The open meeting resumed at 12:17 p.m. (1:28:56 *on the audio file*)

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
Executive Session		
8. Discussion of and Possible Vote to Take Action Regarding Facility Planning and Real Property Matters Pursuant to §551.072, Texas Government Code: Deliberations Regarding the Purchase, Exchange, Lease or Value of Real Property	Sharon McCormick made a motion to authorize the three agencies to move forward with the design and construction of a new facility at Camp Hubbard property located at 3500 Jackson Avenue, Austin, Texas, in collaboration with the Texas Facilities Commission. Bob Borochoff seconded, and the motion passed.	1:31:28 Vote
8. Discussion of and Possible Vote to Take Action Regarding Facility Planning and Real Property Matters Pursuant to §551.072, Texas Government Code: Deliberations Regarding the Purchase, Exchange, Lease or Value of Real Property	David Osborn made a motion to authorize the three agencies to increase their long-term planning reserves by an additional amount up to \$35,000,000 in preparation to pay their allocated cost of the \$35,000,000 to be determined by each agency's respective allocated space in the new facility. Kathleen Fields seconded, and the motion passed.	1:32:47 Vote

There being no further business, Vice Chair Laura Warren adjourned the meeting of the Finance Commission at 12:21 p.m. (1:33:30 *on the audio file*).

Laura Warren, Vice Chair
Finance Commission of Texas

Charles G. Cooper, Executive Director
Finance Commission of Texas

Ruth Wright, Executive Assistant
Finance Commission of Texas

Finance Commission of Texas

Consent Agenda

October 24, 2025

A. Finance Commission Matters

1. Review and Approval of the Minutes of the August 15, 2025 Finance Commission Meeting

C. Office of Consumer Credit Commissioner

3. Discussion of and Possible Vote to Take Action on the Adoption of Amendments in 7 TAC, Part 1, Chapter 2, Concerning Residential Mortgage Loan Originators Regulated by the Office of Consumer Credit Commissioner
4. Discussion of and Possible Vote to Take Action on the Adoption of Amendments in 7 TAC, Part 5, Chapter 85, Subchapter A, Concerning Rules of Operation for Pawnshops
5. Discussion of and Possible Vote to Take Action on the Readoption of 7 TAC, Chapter 89, Concerning Property Tax Lenders, Resulting from Rule Review

D. Department of Savings and Mortgage Lending

3. Discussion of and Possible Vote to Take Action on the Adoption of Amendments in 7 TAC, Part 4, Chapter 55, Concerning Residential Mortgage Loan Originators

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Charles G. Cooper
Commissioner

TEXAS DEPARTMENT OF BANKING

2601 North Lamar Blvd., Austin, Texas 78705

512-475-1300 / 877-276-5554

www.dob.texas.gov

MEMORANDUM

TO: Finance Commission of Texas

FROM: Charles G. Cooper, Commissioner

DATE: August 31, 2025

RE: Department of Banking Priorities for Fiscal Year 2025 Year-end Update

I. LEGISLATIVE – *State and National Legislative Issues*

- I.1 **Objective:** Provide appropriate and comprehensive resource material as requested in a timely manner.

Measure: To the extent legally permissible, respond accurately and timely to all requests for resource information. Maintain contact with legislative committee chairs and staff. Testify at hearings as requested.

Update:

- *Maintained contact with state and federal legislative committees.*
- *Responded to requests for information from state legislators relating to regulated financial service providers and testified as requested.*
- *Provided input on the GENIUS and CLARITY Act.*

- I.2 **Objective:** Maintain accurate, timely, and complete communication with Finance Commission members about significant state and federal issues, conditions, and trends, as well as significant events in the industries the agency supervises.

Measure: Provide Finance Commission members with information on significant federal laws and policy statements and the effect on supervised entities, if any. Provide sufficient information and materials to give members an overall assessment of our regulated industries.

Update:

- *Beginning in January, weekly legislative reports were provided by email to Commission members.*
- *Commission members were provided an update on legislative matters at the December, February, April, June, and August meetings.*
- *Finance Commission members received copies of Department press releases and industry notices.*

- *In October 2024, a presentation on the Texas state banking system was provided by an economist for the FDIC to the Commission members.*
- *In April 2025, the Department of Banking in conjunction with the Savings and Mortgage Lending Department presented the Condition of the Texas State Banking System report which provided members with a status of the banking industry as of year-end 2024.*

I.3 **Objective:** Monitor the 89th legislative session and any legislation that may affect the Department or its regulated entities. Make recommendations for state legislative changes to address areas the law does not adequately address, correct technical errors, and modernize outdated statutes.

Measure: Monitor interim charges and aid legislative committees if requested. Provide proposals for legislative improvements as needed, or if requested by legislative committees. Monitor legislation and provide technical assistance and comprehensive resource materials when requested. Begin implementation of any new legislation that falls under the purview of the Department or affects the industries we regulate.

Update:

- *Met with Senate and House staff members regarding their potential legislation.*
- *Resource information relating to bills affecting regulated entities was provided to several legislative offices and interested organizations.*
- *In February, met with staff members of Senate Business and Commerce Committee to provide information regarding the banking system.*
- *Commissioner Cooper testified on behalf of the Texas Department of Banking at the House Committee on Pensions, Investments & Financial Services (PIFS) organizational hearing on March 3, 2025.*
- *In April 2025, Deputy General Counsel Adams testified on legislation relevant to the Department at the House Committee on PIFS and Senate Business and Commerce committee hearings.*
- *Commissioner Cooper, General Counsel Nichols, and Deputy General Counsel met with PIFS Committee members and their staff.*
- *Suggestions for statutory improvements were provided to Chairman Lambert for consideration.*
- *The agency tracked 562 bills and resolutions during the 89th (R) Session. By the end of the session, the agency tracked 560 bills and resolutions. The agency also monitored the Special Called Sessions with 11 bills and resolutions tracked in the first and 9 tracked in the second.*
- *The agency completed 38 fiscal notes related to filed bills during the session.*

II. REGULATORY ACTIVITIES – *Examination Activity and Enforcement Actions*

II.1 **Objective:** Strive to ensure the agency meets the highest standards for regulatory agencies in the country.

Measure: Successfully obtain reaccreditation from the Conference of State Bank Supervisors (CSBS) for the Bank and Trust and Non-Depository Supervision Divisions.

Update:

- *The Department successfully obtained CSBS reaccreditation in January 2025 for the bank and trust and money services businesses areas.*

II.2 **Objective:** Strive to ensure performance measure goals are met while working through the labor market challenges.

Measure: Meet or exceed the strategic planning goals for key performance measures. Report performance measure results to the Finance Commission quarterly.

Update:

- *Through August 31, 2025, all Bank & Trust Supervision (B&T) key performance measures were either met or exceeded.*
- *Through August 31, 2025, all Non-Depository Supervision (NDS) key performance measures were either met or exceeded except for one. The number of examinations output measure was not met as a result of examiner resignations and the resulting financial examiner vacancies throughout the 2025 fiscal year.*
 - *NDS conducted extensive off-site monitoring of past due examinations to ensure the examinations of higher risk license holders are prioritized.*

II.3 **Objective:** Remain active and involved at the national level regarding supervisory issues affecting areas of supervisory oversight in Texas.

Measure: Maintain active contact with other states directly, and through regulatory associations (CSBS and MTRA) and trade associations (IBAT and TBA), as well as frequent contact with members of Congress and federal regulators to be aware of actions and decisions, and areas of actual or potential impact to the Department's regulatory functions or the industries to proactively respond as needed.

Update:

- *Commissioner Cooper represented the Department as a regulatory panelist at the Southwest Association of Bank Counsel, 2024 Annual Legal Conference in Austin, Texas, on September 11, 2024, discussing regulatory topics.*
- *On September 16, 2024, select department staff attended the 2024 MTRA Annual School & Conference in Philadelphia, Pennsylvania. The conference provided an opportunity for MTRA member states to discuss topics impacting MSB regulation. MSB license holders and industry stakeholders also attend the conference on an annual basis. Presentations impacting MSBs, such as Nationwide Multistate Licensing System (NMLS) updates, investments in*

licensed money transmitters, artificial intelligence, and virtual currency kiosks were provided and discussed.

- *On September 17, 2024, several department staff attended the Federal Reserve Bank's (FRB), 11th District Banking Conference hosted by the Department and the FRB in Dallas, Texas. Commissioner Cooper provided the opening remarks and the Bank & Trust Supervision (B&T) Director Jared Whitson and several other staff members participated as panelists discussing liquidity risk and Cybersecurity and Artificial Intelligence.*
- *Commissioner Cooper, Chairman of the Federal Financial Institutions Council (FFIEC) State Liaison Committee (SLC), attended the FFIEC Second Quarter meeting in Washington, D.C., on September 26, 2024.*
- *Commissioner Cooper and select staff members represented the Department at the CSBS Districts II and IV Combined Fall Meeting at the FRB of St. Louis in St. Louis, Missouri, on October 1, 2024.*
- *Commissioner Cooper and select staff members represented the Department at IBAT Annual Convention held in San Antonio, Texas, on October 5, 2024. Commissioner Cooper participated on a regulatory panel.*
- *Beginning on November 19th, NDS Director Saucillo and a senior MSB financial examiner participated in a CSBS event to discuss enhancements to SES, an MSB examination system tool, intended to improve the network examination process.*
- *Commissioner Cooper and select staff members represented the Department at the CSBS Board Meetings and Supervisors Symposium in Scottsdale, Arizona, beginning December 9, 2024.*
- *Beginning on January 26, 2025, B&T Director Whitson represented the Department on two regulatory panels at the IBAT 2025 Winter Summit in Avon, Colorado.*
- *Commissioner Cooper and staff represented the Department at the TBA Legislative Briefing held in Austin, on February 2, 2025. Commissioner Cooper provided a presentation on legislative issues impacting banks.*
- *Select department staff attended the CSBS sponsored NMLS Annual Conference held in Atlanta, Georgia, beginning on February 11, 2025. Various MSB topics related to licensing, regulation and industry trends were discussed.*
- *Commissioner Cooper, who is the CSBS District IV Chair, and select staff members represented the Department at District IV Meeting in Sante Fe, New Mexico, on March 19, 2025.*
- *General Counsel Robert Nichols and B&T Director Whitson represented the Department at the CSBS Board Meeting and Governmental Relations Fly-In held in Washington, D.C., beginning March 31, 2025.*
- *NDS Director Saucillo attended the Multi-state MSB Examination Task Force (MMET) and MTRA Board Annual Meeting in Boise, Idaho, on April 9-10, 2025. Various topics impacting MSBs were discussed among other state regulators.*
- *B&T Director Whitson and several staff members represented the Department at the TBA's 140th Annual Convention held in San Antonio, Texas, on April 23, 2025. B&T Director Whitson participated as a speaker.*

- *Select NDS staff represented the Department at the Texas Cemetery and Cremation Association Convention held in Galveston, Texas, on April 28, 2025.*
- *Commissioner Cooper attended the FFIEC First Quarter Meeting in Washington, D.C., on April 16, 2025. On May 1, 2025, the FFIEC announced the reselection of Commissioner Cooper to the FFIEC's SLC for the term of May 1, 2025, through April 30, 2027. Commissioner Cooper has been a member of the SLC and served as its Chair since 2023.*
- *Commissioner Cooper, Deputy Commissioner (DC) Wendy Rodriguez, and other select staff members represented the Department at the CSBS State Federal Supervisory Forum held in Crystal City, Virginia, on May 19, 2025.*
- *Commissioner Cooper, B&T Director Whitson, Director of IT Security Examinations Ruth Norris, Strategic Support Director Lilliana Abbassi, and other select staff attended the Joint 11th District Banking Conference presented by the FRB of Dallas and Texas Department of Banking, held in Dallas, Texas, on June 2, 2025. Commissioner Cooper gave the closing remarks, and other staff members served as panelists.*
- *Commissioner Cooper, Chair of the FFIEC-SLC, attended the Second Quarter Meeting in Washington, D.C., on June 25, 2025.*
- *The Commissioner and select staff attended the CSBS Strategic Planning meeting held in Maryland, Baltimore, the week of August 25, 2025.*
- *Various Department personnel participated in the TBA, Texas Tours held in Dallas, San Antonio, Houston, Waco, and Amarillo, between July 10th -17th, 2025. The events provided legislative updates on national and Texas matters impacting the industry.*
- *Select staff participate as members of CSBS and MTRA committees and regularly discuss pertinent issues with other states' regulatory staff.*
- *NDS Director Saucillo continues to serve as a member of the MTRA Board of Directors and the State Coordinating Committee (SCC) member.*
- *NDS Director Saucillo leads the MSB Enforcement Action Taskforce*
- *The Department is an active member of the MMET and the MSB Supervisory Engagement Taskforce (MSET). NDS Director Saucillo serves as the Chair of MSET.*
- *NDS staff participates in periodic North American Death Care Regulators Association (DCRA) virtual meetings to discuss matters affecting the death care industry.*
- *Director NDS Director Saucillo is a member of the CSBS Performance Standard Committee.*
- *DC Rodriguez was a member of the CSBS Education Foundation Board of Trustees through January 2025.*
- *Commissioner Cooper is a member of the CSBS Board of Directors, the District IV Chair, and serves on the Legislative Committee.*
- *NDS and Legal divisions coordinated and participated in various multi-state enforcement actions to address regulatory noncompliance matters against MSBs operating in Texas.*

II.4 **Objective:** Maintain an ongoing awareness of the risk profiles of our regulated entities and the condition of the economy in which they operate. Monitor individual or systemic

conditions, including economic pressures, cybersecurity threats, and other high-risk activities which present risks to their financial stability. Ensure that supervisory activities remain appropriate and take necessary actions against institutions exhibiting unacceptable risk profiles.

Measure: Perform research, maintain ongoing dialogue with regulatory counterparts, and attend training to maintain an understanding of conditions in which our entities operate. Maintain a leadership role in the effort to combat cybersecurity threats. Maintain an offsite monitoring program of the bank and trust industries while initiating appropriate regulatory responses and actions when appropriate. Research and take required actions against institutions with heightened or unacceptable risk profiles to minimize the adverse impact on depositors, shareholders, and the banking system in general.

Update:

- *On January 24, 2025, the Department issued Industry Notice 2025-01 Cybersecurity Threats: Actions to Take Today.*
- *October 18, 2024, announced the release of the updated nonbank financial service businesses ransomware self-assessment tool for money services businesses, prepaid funeral contract sellers and perpetual care cemeteries.*
- *Commissioner Cooper continues to represent the state banking supervisors of the Financial and Banking Information Infrastructure Committee (FBIIC). Director of Cybersecurity and Technology Strategy Phillip Hinkle also attends meetings related to cybersecurity.*
- *The B&T division actively monitors and responds to various risk factors, including risk posed by effects of inflationary pressures and its effects on banks' financial condition. Deposit competition is heightened as elevated rates have driven depositors to seek better returns, placing noticeable pressure on banks' net interest margins. Credit quality remains relatively stable despite modest weakening in asset quality metrics. The Department is also monitoring proposed government tariffs and its potential impact on the banking sector.*
- *The NDS division actively conducts off-site monitoring of various risk factors affecting licensed entities, including federal and state regulations surrounding cryptocurrency, consumer complaints, current events, and related legal actions. The Department also coordinates regulatory communications and related supervisory actions with other state MSB regulators.*
- *The Department maintains communication with regulated entities between examinations and performs offsite monitoring of key financial metrics. These programs consist of quarterly reviews of call report data, the use of data analytic tools, and conducting calls to bank management. The division's watch list of intuitions, which exhibit heightened risk, is monitored and adjusted quarterly with appropriate actions taken against organizations when applicable.*

- *B&T and NDS divisions continue to monitor cybersecurity incidents and the impact on the regulated entities and consumers. Incidents are reviewed in coordination with an IT Specialist, as needed. Consideration for on-site reviews are also evaluated with Director Hinkle, and examinations and reviews are coordinated with other MSB state regulators, as needed.*
- *Based on available resources and certain risk factors, NDS continues to collaborate with the IT examination staff to coordinate risk-based reviews of MSB license holders' IT systems.*

II.5 Objective: Monitor emerging issues in our areas of regulation including technological advances. Determine and communicate the impact of these issues to the regulated entities.

Measure: Report on emerging issues to the Finance Commission and regulated industries. Provide publications that address topics of interest. Participate in industry meetings, seminars, committees, and work groups. Participate in speaking opportunities with regulated industries to provide updates relating to ongoing supervisory issues.

Update:

- *Several department staff members participated in a total of 21 regulatory panel discussions and IT/Cybersecurity presentations with community bankers and industry representatives during fiscal year 2025.*
- *Select NDS staff members participated in various MMET, and MTRA committees, including the MTRA Examination Standards Committee and the MTRA Licensing/Emerging Issues calls. The Department participates in routine scheduling calls and meetings facilitated by the MMET to coordinate multistate examinations as part of the Networked Supervision of MSBs.*
- *NDS staff members monitor MSB-related issues nationally to identify and monitor troubled institutions and risky behavior, develop enforcement policies and procedures, and coordinate responses to negative news that indicate safety and soundness concerns.*
- *The Department issued two Texas Bank Reports, one in October 2024 and another in February 2025, containing articles on areas of concern or interest for the banking industry.*

II.6 Objective: Monitor areas/industries we regulate for illegal activity.

Measure: Monitor and investigate potential illegal activity, and when necessary, initiate appropriate regulatory enforcement actions against licensed and/or unlicensed entities to ensure compliance with applicable statutes and rules to protect the rights and interests of consumers and the industries. Refer cases as needed to local, state, or federal law enforcement agencies or the Texas Attorney General.

Update:

- *NDS staff monitors open-source media to stay current and regularly engage in enforcement actions as necessary.*
- *Legal division refers appropriate matters to the Texas Office of the Attorney General and other law enforcement.*
- *NDS staff works in collaboration with other MSB state regulators on legal administrative matters concerning MSB license holders in noncompliance with state and federal regulations. The collaboration has also resulted in several multi-state enforcement actions.*

II.7 **Objective:** Process consumer complaints/inquiries professionally, appropriately, and timely.

Measure: Maintain compliance with complaint processing, review, and reporting rules to meet or exceed the goals for consumer related performance measures. Report consumer assistance activity at each Finance Commission meeting.

Update:

- *Consumer Assistance Activities met their key performance measure for written jurisdictional complaints closed within 90 days in fiscal year 2025.*

II.8 **Objective:** Continue to develop and refine examination procedures, reference materials, and internal guidance to enhance the examination process.

Measure: Monitor regulatory changes and new technologies, and update examination materials and guidance in a timely manner. Continue to perform internal reviews of examination procedures by seeking examiner feedback to ensure proper intent and applicability. Timely and regularly communicate updates/changes to examiners. Refine examination procedures and processes for better effectiveness and efficiency.

Update:

- *Revised and Issued Administrative Memorandums (AM):*
 - *AM 2011 – Subpoenas (September 2024)*
 - *AM 2009 – Examination Report Submission and Processing (September 2024)*
 - *AM 2003 – Suspicious Activity Reports Filed by the Department (October 2024)*
 - *AM 2019 v Employment and Promotion Qualifications for Financial Examiners (October 2024)*
 - *AM 2015 – Work Paper Organization, Retention, and Review (December 2024)*
 - *AM 2028 – Background Checks Conducted in Accordance with Statutory Authority (January 2025)*
 - *AM 2018 – Confidentiality Statement Addressing Recordings of Meetings and Discussions (February 2025)*
 - *AM 2005 – Interstate Bank Examinations (May 2025)*

- *AM 2040 – Removal of Confidential FinCEN Data (June 2025)*
 - *AM 2031 – Delegation of Authority (July 2025)*
 - *AM 2020 – Information Security for Criminal History Record Information (CHRI) (July 2025)*
- *Issued Examiner Bulletins (XB)*
 - *XB 2024-09 – IT Examination Procedures for Bank & Trust Staff (November 2024)*
 - *XB 2025-01 – CML - Guidelines for Procedures and Work Paper Documentation for Commercial Examinations (March 2025)*
 - *XB 2025-02 TR – Guidelines for Procedures and Work Paper Documentation for Trust Examinations (March 2025)*
 - *XB 2025-03 IT – Guidelines for Procedures and Work Paper Documentation for Information Technology Examinations (March 2025)*
- *Reviewed and Revised Commercial Examination Procedures*
 - *Planning Procedure*
 - *Request List*
 - *Allowance for Credit Losses*
 - *Borrowings/Liquidity*
 - *Cash, Collections, and Deposit Operations*
 - *Bank Owned Life Insurance*
 - *Interbank Liabilities*
 - *Other Assets and Other Liabilities*
 - *Other Real Estate Owned*
 - *Overdrafts, Kite Suspect, and Cuts*
 - *Retail Sale of Nondeposit Investment Products*
 - *Other Supervisory Issues*
 - *Related Organizations and Bank Holding Company*
 - *Temporary Mortgage Purchase Programs*
 - *Management*
 - *Examination Assignment Worksheet*
- *Reviewed and Revised Trust Examination Procedures*
 - *Request List*
 - *Management (Fiduciary & Corporate): Streamlined, Expanded and Table of Contents*
 - *Operations, Internal Controls, & Audits Table of Contents*
 - *Earnings (Fiduciary & Corporate) Table of Contents*
 - *Compliance Table of Contents*
 - *Asset Management (Fiduciary): Streamlined, Expanded, and Table of Contents*
 - *Capital (Trust Company): Streamlined, Expanded, and Table of Contents*
 - *Asset Quality (Trust Company): Streamlined, Expanded, and Table of Contents*

- *Liquidity (Trust Company): Expanded, Table of Contents*
- *Small Trust Department, Streamlined*
- *Reviewed and Revised Information Technology Examination Procedures*
 - *Request List*
 - *Scope Form*
- *Updated examination reference materials for commercial, trust, and IT procedures (Monthly)*
- *Reviewed and revised MSB examination procedures primarily to enhance the review of financial condition, funds flow, AML/BSA, and digital assets.*
 - *Texas – Core*
 - *Texas – Virtual Currency*
 - *Examination Notice and Request List*

III. POLICY AND RULE DEVELOPMENT – *Policies, Rules, and Financial Education Activities*

III.1 Objective: Issue formal communications to regulated entities to clarify and/or promote best practices to assist in complying with laws and policy statements.

Measure: Issue Supervisory Memorandums, Regulatory Guidance, Interpretive Statements, and Legal Opinions in a timely manner as needed.

Update:

- *The Department regularly issues opinions to Department staff and industry members regarding the applicability and interpretation of the Texas Finance Code and other applicable laws and regulations.*
- *On January 28, 2025, the Department republished revised Supervisory Memorandum 1037 relating to the Regulatory Treatment of Virtual Currencies Under the Money Services Modernization Act.*

III.2 Objective: Monitor and suggest amendments to the Texas Administrative Code as necessary to reflect changes in state and federal laws, clarify existing laws, and address the dynamics of the changing industries. Perform periodic reviews of fee rules to ensure each regulated area covers its cost of regulation.

Measure: Draft amendments and new rules for potential adoption by the Finance Commission to timely effect necessary changes. Conduct reviews of all rules every four years to evaluate their continued necessity and applicability.

Update:

- *At the request of the Department, the Finance Commission adopted a new rule, Title 7, Part 2, Chapter 33, Section 33.55 of the Texas Administrative Code, in August 2025.*

- *At the request of the Department, the Finance Commission adopted amendments to five rules across multiple chapters of Title 7 of the Texas Administrative Code between September 2024 through February 2025, and new rules and amendments are constantly being assessed and formulated.*
- *The Legal Division continuously tracks the quadrennial rule review requirements for each rule.*

III.3 Objective: Maintain participation in financial education and outreach efforts.

Measure: Periodically update the Department's financial education web page and brochure. Periodically participate in financial education webinars throughout the fiscal year.

Update:

- *The Financial Education brochure was updated in October 2024.*
- *On November 20, 2024, the Texas Department of Banking and the Office of Consumer Credit Commissioner jointly presented a free financial education webinar focused on banking fundamentals, basics for tracking expenses, and credit scores in relation to young adults. There were 19 participants.*
- *On February 19, 2025, a free financial education webinar was presented jointly by the Office of Consumer Credit Commissioner and Texas Department of Banking providing information on the financial tools, knowledge and skills that help consumers make sound financial decisions. There were 43 participants.*
- *On May 19, 2025, the Department and the Office of Consumer Credit Commissioner jointly presented a free financial education webinar on improving financial confidence through practical application by taking small, deliberate steps to improve your financial habits. There were 37 participants.*
- *On August 27, 2025, a free financial education webinar was presented jointly by the Department and the Office of Consumer Credit Commissioner on financial exploitation, prevalent types of scams, typical target populations and guidance on how to avoid becoming a victim. There were 64 participants.*

IV. AGENCY MANAGEMENT – *Staffing, Recruiting, Fiscal Responsibility, and Technology*

IV.1 Objective: Actively recruit qualified personnel while strengthening the workforce whenever possible. Maintain compliance with all state and federal employment laws.

Measure: Actively recruit entry level positions at state universities and colleges by attending career fairs (if available) and support banking programs at Texas universities. Utilize recruiting platforms that reach a wide talent pool for all positions. Promptly post vacancies and review applications. Periodically review and update personnel policies and procedures with changes required due to legislation or judicial decisions as well as to reflect current agency practices.

Update:

- *Forty-eight vacancies were posted from September 1, 2024, through August 31, 2025.*
- *Hired seven Financial Examiner I, one Financial Examiner II, three Financial Examiner V, and four Financial Examiner VII in the Bank and Trust Supervision Division.*
- *Hired one Financial Examiner VII in the Division of Strategic Support.*
- *Hired one part-time Law Clerk, one Attorney I, and one Attorney V in the Legal Division.*
- *Hired two IT Support Specialist III in the MIS Division.*
- *Hire one part-time HR Assistant in the Human Resources Division.*
- *Hired three Financial Examiner I and two Financial Examiner II in the Non-Depository Supervision Division.*
- *Filled one Network Specialist IV and one Director IV in the MIS Division, three Financial Examiner VII and one Financial Examiner VIII in the Bank and Trust Division, and one Director V in the Division of Strategic Support with internal candidates.*
- *Utilized CAPPS Recruit and LinkedIn to post open positions and actively recruit qualified candidates.*
- *In fiscal year 2025, agency representatives attended 15 career fairs at 11 schools (listed below).*
 - *University of Houston – Fall and Spring*
 - *Texas A&M – Fall and Spring*
 - *University of Texas at El Paso – Spring Only*
 - *Sam Houston State University – Fall and Spring*
 - *University of North Texas – Spring Only*
 - *University of Incarnate World – Spring Only*
 - *West Texas A&M Canyon – Spring Only*
 - *Texas State University – Spring Only*
 - *Texas Tech University – Fall and Spring*
 - *San Angelo State – Fall Only*
 - *St. Mary's University - Spring Only*
- *Revised and Issued Personnel Related Administrative Memorandums (AM):*
 - *AM 2012 – Policy on Utilization of Historically Underutilized Businesses (HUB) (September 2024)*
 - *AM 2048 – External Website Accessibility Standards (September 2024)*
 - *AM 2031 - Delegation of Authority (October 2024)*
 - *AM 2001 – Official Issuance and Communication System (October 2024)*
 - *AM 2002 – Equal Employment Opportunity, Discrimination and Sexual Harassment Prevention Policy (October 2024)*
 - *AM 2031 - Delegation of Authority (October 2024)*
 - *AM 2007 v CAPPS Time Reporting (October 2024)*

- *AM 2019 v Employment and Promotion Qualifications for Financial Examiners (October 2024)*
- *Work Hours and Schedules for Department Employees (December 2024)*
- *AM 2002 – Equal Employment Opportunity, Discrimination and Sexual Harassment Prevention Policy (May 2025)*
- *AM 2016 – Investment Policy for Funds Under the Oversight of the Guaranty Fund Advisory Council (June 2025)*
- *AM 2030 – One-Time Merits (June 2025)*
- *AM 2049 – Employee Use of Social Media (June 2025)*
- *AM 2031 – Delegation of Authority (July 2025)*
- *AM 2007 – CAPPS Time Reporting (July 2025)*
- *AM 2027 – Investment Policy for Funds Under the Oversight of the Finance Commission of Texas (August 2025)*

IV.2 **Objective:** Strive to attain full staffing, with an emphasis on employee retention and staff diversity. Provide and promote opportunities for professional development for junior staff and offer opportunities in new responsibilities to minimize the loss of institutional knowledge as vacancies and retirements occur. Continue efforts to maintain a competitive salary structure. Obtain feedback from employees and implement changes where feasible.

Measure: Improve staff retention by addressing major issues that contribute to non-retirement resignations, with a goal to have the agency turnover rate (excluding retirements and intern separations) not exceed 10% for the fiscal year. Maintain a competitive examiner salary program comparable to the FDIC.

Update:

- *The legislative 5% increase was applied to all staff in September 2024.*
- *The approved 2025 fiscal year budget included equity adjustments for Financial Examiner VII and above and related directors in February 2025, in an effort to improve salary parity with federal counterparts.*
- *Agency fiscal year 2025 turnover rate through August 31, 2025, was 15.54% Financial Examiner turnover was 12.95%. There were three retirements during this period.*
- *Through August 31, 2025, the agency hired thirty employees and incurred thirty separations.*
- *Promoted 58 individuals to positions with increased responsibility and qualifications, seven of which were promoted via competitive selection.*
- *In February 2025, published internal employee survey results and provided information to agency staff as well as the Employee Advisory Council to review.*
- *Administered Annual Employee Performance Appraisals in December 2024 using the NEOGOV Performance System.*

- IV.3 **Objective:** Ensuring that computer hardware and software is up-to-date to enhance the effectiveness, speed, and quality of agency work products. Provide timely technical support to staff.

Measure: Provide secure technology tools necessary for staff to perform their job functions efficiently and effectively. Provide technical support via the help desk. Maintain software in accordance with the Department of Information Resources guidelines. Ensure network, website, and databases function appropriately and with limited downtime.

Update:

- *Multiple applications were deployed or updated in fiscal year 2025 to date:*
 - *Annual Trust, PFC, and PCC applications were deployed in the first half of fiscal year 2025.*
 - *Regular maintenance work was also performed on other internal programs, such as Authorized Contact and Email System (ACES), Employee Portal, and Closed Account Notification System (CANS).*
 - *The new CHIPS application tracks consumer complaint activities was deployed in March 2025.*
- *An upgraded version of the agency's portal exchange for documents (FLEX) with entities is in the final testing stages. Work continues on training materials.*
- *Purchased 30 new laptops in July and August of 2025. Deployment of laptops to employees with a laptop over four years old. All laptops will be deployed by the end of September 2025.*
- *Upgraded Domain Controller in HQ with new hardware and software.*
- *In January 2025, the agency replaced its Uninterrupted Power Supply (UPS) system in the HQ Datacenter.*

- IV.4 **Objective:** Safeguard the integrity of data, information technology networks, and systems from unauthorized access or use, ensuring that access to critical systems is available during an emergency.

Measure: Perform a bi-annual external or internal information security risk assessment and initiate corrective actions to maintain data integrity and minimize the risk of unauthorized access or use. Perform annual intrusion testing by the Department of Information Resources and periodic vulnerability reviews for network and external facing web resources. Conduct an annual test of the Department's disaster recovery plan and initiate corrective actions to ensure operations will function appropriately. Periodically execute information security tabletop exercises to ensure staff are ready to respond to various incident types, when and if they occur.

Update:

- *Completed the installation of Microsoft Defender for all agency computers.*
- *Installed a new firewall in cloud to protect external facing websites. As of August 2025, three websites were migrated behind this firewall. Additional sites will migrate in early fiscal year 2026.*
- *Completed Disaster Recovery Test in September of 2024.*

- *The annual Information Security Training for the Department was completed in April 2025.*
- *Continue to receive monthly Cybersecurity and Infrastructure Security Agency (CISA) penetration tests for vulnerabilities.*
- *Network Detection Response (NDR) devices were added to all offices in 2025.*

IV.5 **Objective:** Ensure financial examiners receive adequate and proper training to perform their duties and progress within the financial examiner series.

Measure: Provide core required training courses to financial examiners in the FE I – FE III series to progress in the financial examiner series. Adequately prepare assistant examiners to successfully complete the Bank and Trust Supervision commissioning process.

Update:

- *Forty-six examiners in the Financial Examiner I–III series attended 26 different training courses in fiscal year 2025.*
- *In fiscal year 2025, five examiners received their commission.*
- *The Department held the Financial Examiner II School in June 2025 for 18 assistant examiners.*
- *Two NDS examiners received the Certified Anti-Money Laundering Specialist designation in fiscal year 2025 as part of the required core training requirements.*

IV.6 **Objective:** Host accelerated internal training program for newly hired examination staff to support and enhance their ability to perform their duties.

Measure: Provide the internal training course at least once in fiscal year 2025 to adequately prepare assistant examiners to successfully participate in an examination.

Update:

- *Sixteen students completed the 2nd annual accelerated internal training program in December 2024.*
- *The third accelerated internal training program started in July 2025 for eight financial examiners. The program will continue through mid-November 2025 and is being taught by several experienced financial examiners.*

IV.7 **Objective:** Ensure agency expenditures are necessary and prudent, and within budgetary constraints; revenues collected are adequate to cover expenditures; and provide a cash reserve or fund balance that complies with Finance Commission policies.

Measure: Review expenditure and revenue patterns monthly. Prepare quarterly financial statements to substantiate the agency's financial position and cash reserve.

Update:

- *Monthly financial statements are provided to all divisions for review and to the Finance Commission each quarter.*
- *Budget variances are analyzed quarterly.*
- *For fiscal year 2025, actual revenues were at 116.8% of budget and actual expenditures were at 91.5% of budget.*
- *Cash reserves are not within liquidity policy guidelines of at least two months, but no more than six months. Excess revenue was retained in anticipation of funding the construction of a new facility at the Camp Hubbard property. In addition, unanticipated penalties were also collected. The Department will manage its cash reserves to comply with the policy.*

IV.8 **Objective:** Periodically review internal controls and processes to improve the efficiency and effectiveness of the agency. Coordinate with the Finance Commission Agencies, when possible, to minimize duplication of duties and processes.

Measure: Report on improvements identified and implemented.

Update:

- *Worked with each Finance Commission Agencies (FCA) to enter into an agreement to apportion costs for the project planning, acquisition, and preparation of the future site of the Austin Headquarters. This includes the construction of a new building and supporting facilities.*

IV.9 **Objective:** Work with the Office of the Governor on relocation of the Finance Commission Agencies.

Measure: Report on activities related to the relocation of the Finance Commission Agencies periodically.

Update:

- *The FCA purchased the property at 3500 Jackson Avenue, Austin, Texas, in January 2025.*
- *The FCAs began the space planning process with a contracted architect. This process was completed in June 2025.*
- *On August 15, 2025, the Finance Commission approved to authorize the FCAs to move forward, pending approval from the Office of the Governor, with the design and construction of a new facility at the Camp Hubbard property in collaboration with the Texas Facilities Commission. Additionally, they approved to authorize the FCAs to increase their long-term facility planning reserves by an additional amount up to \$35,000,000 in preparation to pay their allocated cost of the \$35,000,000 to be determined by each agency's respective allocated space in the new facility.*
- *On August 21, 2025, the finance commission agencies requested approval from the Office of the Governor to implement the approved Finance Commission actions.*

IV.10 **Objective:** Comply with the directives of the State Office of Risk Management (SORM) regarding the Continuity of Operations Plan.

Measure: Ensure that updates are made, and the Plan is exercised as determined by SORM.

Update:

- *The Plan was updated and submitted to SORM in January 2025. SORM reviewed the Plan and provided positive feedback.*

The Department of Banking is considered to be one of the top financial regulators in the country by our regulatory peers. The staff has worked hard to achieve this posture, and we will continue to improve our processes and techniques to properly supervise the industries under our jurisdiction and serve the citizens of Texas.

Office of Consumer Credit Commissioner

Agency Priorities

FY 2025

1. LEGISLATIVE

1.1. 89th Legislative Session.

1.1.1. Objective: Monitor legislation that affects industries regulated by the OCCC. Respond to new legislative issues and requests for information or testimony. Develop relationships with legislators and legislative staff. Review or draft legislation as appropriate.

Measure: Respond promptly to legislative requests for information. Provide regular weekly legislative reports to the Finance Commission.

Status: The OCCC provided weekly status reports to Finance Commission members throughout the regular legislative session. Members of the 89th legislative session filed 8,719 bills, which is 8.4% more bills than the 88th legislative session (8,046 bills). The OCCC's high-priority legislation report included 8 bills that would have directly affected the OCCC and its regulated industries. In June 2025, the OCCC provided the Finance Commission with an outline summarizing 28 enacted bills affecting regulated industries and agency administration. Overall, the OCCC tracked a total of 1,025 bills and resolutions. OCCC staff provided resource support related to legislation and testified at legislative committee hearings.

2. REGULATORY ACTIVITIES

2.1. Regulated Entities - Supervision.

2.1.1. Objective: Examine, investigate, and monitor the jurisdictionally appropriate industry segments for compliance with state and federal law. Investigate illegal activity. Achieve overall weighted average acceptable level of compliance of 85% through examinations and industry education efforts. Monitor restitution instructions for licensees with outstanding examination issues.

Measure: Reporting on compliance by regulated industry segment. Number of examinations completed. Report the rate of satisfactory compliance. Report the amount of restitution returned to consumers as a result of examinations.

Status: The OCCC completed 2,861 examinations in FY25, which is 106% of the annual goal. The overall compliance rate is 92.5% for all industry areas combined. Restitution from examinations conducted is \$6,638,897.92 in FY25.

2.1.2. Objective: Actively participate in regulatory activities, conferences, and scheduled meetings relating to consumer finance, auto finance, and payday lending. Engage in and

respond as appropriate to developing issues that impact the OCCC or its regulated entities.

Measure: Maintain active contact with other state and federal regulators, independently and through regulatory associations to keep abreast of trends and emerging issues that may impact the OCCC's regulatory responsibilities or the regulated industries. Report on participation and attendance at regulatory conferences.

Status: OCCC examination, legal, and executive staff actively participated in the following committees of the National Association of Consumer Credit Administrators (NACCA): Executive Committee (on which the OCCC's general counsel serves as NACCA's first vice president), Multistate Consumer Finance Examinations Committee, Consumer Finance Exams Standards Committee, Emerging Issues Committee, Legislation Committee, Membership Committee, and Nominations Committee (chaired by the OCCC's commissioner). These committees, along with regular monthly member calls and other association events, provide a forum for the OCCC and other state agencies to collaborate and develop solutions to emerging issues, and provide a framework for states to coordinate examinations of multistate companies. Agency staff provided presentations at fourteen DMV events, five TIADA summits or conferences, the TCFA Annual Conference, TCCC Annual Conference, TPTLA Annual Meeting, NACCA Consumer Services and Examiner School, as well as the NMLS Conference. The OCCC is also participates in the American Conference of Uniform Consumer Credit Code States (ACUCCCS), which provides an additional forum for financial regulators with similar statutes to collaborate and develop solutions.

2.1.3. Objective: Utilize the State Examination System (SES) for all mortgage exams. Continue to expand usage of SES for other types of examinations.

Measure: Report on the number of exams and exam types completed in SES.

Status: In FY25, the OCCC completed all mortgage examinations in SES. Overall, the agency completed exams of 322 licenses through 37 Supervisory Activities in SES, covering licenses of 68 companies engaged in mortgage activity, 253 companies predominately making regulated loans, and 1 motor vehicle sales finance licensee.

2.1.4. Objective: Take appropriate enforcement actions to ensure compliance with state and federal law.

Measure: Report number of enforcement actions for each regulated industry.

Status: The OCCC closed 102 enforcement cases:

- 32 cases related to regulated lenders (including 21 injunction actions, 7 administrative penalty actions, and 4 license revocations);
- 17 cases related to credit access businesses (including 13 injunction actions, and 4 administrative penalty actions);

- 15 cases related to motor vehicle sales finance (5 injunction actions, 7 administrative penalty actions, 2 revocation actions, and 1 application denial);
- 17 cases related to pawnshops (12 injunction actions and 5 administrative penalty actions);
- 1 action related to a pawnshop employee (1 application denial);
- 9 actions related to debt management service providers (6 injunction action and 3 administrative penalty actions); and
- 11 cases related to property tax lenders (8 injunction actions and 3 injunctions). OCCC legal staff regularly reports information about enforcement actions to the Finance Commission.

2.2. Licensing.

2.2.1. Objective: Maintain a focus on ensuring compliance of regulatory and agency standards. Process 80% of license applications within 60 days from received date to completion date.

Measure: Report on license activities, benchmarks and application processing status.

Status: The licensing department processed 1,207 applications in FY25, meeting its target of 1,200. Of these, 59% were completed within 60 days or less. By the end of the fiscal year, the average processing time had been reduced to 61 days. In addition, 1,583 NMLS transition applications were received in FY 25, with more than 150 approvals successfully processed in FY25.

2.2.2 Objective: Provide quality customer service to licensees and registrants. Ensure timely and responsive customer inquiry processing. Provide professional development and training opportunities to licensing staff once a quarter.

Measure: Report on call abandonment rate and professional development training provided to staff.

Status: The licensing department received over 11,000 phone calls in FY 25, with an average queue time of 1 minute and 12 seconds, and an abandonment rate of 5.8%. These metrics demonstrate the department's strong performance in call responsiveness and customer service efficiency. The department holds routine meetings dedicated to enhancing customer service, fostering consistency of information delivery, and promoting greater responsiveness.

3. POLICY AND RULE DEVELOPMENT

3.1. Rulemaking.

3.1.1. Objective: Complete the rule review for 7 TAC Chapter 7 (relating to the Texas Financial Education Endowment Fund).

Measure: Present rules to the Finance Commission for readoption according to schedule. Propose appropriate rule amendments to the Finance Commission. Request feedback from stakeholders on whether rules should be updated.

Status: The OCCC completed this rule review, resulting in adopted amendments to 7 TAC Chapter 7. Before presenting this rule action to the Finance Commission, OCCC staff posted an advance notice of rule review and a precomment draft of rule amendments to obtain input from stakeholders.

- 3.1.2. Objective:** Prepare any rule proposals necessary to implement 2025 legislation. Work with stakeholders to seek feedback on proposed rules.

Measure: Present rules to the Finance Commission for proposal and adoption. Request feedback from stakeholders on proposed rules.

Status: In August 2025, the Finance Commission proposed rule amendments that would implement HB 5629 and SB 1818 (2025) by specifying military licensing requirements for residential mortgage loan originators and pawnshop employees. Before presenting these rule actions to the Finance Commission, OCCC staff posted precomment drafts to obtain input from stakeholders.

4. CONSUMER ISSUES / COMMUNICATION & OUTREACH STRATEGIES

4.1 Texas Financial Education Endowment Fund (TFEE).

- 4.1.1. Objective:** Administer the 2024-2025 TFEE grant cycle, including monitoring and reporting on the progress and impact of grant award recipient performance. Review reimbursement submissions, reports, and publish semi-annual reports. Launch the application process for the 2026-2027 TFEE grant cycle, including expanding outreach, reviewing forms, manuals, and reimbursement procedures to ensure best practices.

Measure: Reporting on fund activities, investment earnings, grant request submissions, grants awarded, and grantee reporting highlights. Identify and implement ways in which to improve and expand the grant program based on report findings and program needs.

Status: The 2024-2025 grant cycle concludes on December 31, 2025. To date, \$431,608.52 in grant reimbursements have been processed. In the current grant cycle to date, TFEE funds have provided nearly 8,000 participants with financial education and capability building programs, including one-on-one coaching, group classes, and K-12 programs. The OCCC is currently administering the application process for the next grant cycle, which will begin on January 1, 2026.

4.2 Financial Education

- 4.2.1. Objective:** Provide and support financial education by conducting events to empower Texans to improve their financial health through sound financial decisions. Conduct outreach to community organizations, state agencies, non-profit organizations, and

consumer advocacy groups that may benefit from financial education events. Identify traditionally underserved populations and locations in need of financial education. Offer financial education content via remote and in person learning opportunities.

Measure: Report on number of people and programs reached.

Status: The OCCC provided financial education through various platforms, including in-person classes, presentations, webinars, and podcasts to 1,165 individuals.

4.3. Industry and Stakeholder Outreach

4.3.1. Objective: Communicate and build relationships with industry and interested stakeholders on matters of supervisory and industry interest. Monitor emerging issues in the agency's areas of regulation and communicate the impact to regulated and licensed entities. Develop publications that address topics of interest and share with regulated and licensed entities. Participate in or attend industry meetings or seminars.

Measure: Report to the Finance Commission on the content and frequency of communications.

Status: The OCCC issued 27 advisory letters and 2 advisory bulletins. The OCCC hosted a webinar relating to changes to RMLO rules on NMLS requirements and held webinars on NMLS transition training for property tax lenders and regulated lenders. The OCCC participated in 52 events which include annual meetings of the Texas Property Tax Lienholders Association (TPTLA), Texas Consumer Finance Association (TCFA), and Texas Consumer Credit Coalition (TCCC). The OCCC's general counsel serves as a public member of the Customer Service and Protection Advisory Committee (CSPAC) of the Texas Department of Motor Vehicles.

5. AGENCY MANAGEMENT

5.1. Performance Measures.

5.1.1. Objective: Performance Targets. Meet or exceed 80% of key performance targets within $\pm 5\%$ of the projected target.

Measure: Continue to meet or exceed the strategic planning goals for key performance measures, including attainment of at least 9 out of 11 key performance targets. Report results to Finance Commission on a quarterly basis.

Status: The OCCC met or exceeded 9 of 11 key performance targets for FY25. Measures related to business application processing were not within range due to the transition of certain industry groups to the Nationwide Multistate Licensing System (NMLS).

5.2. Human Resources.

5.2.1. Objective: Recruit and retain qualified personnel with the appropriate skill set necessary to meet short and long-term needs. Continue efforts to right size staffing, based on

performance requirements, with an emphasis on employee retention and diversity. Ensure administrative staff receives adequate training to minimize institutional knowledge loss due to work separation or retirement. Maintain competitive compensation schedules. Continue efforts to be proactive in competitive salary administration.

Measure: Report on turnover ratio, training initiatives and retention efforts. Maintain competitive financial examiners career development and progression path.

Status: In FY 25 the OCCC had a turnover ratio of 14.7%, which is slightly below the goal of 15%. Personnel were trained on a variety of topics in FY 25 including topics specific to supervisors, safety measures and other trainings through the employee assistance program. Financial examiners received career development training as noted in 5.2.2. These trainings, as well as certain promotions and retention efforts, contributed to retaining key OCCC personnel.

- 5.2.2. Objective:** Ensure that Financial Examiners receive a minimum of 40 hours of continuing education and training. Build examiner professional development through progressive certifications through the career ladder within the Financial Examiner series. Develop an examiner enrollment and training plan for SES.

Measure: Report on the Financial Examiner training opportunities, attainment of minimum training hours, examiner certification progression, and SES training events.

Status: In FY25, OCCC examiners attended the Examiner Conference and Training School. Three Consumer Protection staff attended the NACCA Consumer Services and Examiner Training School. Eight employees participated in the NMLS annual conference. The agency has held group training classes with CSBS staff for the agency's NMLS and SES transition. Additionally, seven examiners certified in motor vehicle sales finance exams, five in pawn, five in subchapter F exams, four in property tax lending exams, and two in mortgage exams.

- 5.2.3. Objective:** Conduct review of Human Resources policies and update as appropriate. Enhance supervisory resources and training.

Measure: Report on completion of review and progress on supervisor resources.

Status: In FY 25 HR staff conducted some trainings on topics for supervisors. Additionally several policies and procedures were edited, resulting in no findings for the agency in a Texas Workforce Commission audit of HR policies and procedures.

5.3. Financial and Self-Directed, Semi-Independent Status.

- 5.3.1. Objective:** Ensure that the agency's revenues and expenditures are appropriate and balanced and maintain a cash reserve or fund balance in compliance with Finance Commission policies. Provide greater data reliability, more efficient transactional processing, and enhanced reporting.

Measure: Review internal financial statements and variances on a monthly basis. Submit quarterly financial data relating to the agency's financial position and fund balance for review by the Finance Commission.

Status: Management has developed internal resources in FY 25 to enhance review and variance analysis of monthly financial statements. The fiscal year ended with budgeted revenues and expenditures aligned with projections; as well cash reserves and fund balance are within Finance Commission policy guidelines.

5.3.2 Objective: Continue to work towards permanent relocation, in collaboration with the other Commission agencies and the Office of the Governor.

Measure: Report on activities related to the relocation of the Finance Commission agencies.

Status: The finance commission agencies (FCAs) purchased the property at 3500 Jackson Avenue, Austin, Texas, in January 2025. The FCAs began the space planning process with a contracted architect. This process was completed in June 2025. On August 15, 2025, the Finance Commission approved to authorize the FCAs to move forward, pending approval from the Office of the Governor, with the design and construction of a new facility at the Camp Hubbard property in collaboration with the Texas Facilities Commission. Additionally, they approved to authorize the FCAs to increase their long-term facility planning reserves by an additional amount up to \$35,000,000 in preparation to pay their allocated cost of the \$35,000,000 to be determined by each agency's respective allocated space in the new facility. On August 21, 2025, the finance commission agencies requested approval from the Office of the Governor to implement the approved Finance Commission actions.

5.3.3. Objective: Periodically review internal controls and processes to improve the efficiency and effectiveness of the agency. Coordinate with the Department of Banking and Savings and Mortgage Lending Department, when possible, to minimize duplication of duties and processes.

Measure: Report on improvements identified and implemented.

Status: The agency continues to coordinate with DOB and SML on operational issues, including various financial reporting tasks such as certain notes for the annual financial report to ensure consistency in reporting items for the building project.

5.4. Information Technology.

5.4.1 Objective: ALECS Maintenance, NMLS Migration and Functionality Development. Maintain the ALECS platform, upgrade structural components as needed and mitigate vulnerabilities in the aging application. Develop and implement a strategy to begin a phased process of migrating industry groups to the Nationwide Multistate Licensing

System & Registry (NMLS). Using gap analysis, identify unmet functionality needs and develop applications to manage functions not supported in NMLS or SES.

Measure: Reporting on ALECS activities, NMLS migration activities, and development of additional applications or features.

Status: ALECS received a major update to accommodate the new Texas payment vendor contracted by DIR. Further, IT successfully completed the upgrade of the ALECS operating system. IT also supported the development of a new application designed to provide needed functionality for OCCC examination activities conducted in SES.

5.4.2 Objective: Technology Modernization and Security Enhancements. Continuously evaluate OCCC's technology posture, keeping resources up-to-date and deploying modern technology improvements and security enhancements. Migrate the agency to Microsoft Windows 11 as exclusive endpoint operating system in CY'25. Update the OCCC internal network stack, which is reliable yet but aging. Finalize the comprehensive overhaul of IT policies, procedures, and other operational documentation, capturing and codifying established and emerging knowledge. Deploy other projects and enhancements as appropriate.

Measure: Reporting on the update of endpoint computer fleet to Windows 11. Successful integration of new network component units with no loss of operations or communications. Reporting on other technology modernization efforts and security enhancements.

Status: OCCC IT completed migration of the daily-use endpoint fleet by late Q3, upgrading newer endpoints and decommissioning and replacing older units that were incompatible with Windows 11. A small number of limited-use endpoints were also upgraded and replaced during Q4, and the OCCC has no deployed endpoints with Windows 10 installed. The agency's internal network stack was upgraded with a new firewall and switches, and removal of old servers, with data consolidated and the stack operation reconfigured for security and efficiency. A new helpdesk ticket system and remote monitoring and management platform were introduced for better IT operations. IT made early forays into removing HQ handset phones where users were ready to fully convert to Jabber, a PC-based telecom solution, resulting in savings and enabling user mobility and working off-prem.

Agency Priorities for Fiscal Year 2025

Year-End Accomplishment Report

I. Legislative

I.1 Objective: Monitor the activities of the Texas Legislature during the 89th Legislative Session. Track legislation that may affect SML or its regulated industries.

Measure: Provide regular updates to the Finance Commission concerning the status of such legislation.

Status: *During the 89th Legislature, Regular Session, SML provided weekly updates to the Finance Commission concerning bills that would have a significant impact on SML or its regulated industries. SML also provided updates to the Finance Commission concerning the 89th Legislature's first and second special sessions.*

I.2 Objective: Serve as a resource for the Texas Legislature and other members of state leadership by responding promptly and accurately to any information requests and providing comprehensive resource materials.

Measure: Report any testimony given by SML to the Finance Commission.

Status: *SML was not asked to provide testimony during the 89th Legislature, Regular Session, or the first and second special sessions, but SML staff attended several committee hearings and served as resource witnesses. SML staff promptly responded to requests for information made by the Legislature and promptly completed fiscal notes requested by the Legislative Budget Board.*

II. Regulatory Activities

II.1 Objective: Monitor and analyze the agency's actual performance against the performance measures targets to assess the agency's regulatory and administrative efforts to effectively and efficiently meet SML's goals.

Measure: Meet or exceed performance measures. Report performance measures quarterly to the Finance Commission.

Status: *Performance measure targets for FY2025 were established and presented to the Finance Commission in August 2025.*

SML reported its actual performance quarterly to the Finance Commission. As of the end of FY2025, SML met or exceeded 3 out of 4 key performance measures. Deviation from one measure is outlined in the Performance Measures Report.

DEPARTMENT OF SAVINGS AND MORTGAGE LENDING

II.2 Objective: Monitor the savings banks' risk profile to understand how economic environment changes may impact overall conditions. Take supervisory action when necessary and ensure supervisory action is appropriate to address risk within the portfolio.

Measure: Complete off-site monitoring of savings banks on a quarterly basis to identify changes in the risk profile of savings banks. Report the overall condition of the portfolio and supervisory actions taken to the Finance Commission.

Status: *Off-site monitoring was completed for each of the fiscal quarters at the end of September, December 2024, March 2025, and June 2025. The portfolio's overall condition was reported to the Finance Commission after the close of each quarter, specifically following the September, December 2024, and June 2025 reviews.*

II.3 Objective: Monitor emerging issues in the financial services industry and bring awareness to the thrift industry as appropriate.

Measure: Participate in meetings, webinars, and other training events to stay apprised of topics of interest. Report on emerging issues to the Finance Commission and the thrift industry.

Status: *The Thrift Division hosted the annual Thrift Industry Day on September 19, 2024, to present current and emerging topics in the banking industry. The Thrift Division hosts an Emerging Issues Call monthly to keep the industry apprised of examination topics and regulatory developments. Thrift staff engage in ongoing training to stay informed on topics of interest and risk within the industry.*

II.4 Objective: Evaluate processes, procedures, and new technologies for added efficiencies in thrift supervision and examination.

Measure: Continue assessing, documenting, and communicating updates to Thrift Supervision and Examination staff.

Status: *The Thrift Division completed various policy and procedure amendments and modifications to improve operations.*

II.5 Objective: Continue compliance examinations of mortgage companies and residential mortgage loan originators to ensure licensees comply with applicable laws and regulations when conducting business with Texas consumers. Analyze recurring examination findings and take steps to communicate best practices to the mortgage industry.

Measure: Prioritize the examination schedule to focus on non-compliant, multi-state, and complaint-driven examinations and initiate appropriate regulatory enforcement actions for violations, as necessary.

Status: *For FY2025, SML has issued 385 origination examinations of mortgage entities covering 7,010 mortgage loan originators. SML has initiated 45% of the examinations timely, in accordance with the mortgage examination schedule, as set by agency policy. Several factors, including participation in several multistate mortgage origination examinations, the increase in the number of licensed mortgage companies, and training of the examination staff, have impacted the*

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timeliness of the examinations. In addition to the mortgage origination examinations, the Mortgage Examination section accepted two multi-state committee (MMC) servicing examinations. When deemed appropriate, formal and informal enforcement actions have been taken. SML has provided information on the industry's most common violations on its website, during Emerging Issues webinars, and at various presentations to industry stakeholders.

II.6 Objective: Take enforcement action against mortgage companies and residential mortgage loan originators when appropriate to ensure compliance with applicable law for which SML is charged with administration and enforcement.

Measure: Report enforcement actions taken by SML to the Finance Commission.

Status: *SML provided quarterly reports concerning enforcement actions taken to the Finance Commission throughout FY2025.*

II.7 Objective: Resolve consumer complaints timely.

Measure:

- a. Report the aging of complaints to the Finance Commission.
- b. Conduct a management review of any complaint open over 120 days to identify issues preventing closure.
- c. Conduct customer satisfaction surveys of complainants regularly.

Status:

- a. *SML provided reports at each meeting of the Finance Commission concerning the aging of complaints throughout FY2025.*
- b. *SML regularly reviews complaint aging to close complaints on a timely basis, with an emphasis on resolving complaints open over 120 days as expeditiously as possible while not compromising investigation rigor and did so throughout FY2025.*
- c. *SML conducted monthly consumer complaint surveys throughout FY2025. SML regularly reviews survey data to identify any trends and potential areas for improvement, including opportunities for staff training and potential adjustments to processes and procedures concerning the analysis and investigation of consumer complaints.*

II.8 Objective: Process complete licensing applications and registrations timely.

Measure:

- a. Monitor the timeliness of the licensing process.
- b. Conduct customer satisfaction surveys of license applicants regularly.

Status:

- a. *For FY2025, SML processed 11,211 applications and made a final decision on 84.31% of the processed applications within 60 days of the date of the application.*
- b. *SML conducted and reviewed quarterly surveys of license applicants to identify trends and potential areas for improvement, including opportunities for staff training and potential adjustments to processes and procedures to reduce processing times and improve overall satisfaction with the Mortgage Licensing section.*

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II.9 Objective: Remain active and involved at the national level on supervisory issues affecting savings banks and the mortgage industry.

Measure:

- a. Maintain contact with state regulators from other states, regulatory associations (e.g., ACSSS, CSBS, and AARMR), trade associations, (e.g., TBA, IBAT, TMBA, ATMP, TLTA, and TAR), and federal regulators (e.g., CFPB, FDIC, FRB), to stay current on events, decisions, other state and federal policies and other areas of the actual and potential impact on SML's regulatory functions or the industries. Take proactive steps to respond to issues affecting the industries or supervisory duties.
- b. Continue working with the FDIC, FRB, and other federal agencies, as appropriate, on examinations, supervision, and consumer complaint resolution issues.
- c. Report interactions concerning the above-listed activities to the Finance Commission.

Status:

- a. *The Mortgage Regulation Division actively engaged in various webinar meetings with AARMR, CFPB, CSBS, NMLS, and other state regulators to stay abreast of issues affecting the mortgage industry. Several members of the Mortgage Regulation Division also served roles with the AARMR Board of Directors, NMLS Policy Committee, Mortgage Call Report Subcommittee, NMLS Mortgage Testing and Education Board, and Performance Standards Committee of the CSBS Education Foundation. SML's General Counsel is a member of the SRR Lawyers Committee.
The Thrift Regulation Division actively engaged in various webinar and in person meetings with TBA, IBAT, and various federal regulators including CFPB, FDIC, and FRB regarding regulatory matters impacting the industry and supervisory duties.*
- b. *SML maintained contact with regulatory agencies, including FDIC, FRB, CFPB, and the various trade associations, to coordinate supervisory oversight of the state savings banks and the mortgage industry.*
- c. *SML reported participation in the above activities to the Finance Commission regularly.*

II.10 Objective: Participate in two multi-state mortgage committee (MMC) origination examinations in the CSBS State Examination System (SES).

Measure:

- a. Develop knowledge and understanding of the multi-state examination process to recommend updates to policies, processes, and procedures as necessary.
- b. Report participation in MMC origination examinations to the Finance Commission.

Status:

- a. *SML is developing its staff to accept larger roles in the One-Company, One-Examination (OCOE) process, including the roles of the Examiner-in-Charge (EIC) or Single Point of Contact (SPOC). One examiner has completed the Conference of State Bank Supervisors (CSBS) course on the Introduction to Becoming a Multistate Mortgage Committee (MMC) EIC. SML has developed the initial procedure for accepting and leveraging multi-state examinations.*

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- b. *Regarding MMC origination examinations, SML completed and issued three MMC and OCOE examinations of large mortgage bankers for FY2025 and is participating in another three OCOEs that will be completed in FY2026.*

III. Policy and Rule Development

III.1 Objective: Conduct rule review of 7 TAC Chapter 51 (Department Administration).

Measure: Complete the rule review process. Present rule changes identified during rule review to the Finance Commission.

Status: *Effective July 11, 2025, the rules in 7 TAC Chapter 51 were readopted by the Finance Commission. Rule changes resulting from the rule review were adopted by the Finance Commission on June 20, 2025, and became effective on July 10, 2025.*

III.2 Objective: Adopt rule changes necessary to implement legislation enacted by the 89th Legislature.

Measure: Present rule changes to the Finance Commission.

Status: *On August 15, 2025, the Finance Commission approved publication of proposed changes to 7 TAC § 55.110, concerning Licensing of Military Service Members, Military Veterans, and Military Spouses, to implement House Bill 5629 and Senate Bill 1818, enacted during the 89th Legislature, Regular Session. The Finance Commission is poised to adopt the changes on October 24, 2025. If adopted, the changes are expected to take effect on or about November 13, 2025.*

IV. Outreach and Communications

IV.1 Objective: Communicate with regulated industries on matters of supervisory and industry interest, including emerging issues, through a variety of means, both virtual and in person, as deemed appropriate and efficient.

Measure: Provide regular updates to the Finance Commission regarding activities conducted in these areas by reporting the number of communications sent and event participation.

Status: *See Objective II.3, above, for the Thrift Regulation Division update. The Mortgage Regulation Division has participated in numerous events with the mortgage industry, including:*

- *On November 4, 2024, the Mortgage Regulation Division staff made several presentations during the 12th Annual Mortgage Industry Seminar, including a presentation on the newly adopted rules.*
- *During the week of February 10, 2025, ten members of the Mortgage Regulation Division attended the 2025 NMLS Annual Conference & Training in Atlanta, Georgia. As part of the conference, Director of Mortgage Regulation William Purce and License and Permit Specialist Alexis Gonzales participated in an NMLS Licensing Review Regulator Panel attended by over 120 attendees.*

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- On March 4, 2025, Director of Mortgage Regulation William Purce participated in a webinar with the North Texas Association of Mortgage Professionals (NTXAMP) regarding the new rules adopted by SML.
- On April 28-29, 2025, Director of Mortgage Regulation William Purce attended the 109th Texas Mortgage Bankers Association's Annual Conference in Arlington, Texas, which included the following topics: Engaging Borrowers Through Digital Channels, Insights from Executive Leadership, Leveraging AI for Smarter Decisions, and Texas Legislative update.
- On May 20, 2025, Commissioner Hector Retta and Director of Mortgage Regulation William Purce attended the Mortgage Policy Summit 2025 in Washington, D.C. held by the Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR), which included the following topics: Perspectives on Evolving Housing Finance Policies, Mortgage Regulatory Policy, Homeowner's Insurance: Rising Costs, Availability, and Risks to the Mortgage Market, and Innovation and Technology in the Mortgage Marketplace.
- On July 16, 2025, Commissioner Retta and Director of Mortgage Regulation Purce provided an in-person presentation to the North Texas Association of Mortgage Professionals (NTXAMP). The presentation discussed: (1) the current market and economic factors affecting the mortgage industry, (2) the mortgage grant fund, (3) the current and historical licensing trends, (4) the current and historical examination trends, (5) the Texas Legislative session and description of bills enacted affecting the mortgage industry, (6) the limitations and restrictions relating to substituting a mortgage loan originator, (7) the advertisement requirements and limitations for mortgage companies/mortgage bankers, (8) the team name requirements, and (9) the trigger lead restrictions adopted in the recent rules.
- During the week of August 4, 2025, Commissioner Retta, Director of Mortgage Regulation William Purce, Chief Mortgage Examiner Ellena Meier, Manager of Licensing Chris Osuna, and Senior Review Examiner Justin Accola attended the American Association of Residential Mortgage Regulators (AARMR) 35th Annual Conference & Training. Commissioner Retta provided the opening remarks, and Director Purce was appointed to the AARMR Board of Directors.
- The Mortgage Regulation Division held monthly emerging issues webinars with interested stakeholders to address issues affecting the licensing and examination of mortgage-related entities or individuals.

IV.2 Objective: Administer the Mortgage Grant Fund (MGF) grant program. Conclude the MGF 2023-2024 grant cycle, including processing reimbursement requests, tracking grantee performance, and monitoring compliance with program requirements. Prepare for and initiate the MGF 2025-2026 grant cycle, including revising program materials, initiating the grant application process, selecting grantees, processing reimbursement requests, tracking grantee performance, and monitoring compliance with program requirements.

Measure: Provide periodic reports to the Finance Commission Audit Committee concerning the activities of the MGF.

Status: The Mortgage Grant Fund (MGF) 2023–2024 grant cycle concluded with all reimbursements processed and final longitudinal reports submitted, documenting over 4,800 individuals served and 161 home purchases. Grantees delivered more than 100 educational

DEPARTMENT OF SAVINGS AND MORTGAGE LENDING

sessions, many tailored to underserved communities through bilingual and hybrid formats. The 2025–2026 cycle launched with an updated grant application process, updated program materials, and an improvement in the grantee selection process. A strengthened risk assessment process was implemented, and all grantees were onboarded and are in compliance. As of September 30, \$144,958.20 has been disbursed, representing about 20% of total funding, with activities progressing on schedule. Early outcomes include over 3,500 individuals reached, 92 families achieving homeownership, and measurable gains in credit and savings. Grantees adapted to challenges such as staff turnover and outreach barriers by expanding partnerships and offering bilingual resources. Regular updates were provided to the Finance Commission Audit Committee in alignment with statutory requirements.

V. Agency Operations

V.1 Objective: Recruit well-qualified personnel, and maintain a competent, engaged, and effective workforce. Train and cross-train employees as needed to minimize knowledge loss due to employee departure and to prepare for business needs due to changes in regulated industries and/or technology. Provide and promote opportunities for professional development through individual training plans.

Measure: Report on staffing activity, actions to retain staff, and turnover ratios to the Finance Commission.

Status: *During FY25, SML filled ten positions and had five separations. During the same period, 100% of the staff received job-related training.*

V.2 Objective: Periodically review internal controls and processes to improve the agency's efficiency and effectiveness. When possible, coordinate with the Office of Consumer Credit Commissioner and the Department of Banking to minimize duplication of duties and processes.

Measure: Report on identified and implemented improvements.

Status: *During FY25, staff updated multiple processes of the Mortgage Grant Fund, purchasing and procurement, and financial reporting. SML implemented technology solutions and changes to improve several business processes' efficiency and effectiveness, such as improving incident monitoring from an audit log capability standpoint, a learning management system for training request submission, approvals, tracking, and reporting, and CAPPS Recruit for the hiring process. The agency continues to review and improve business processes as necessary.*

V.3 Objective: Monitor SML's budgeted and actual revenues, expenditures, and reserve balances, as approved by the Finance Commission, to maximize the responsiveness and flexibility allowed by SML's Self-Directed, Semi-Independent status. Make decisions relating to finances in a fiscally prudent manner.

Measure: Report to the Finance Commission Audit Committee on revenue and expenditure variances to the budget at least quarterly.

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Status: Reports were submitted quarterly to the Finance Commission as required, with detailed explanations of budget variances and cash reserves. Internally, the budget is monitored and analyzed on an ongoing basis.

V.4 Objective: Ensure information technology is kept current to maintain SML's effectiveness and quality of work product. Safeguard the integrity of data and information technology networks and systems.

Measure: Report activities in this area to the Finance Commission.

Status: SML continued to strengthen its information technology infrastructure and cybersecurity posture throughout the year. SML completed the Texas Cybersecurity Framework Assessment and updated the Disaster Recovery Plan. Approximately fifteen cybersecurity policy-related documents were published to align with evolving standards. SML migrated to a new endpoint patch management application and adopted a network detection and response service to enhance threat visibility. A comprehensive email threat protection suite was deployed, and physical security keys were issued to strengthen multi-factor authentication. The agency also implemented an attack surface management tool. Regular patching, monitoring, and employee training continued, ensuring alignment with the Texas Cybersecurity Framework. Activities and progress were reported to the Finance Commission in accordance with requirements.

V.5 Objective: Work with TxDOT and the Office of the Governor on relocation of the Finance Commission agencies.

Measure: Report periodically on activities related to the relocation of the Finance Commission agencies.

Status:

- The FCA purchased the property at 3500 Jackson Avenue, Austin, Texas, in January 2025.
- The FCAs began the space planning process with a contracted architect. This process was completed in June 2025.
- On August 15, 2025, the Finance Commission approved to authorize the FCAs to move forward, pending approval from the Office of the Governor, with the design and construction of a new facility at the Camp Hubbard property in collaboration with the Texas Facilities Commission. Additionally, they approved to authorize the FCAs to increase their long-term facility planning reserves by an additional amount up to \$35,000,000 in preparation to pay their allocated cost of the \$35,000,000 to be determined by each agency's respective allocated space in the new facility.
- On August 21, 2025, the finance commission agencies requested approval from the Office of the Governor to implement the approved Finance Commission actions.

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B.

Texas Department of Banking

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Charles G. Cooper
Commissioner

TEXAS DEPARTMENT OF BANKING

2601 North Lamar Blvd., Austin, Texas 78705

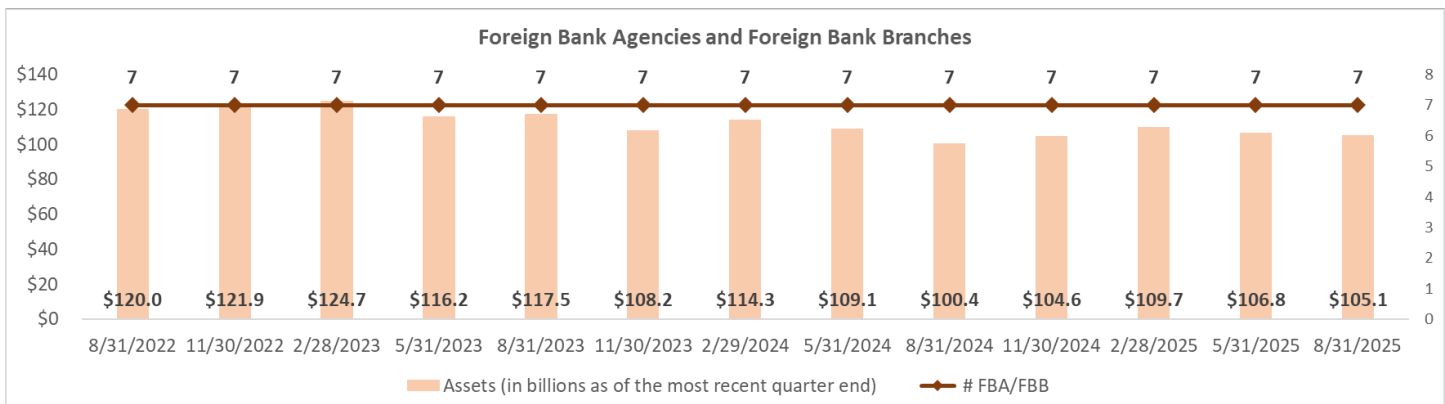
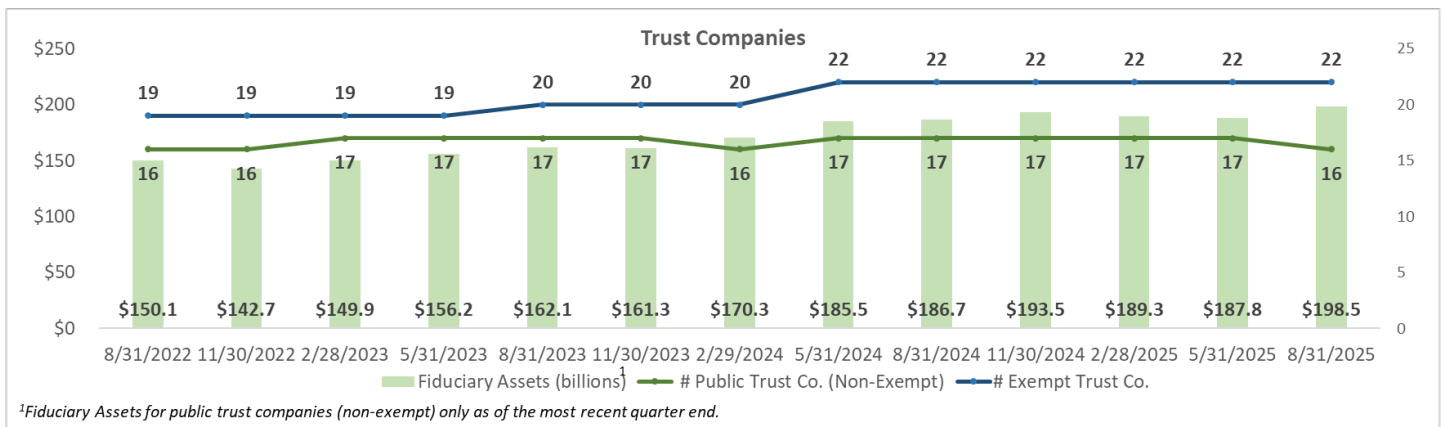
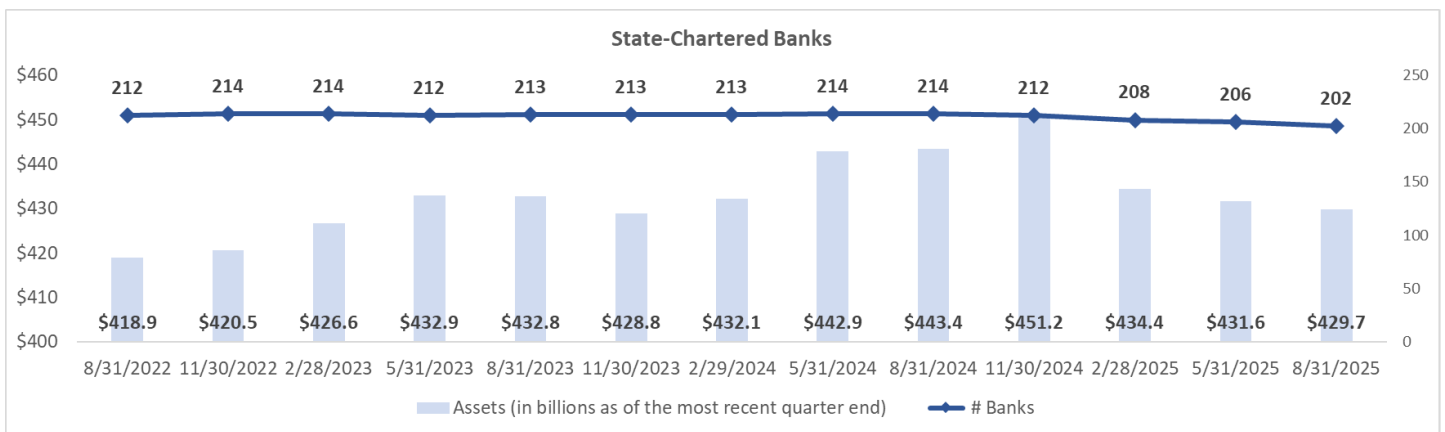
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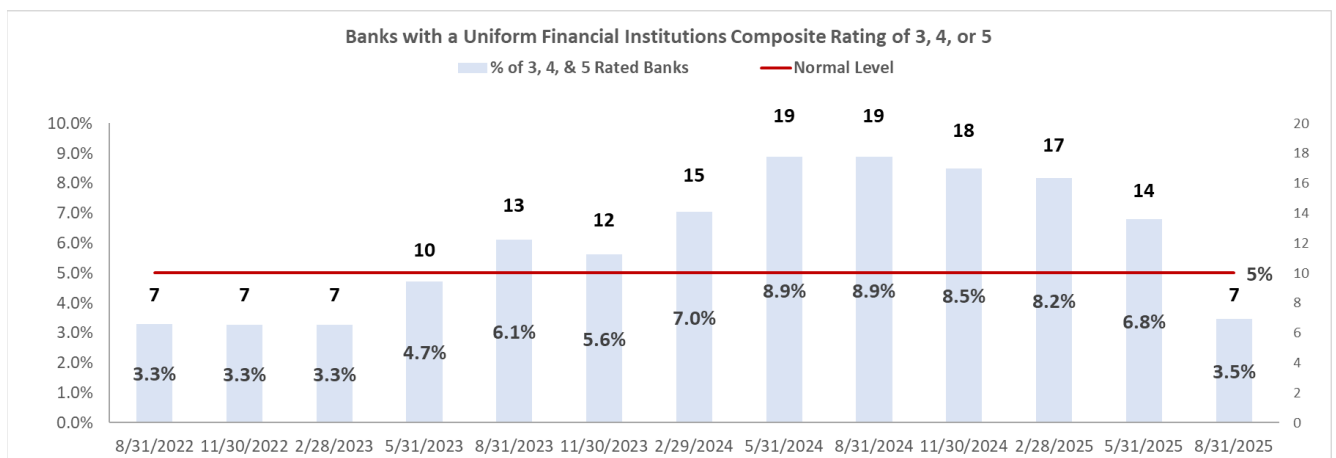
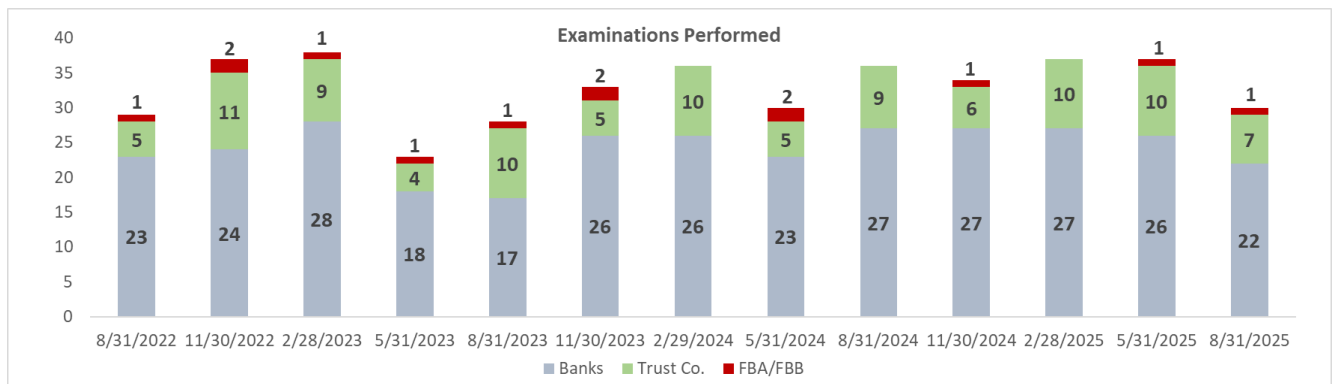
To: Finance Commission Members
From: Jared Whitson, Deputy Commissioner of Bank and Trust Supervision
Date: October 8, 2025
Subject: Summary of the Bank & Trust Supervision Division Activities

Bank and Trust Supervision – Industry Profiles

As of fiscal quarter-end (assets as of the preceding calendar quarter)

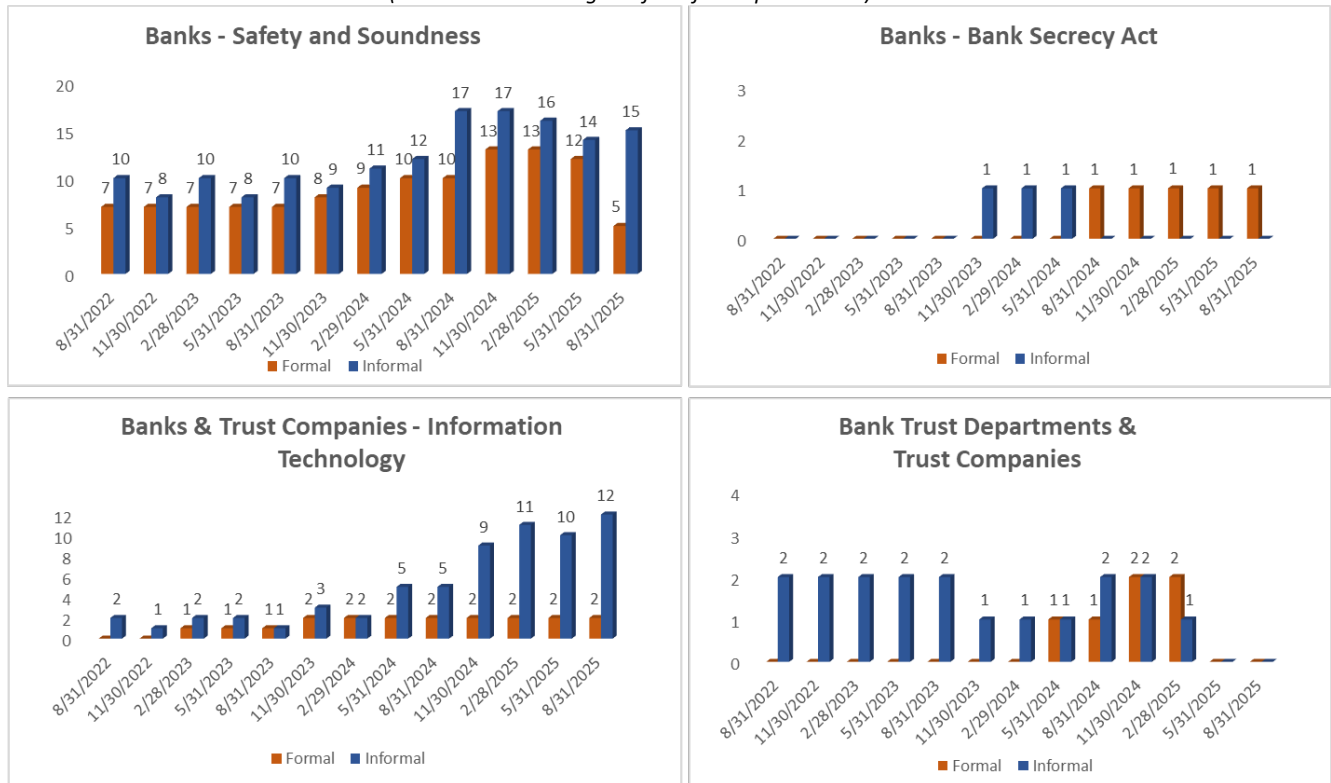


The reduction in banks and assets since the prior period is due to M&A activity. All four banks were purchased by national-chartered banks.

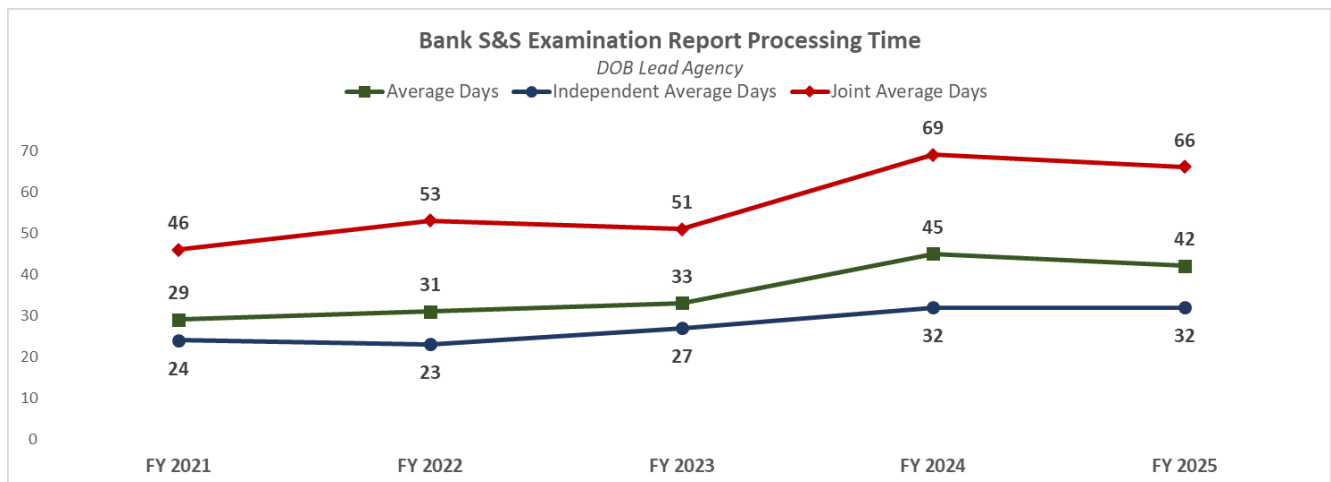


The Department considers any bank with a Uniform Financial Institutions Composite Rating of 3, 4, or 5, to be a problem bank. As illustrated above, the number of problem banks declined from 19 as of August 2024 to seven and is now below the normal range of 5% of the total number of institutions. The reduction is primarily due to M&A activity and improved risk management practices and financial performance of banks.

Enforcement Actions Outstanding by Type (Number outstanding as of the fiscal quarter-end)



Formal actions include Orders to Cease and Desist, Consent Orders, Written Agreements and Supervisor Actions. Informal actions include Determination Letters, Memoranda of Understanding, Commitment Letters and Board Resolutions. Compliance actions are not included.



The chart above depicts the number of days necessary to complete the processing of bank safety and soundness reports measured from the time the examination staff leaves the bank until a report is mailed to the bank. Reports for joint examinations on average take longer to process, primarily because joint examinations are typically conducted on larger banks and in problem institutions. Larger banks are typically more complex, and problem institution reports are more voluminous, and the vetting and report review process is more time consuming. Finally, the processing time is extended due to two regulators needing time to review and edit the report.

Compliance with Examination Priorities

Percent of examinations conducted within Department guidelines.

Entity Type	FY 2024	FY 2025
Commercial Banks	83%	90%
IT	87%	82%
Trust Departments	97%	87%
Foreign Banks (FRB)	100%	100%
Trust Companies (DOB)	97%	100%
IT	75%	33%

Examination categories with examinations not conducted within guidelines for FY 2025 include:

- *Bank Examinations – 14 exams past due by an average of 36 days.*
- *IT Examinations of Banks – 25 exams past due by an average of 18 days.*
- *Trust Department Examinations of Banks – 3 exams past due by an average of 9 days.*
- *IT Examinations of Trust Companies – 8 exams past due by an average of 27 days.*

Compliance with commercial bank and IT examination priorities for FY 2025 were challenging due to the number of problem bank and IT examinations being performed, conversion examinations, insufficient staffing, and less experienced examiners. Due to the reduction in problem banks, we anticipate compliance with examination priorities for commercial banks during FY 2026, but IT examination priorities will remain challenging.

Division Highlights

- **Senior Leadership Meeting:** At least semi-annually, the Bank and Trust Supervision Division holds a meeting with senior leaders of the agency. This generally includes Commissioner Charles G. Cooper, Executive Deputy Commissioner Wendy Rodriguez, Deputy Commissioner Bank and Trust Supervision Jared Whitson, Regional Directors, Director of Information Technology Security Examinations, Director of Examination Support Activities, Chief Trust Examiner, and Chief IT Security Examiner. The most recent meeting was held in Austin the week of June 9, 2025, and included discussion on the state of the division, staffing, training, region specific updates, and supervisory challenges. Preplanning for the next meeting, which is scheduled for January 2026, is in the works.
- **General Areas of Focus:**
 - The Department continues monitoring interest rates and its effects on banks' financial condition.
 - Deposit competition is heightened as elevated rates have driven depositors to seek better returns, placing noticeable pressure on banks' NIM.
 - Credit quality remains relatively stable despite modest weakening in asset quality metrics.
 - Examiners continue to stress that banks with commercial real estate concentrations warrant robust risk management practices, including market monitoring and analysis, credit underwriting and administration, and portfolio stress testing.
 - The Department is monitoring policy changes at the federal banking agencies and their potential impact on our operations.
 - The Department is also monitoring government tariffs and their potential impact on the banking sector.

- **Special Operations and Conferences:**

- Chief IT Security Examiner (CITSE) Larry Filer represented the Department on a regulatory panel at the Texas Bankers Association (TBA) Executive Forum held in Austin, Texas, beginning July 29, 2025. Topics of discussion were digital currency, most common IT findings, Artificial Intelligence (AI), and the Federal Financial Institutions Examination Council (FFIEC) Cybersecurity Assessment Tool being sunset.
- Review Examiner (RE) Melissa Dvoracek represented the Department as a guest lecturer at the Texas Tech School of Banking in Lubbock, Texas, on August 11, 2025. Topics of discussion were bank examination processes and regulatory hot topics.
- CITSE Filer represented the Department as a panelist on the regulatory panel at the Tarrant County Bankers Association held in Fort Worth, Texas, on August 13, 2025.
- Regional Director (RD) Greg Wisian and staff represented the Department as speakers at Sam Houston State University in Huntsville, Texas, on August 20, 2025. An overview of the Department was presented to the Executive MBA Students.
- Commissioner Charles G. Cooper and select staff represented the Department at the Conference of State Bank Supervisors (CSBS) Board Meetings and Strategic Planning Meeting held in Baltimore, Maryland, beginning on August 25, 2025. Commissioner Cooper represented the Department on a panel.
- Commissioner Cooper and staff represented the Department at the CSBS Fall Regulatory Summit in Austin, Texas, beginning on September 15, 2025. Commissioner Cooper gave the welcome address.
- Financial Examiner (FE) Kaden Sikes represented the Department as a speaker at a Texas Tech Banking class in Lubbock, Texas, on September 16, 2025. Kaden provided an overview of the Department and what a career as FE looks like.
- Commissioner Cooper, Deputy Commissioner (DC) of Bank and Trust Supervision Jared Whitson and select staff attended the Independent Bankers Association of Texas 51st Annual Convention held in Fort Worth, Texas, on September 20, 2025. DC Whitson represented the Department on a regulatory panel.
- Commissioner Cooper represented the Department at the FFIEC Third Quarter Meeting in Washington, D.C., on September 24, 2025, where he serves as the Chair of the State Liaison Committee (SLC). DC Whitson, who co-chairs a working group for the Task Force on Supervision, provided an update to the council on tailoring supervision.
- FE Mallory DeBord represented the Department as a guest lecturer at the Texas State University Commercial Bank Management class in San Marcos, Texas, on September 30, 2025. Topics of discussion were regulation and the Department's role is supervising state-chartered banks.
- RE Kevin Wu represented the Department as a panelist on a regulatory panel at the TBA Internal Audit School in Austin, Texas, on October 1, 2025.

- RE Travis Graham represented the Department as a panelist at the TBA Chief Risk Officer and Risk Executive Forum held in Austin, Texas, on October 7, 2025.
- Commissioner Cooper, Executive Deputy Commissioner Wendy Rodriguez, DC Whitson and DC Saucillo attended the CSBS District II and IV Combined Fall Meeting in St. Louis, Missouri, beginning on October 8, 2025.



Charles G. Cooper
Commissioner

TEXAS DEPARTMENT OF BANKING

2601 North Lamar Blvd., Austin, Texas 78705

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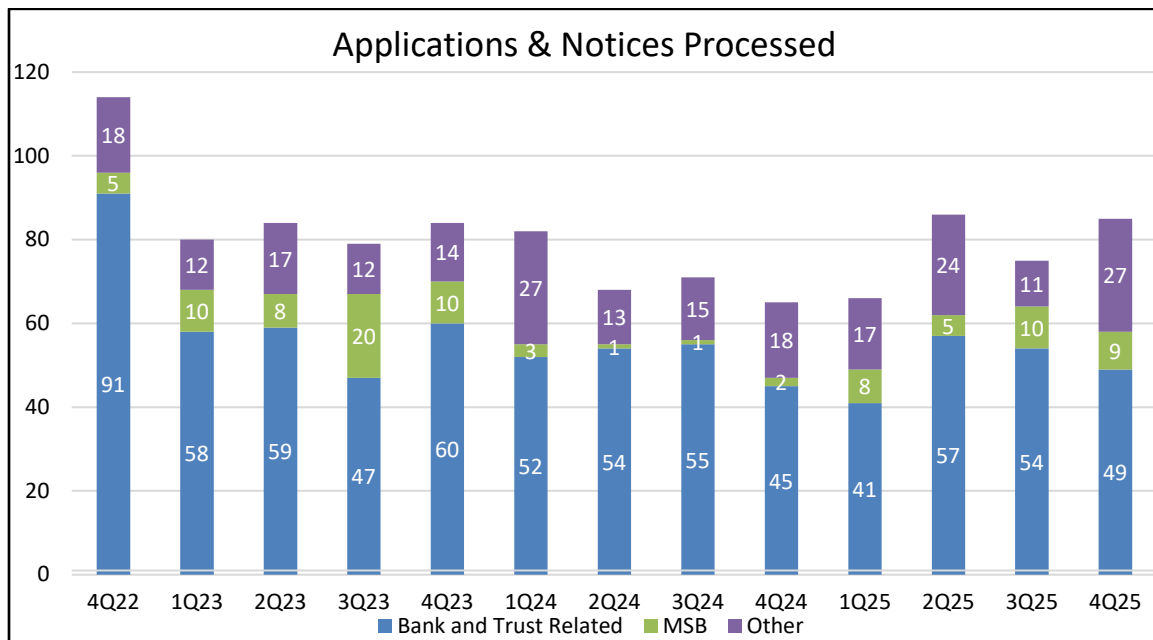
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To: Finance Commission Members

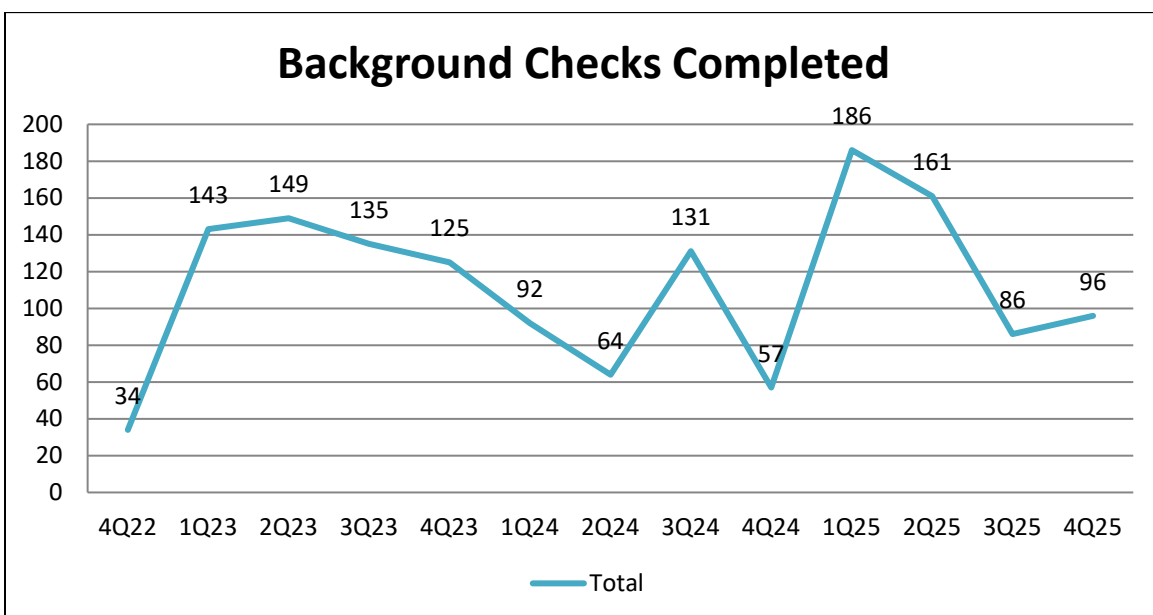
From: Dan Frasier, Director of Corporate Activities and Financial Innovation DBF

Date: October 7, 2025

Subject: Summary of Corporate Division Activities



Information on a Fiscal Quarter Basis.



Information on a Fiscal Quarter Basis.

Applications and Notices Under Review							
Entities	June 30, 2025	Received	*Returned	Processed	August 31, 2025	# Change	% Change
Bank	15	44	-	30	29	14	93%
MSB	38	12	2	8	40	2	5%
Other	4	12	-	15	1	-3	-75%
Trust	2	1	-	1	2	0	0%
Total	59	69	2	54	72	13	22%

*Incomplete MSB applications which were returned.

The number of open filings under review increased 22% as compared to the level reported at the last Finance Commission meeting. The inflow of bank filings climbed significantly higher while the pace of MSB filings received remained elevated. Keeping up with workload remains challenging for the division.

Division Highlights

- **Personnel:** Recruiting efforts continue for the division's open Corporate Analyst position which we are eager to fill.
- **Significant Applications:** Since the last report, the following significant bank and trust applications have been received:
 - Maverick Bank, Fort Davis, Texas, has applied to acquire by merger, Tejas Bank, Monahans, Texas [no change in state banking assets].
 - Prosperity Bank, El Camp, Texas, has applied to acquire by merger, American Bank, N.A., Corpus Christi, Texas [estimated gain in state banking assets of \$2.6 billion].
 - Citizens State Bank, Roma, Texas, has submitted notice that it will merge with and into Texas National Bank, Mercedes, Texas [estimated loss in state banking assets of \$78.3 million].
- **Charter, Conversion, and Merger Activity:** Since the last report, the following transactions have consummated:
 - *Banks*
 - Liberty Capital Bank, Addison, Texas, completed its merger acquisition of Texas Heritage Bank, Boerne, Texas [no change in state banking assets].
 - Cendera Bank, N.A., Bells, Texas, converted to a Texas state bank with the name of Cendera Bank [estimated gain in state banking assets of \$227 million].
 - *Trust Companies*
 - None



Charles G. Cooper
Commissioner

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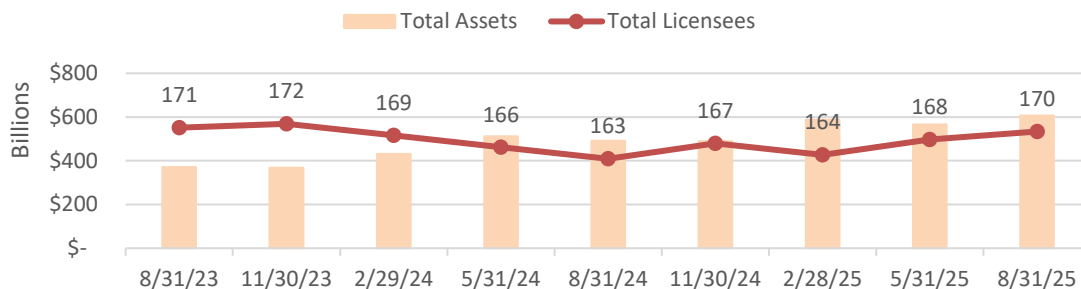
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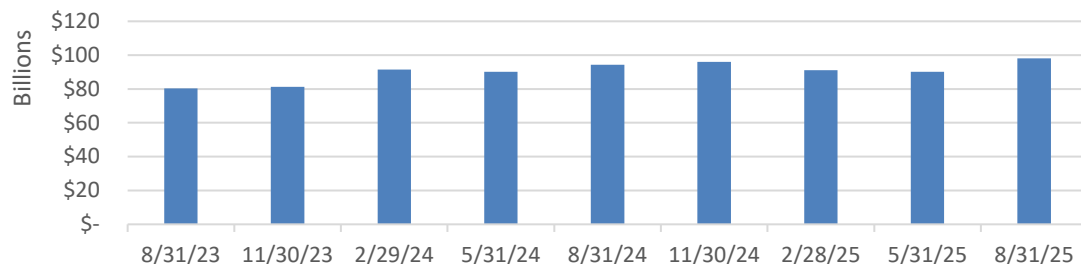
To: Finance Commission Members
From: Jesus "Jesse" Saucillo, Deputy Commissioner of Non-Depository Supervision
Date: October 6, 2025
Subject: Summary of Non-Depository Supervision (NDS) Activities

Non-Depository Supervision – Industry Profiles

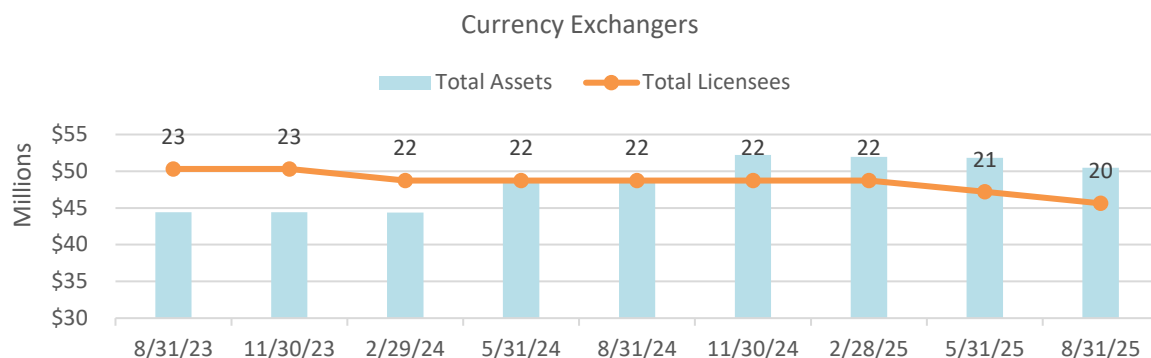
Money Transmitters



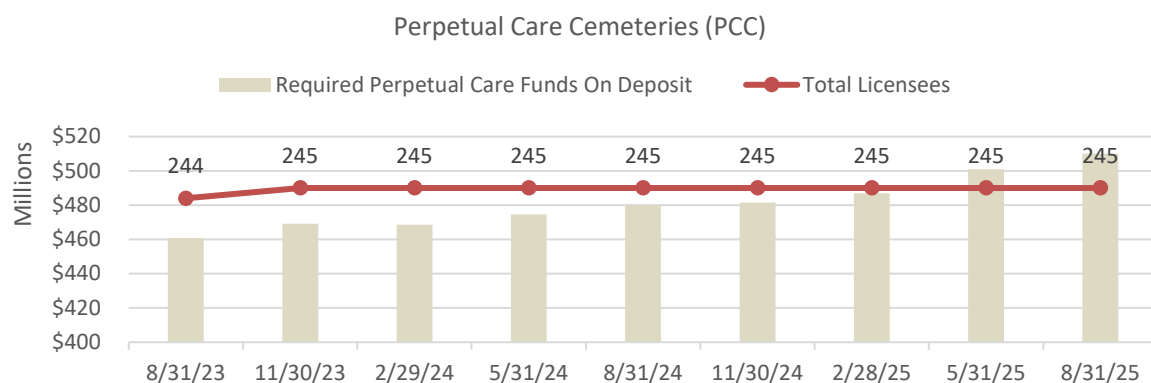
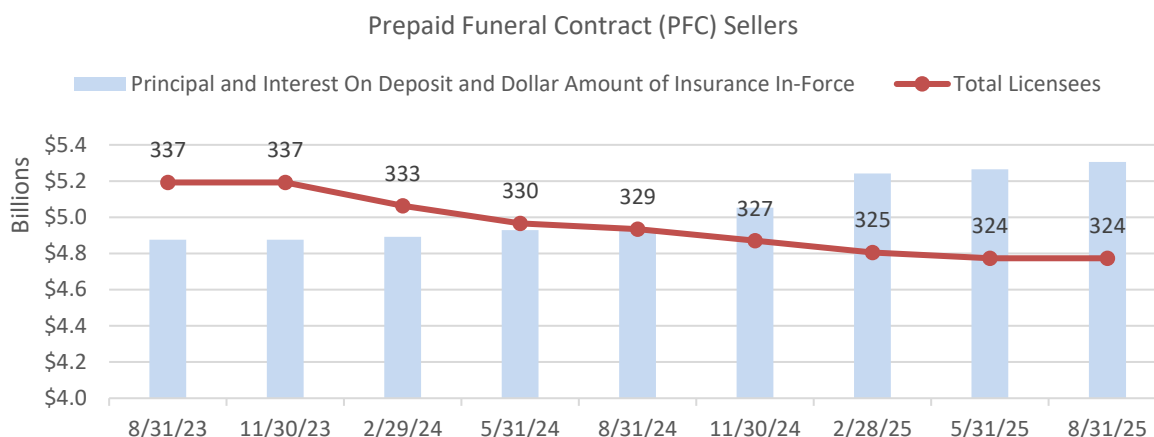
Quarterly Volume of Texas Money Transmission Business



The total assets and Texas money transmission volume noted above are primarily based on the information reported by license holders on the Nationwide Multistate Licensing System (NMLS) Money Services Business (MSB) Call Reports as of the preceding calendar quarter. A comparison of the fiscal year (FY) 2025 to 2024 ending money transmission totals indicates that the number of money transmitter license holders increased by a net seven. During FY 2025, 17 new money transmission licenses were issued (including nine MSBs involving cryptocurrency products), and 10 money transmission licenses were closed for various reasons (six due to changes in business models, three due to compliance matters, and one due to bankruptcy).

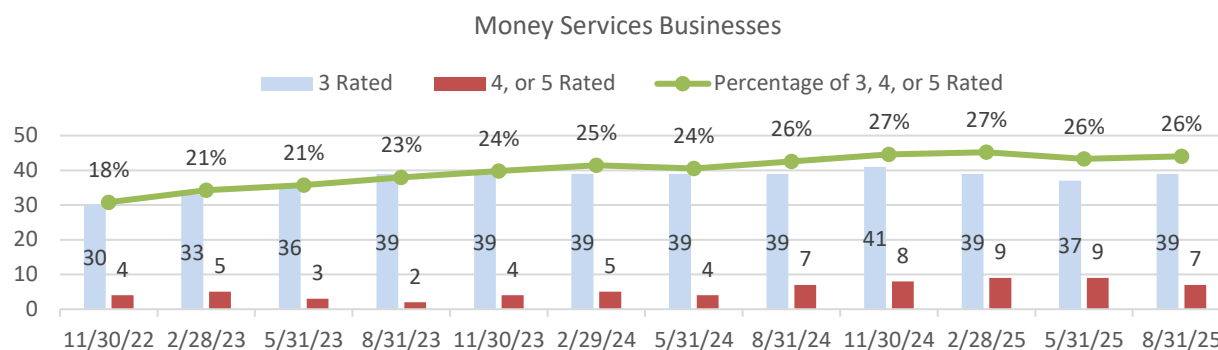


Total assets noted above are based on annual reports and quarterly reports provided by currency exchange licensees. The decrease of two in the year-over-year number of currency exchange licensees was due to one license surrender relating to economic pressures not making the business plan sustainable and the other license surrender due to management health concerns.

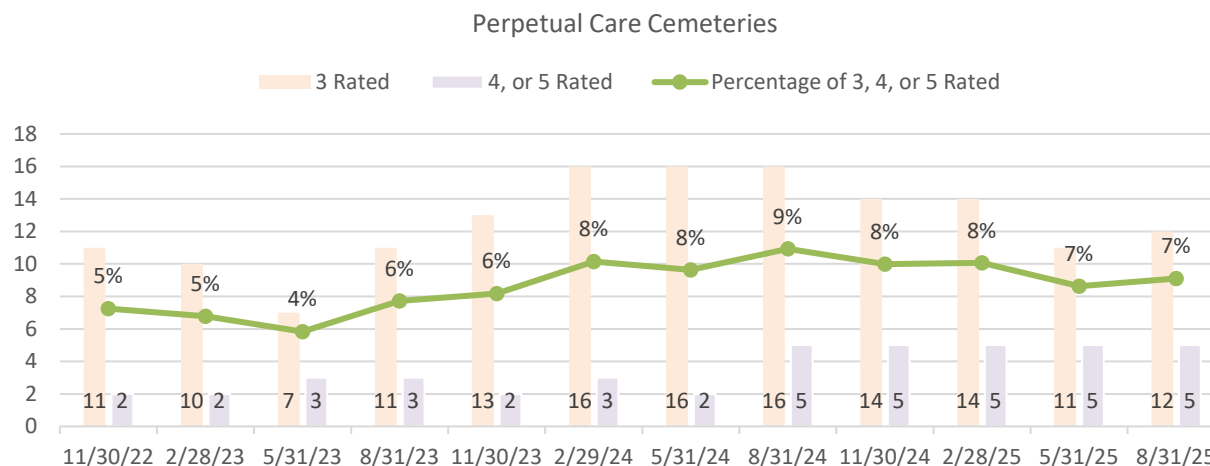
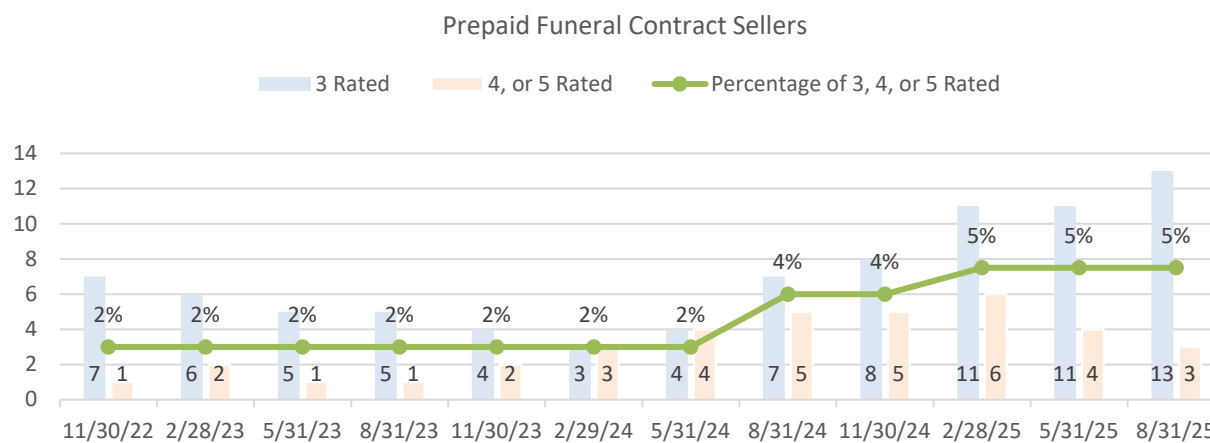


PFC and PCC fund balances noted above are based on the most current examination data. In general, the reduction of PFC permit holders is primarily related to conversion of trust-funded PFCs to insurance-funded PFCs under an existing permit holder, and/or closure of the permit due to no outstanding PFCs. The increase in the total PFC funds on deposit and policies in-force is attributed to overall growth from standard operational sales. PCC activity remains relatively stable with normal growth in funds on deposit.

Ratings (3, 4 or 5) Assigned to NDS Regulated Entities



The number of MSBs rated 3, 4, or 5 continues to be approximately one-fourth of all MSB license holders. These ratings were due to various factors including financial condition concerns, poor management oversight, and Bank Secrecy Act / Anti-Money Laundering compliance deficiencies. Additional supervisory resources are required of 3, 4, and 5 rated MSBs due to shorter examination cycles, ongoing offsite monitoring and coordination with the legal division and other state regulators (as part of the nationwide state supervisory process). These actions are necessary to ensure proper corrective actions are implemented and when necessary, the initiation of administrative proceedings.



Although the number of 3, 4, and 5 rated PFC and PCC license holders has experienced nominal changes in recent quarters, as a percentage to total license holders, these entities represent a much lower percentile compared to MSB license holders. A review of these license holders revealed no systemic issues and that the deficiencies can be corrected as part of normal operations.

Examinations Performed

ENTITY TYPE	FY 2024	FY 2025
MSB	100	82
MSB Limited Scope	0	2
MSB Accepted other State	5	7
PFC	196	214
PFC Limited Scope	1	4
PCC	158	142
PCC Limited Scope	2	5
Total	462	456

Noncompliance with Examination Priorities (Past Due)

ENTITY TYPE	FY 2024	FY 2025
MSB	13	7
PFC	11	14
PCC	14	6

Division Highlights

- MSB Industry Status:** Based on the most current NMLS Call Report submissions, the top 10 largest money transmitters, as determined by asset size, account for approximately 85% of the total assets of Texas money transmitters, and approximately 35% of Texas money transmission volume. These top 10 largest money transmitters include a broad range of entities offering services such as payroll, cryptocurrency, traditional money transmission, and/or prepaid access. It should be noted that 66% of the year-over-year increase in total assets was attributed to an increase in custodied cryptocurrencies and/or stablecoin reserves of two entities. As a reference, the price of bitcoin has increased approximately 85% year-over-year.
- Examination Activities:** As discussed in prior Finance Commission meetings held in FY 2025, the division did not meet one of its performance measures – *Quarterly Output Measure – Number of Licensees Examined*. The target total was 466; however, the division performed 456 examinations in FY 2025, 10 less than the target. The primary reason for not meeting this measure is due to ongoing examiner vacancies. In FY 2025, the division experienced one PFC/PCC and four MSB examiner separations, including one retirement. Although five examiners were hired in FY 2025, as of August 31, 2025, one PFC/PCC and six MSB examiner positions remain vacant.
- Recruitment and Training:** The division continues to prioritize the recruitment of examiners and is currently in the process of interviewing candidates to fill the examiner vacancies. In addition to the vacancies, one PFC/PCC and four MSB examiners recently hired are in the training phase. These examiners are expected to complete their training

in FY 2026 and are expected to be able to participate in examinations and assist the division in meeting its performance measures.

The overall training of MSB examiners has been an area of focus as the complexity of the MSB industry continues to increase with fintech companies offering innovative technology products and services, such as peer-to-peer payments and cryptocurrency. In response, the division has expanded its core training curriculum, including requiring certain certifications and expanding cryptocurrency-specific training. In FY 2025, two additional MSB examiners obtained the Certified Anti-Money Laundering Specialist designations.

- **Performance Measures:** While the number of past-due examinations decreased slightly in FY 2025 compared to the prior year, it is anticipated that the number of MSB examinations due will increase considering the number of new MSB license application filings in process and the number of 3, 4, or 5 rated examinations with shorter examination cycles.

Below is additional information on the examination activities reflected in the earlier tables.

- Of the seven past due MSB examinations, representing less than 4% of licensees:
 - One was conducted in September 2025, and two will be conducted in October 2025. The remaining four were delayed to coordinate examinations with other state MSB regulators, including three MSBs involving multi-state enforcement actions.
- Of the 14 past due PFC examinations, representing less than 5% of licensees:
 - Nine were conducted in September 2025; and the remaining five are scheduled to be conducted in October and November 2025.
- All of the six past due PCC examinations, representing less than 3% of licensees, were conducted in September 2025.
- **Events:** Deputy Commissioner Saucillo and other select staff participated in the CSBS Strategic Planning meeting held on August 25, 2025, in Baltimore, Maryland. Discussion topics included current events, including federal regulations, impacting the non-depository industry and the strategic direction and setting priorities of CSBS and state banking regulators.



TEXAS DEPARTMENT OF BANKING

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Memorandum

To: Finance Commission Members
From: Pam Pennington, Human Resources Manager
Date: October 1, 2025
Subject: Summary of the Human Resources Division Activities

Active Postings				
<i>Number of Positions</i>	<i>Position</i>	<i>Division</i>	<i>Status</i>	<i>Activities</i>
1	Financial Examiner V – VII: Examiner Resources & Policy Coordinator	DSS	<i>Open Until Filled</i>	Recruiting
1	*Corporate Analyst III – VI	Corporate	<i>Open Until Filled</i>	Recruiting
4	*Financial Examiner VI-VII: Commercial Bank Examiner	Bank and Trust	<i>Open Until Filled</i>	Recruiting
4	*Financial Examiner IV-V: Commercial Bank Examiner	Bank and Trust	<i>Open Until Filled</i>	Recruiting
2	*Financial Examiner III: Asst. IT Security Examiner	Bank and Trust – IT	<i>Open Until Filled</i>	Recruiting
2	*Financial Examiner IV – VII: IT Security Examiner	Bank and Trust – IT	<i>Open Until Filled</i>	Recruiting
3	*Financial Examiner II – III: Commercial Bank Examiner	Bank and Trust	<i>Open Until Filled</i>	Recruiting
1	*Financial Examiner VIII: Review Examiner	Bank and Trust	<i>Open Until Filled</i>	Recruiting
2	*Financial Examiner V: Credit Review Specialist	Bank and Trust	<i>Open Until Filled</i>	Recruiting
1	Law Clerk (Part Time)	Legal	<i>Closes October 6, 2025</i>	Recruiting

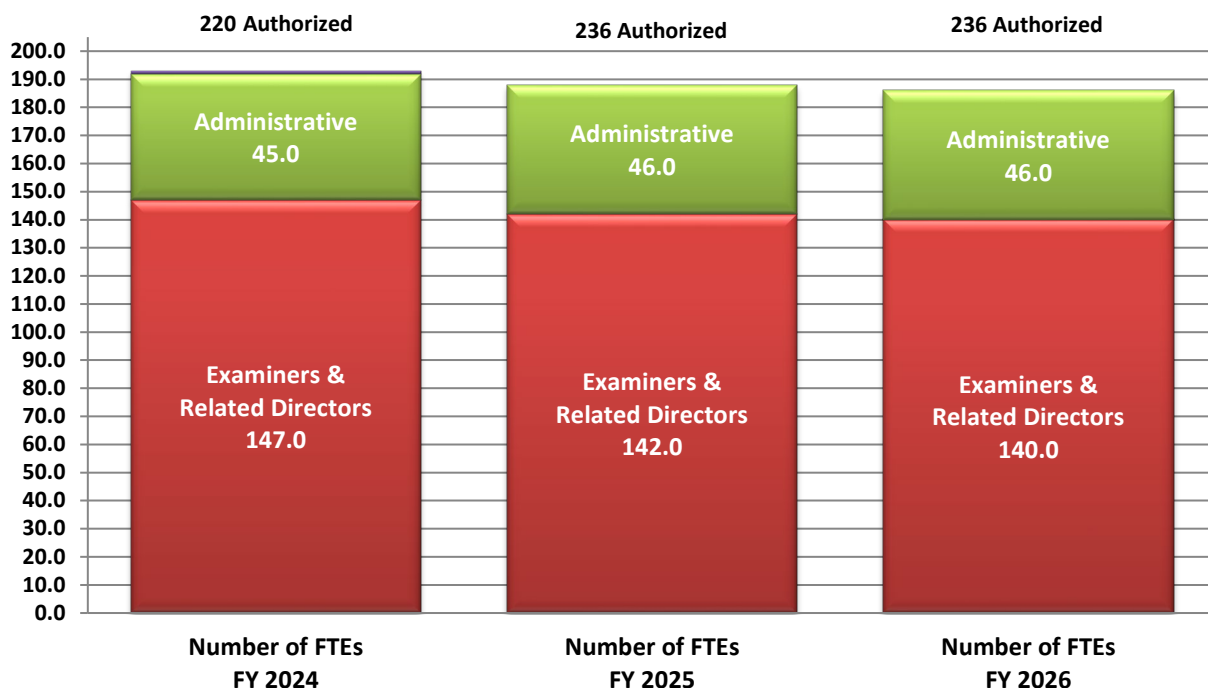
*Perpetual postings that were closed at the end of FY 2025 and reopened in FY 2026.

Status of Postings that Closed before October 1, 2025				
<i>Number of Positions</i>	<i>Position</i>	<i>Division</i>	<i>Status</i>	<i>Activities</i>
1	Information Technology Support Specialist III	MIS	<i>Closed August 8, 2025</i>	Filled
1	Financial Examiner III-VI: Corporate Analyst (Reposted)	Corporate	<i>Closed August 31, 2025</i>	Reposted
1	Financial Examiner III-VI: Corporate Analyst (Reposted)	Corporate	<i>Closed August 31, 2025</i>	Reposted
2	Financial Examiner V – Credit Review Specialist (Houston / San Antonio) (Reposted)	Bank and Trust	<i>Closed August 31, 2025</i>	Reposted
1	Financial Examiner VII – Review Examiner (Austin) (Reposted)	Bank and Trust	<i>Closed August 31, 2025</i>	Reposted
1	Manager VI – VII: Assistant CFO	Admin. Services	<i>Closed August 15, 2025</i>	Reposted
4	Financial Examiner II – III: Commercial Bank Examiner	Bank and Trust	<i>Closed August 31, 2025</i>	Reposted
1	Financial Examiner IV – VII: IT Security Specialist	Bank and Trust – IT	<i>Closed August 31, 2025</i>	Reposted
2	Financial Examiner III: Assistant IT Examiner (All Regions)	Bank and Trust – IT	<i>Closed August 31, 2025</i>	Reposted
1	Financial Examiner IV – V: Commercial Bank Examiner (All Regions) (Reposted)	Bank and Trust	<i>Closed August 31, 2025</i>	Reposted
1	Financial Examiner VI – VII: Commercial Bank Examiner (All Regions) (Reposted)	Bank and Trust	<i>Closed August 31, 2025</i>	Reposted
2	Financial Examiner I: Commercial Bank Examiner (San Antonio)	Bank and Trust	<i>Closed September 3, 2025</i>	Interviews
2	Financial Examiner I: Assistant IT Security Examiner	Bank and Trust – IT	<i>Closed September 3, 2025</i>	Interviews
2	Financial Examiner I-II (MSB)-Houston/Dallas	NDS	<i>Closed September 10, 2025</i>	Interviews
1	Financial Examiner I-II (PFC/PCC)-Houston/Dallas	NDS	<i>Closed September 10, 2025</i>	Interviews
1	Accountant V	Admin. Services	<i>Closed September 26, 2025</i>	Interviews
1	Financial Examiner I: Asst. Trust Examiner (All Regions)	Bank and Trust – Trust	<i>Closed September 30, 2025</i>	Screening
2	Financial Examiner I: Asst. IT Security Examiner (All Regions)	Bank and Trust – IT	<i>Closed September 30, 2025</i>	Screening
2	Financial Examiner I: Asst. Commercial Examiner (Houston)	Bank and Trust	<i>Closed September 30, 2025</i>	Screening
2	Financial Examiner I: Asst. Commercial Examiner (Dallas)	Bank and Trust	<i>Closed September 30, 2025</i>	Screening
3	Financial Examiner I: Asst. Commercial Examiner (San Antonio)	Bank and Trust	<i>Closed September 30, 2025</i>	Screening

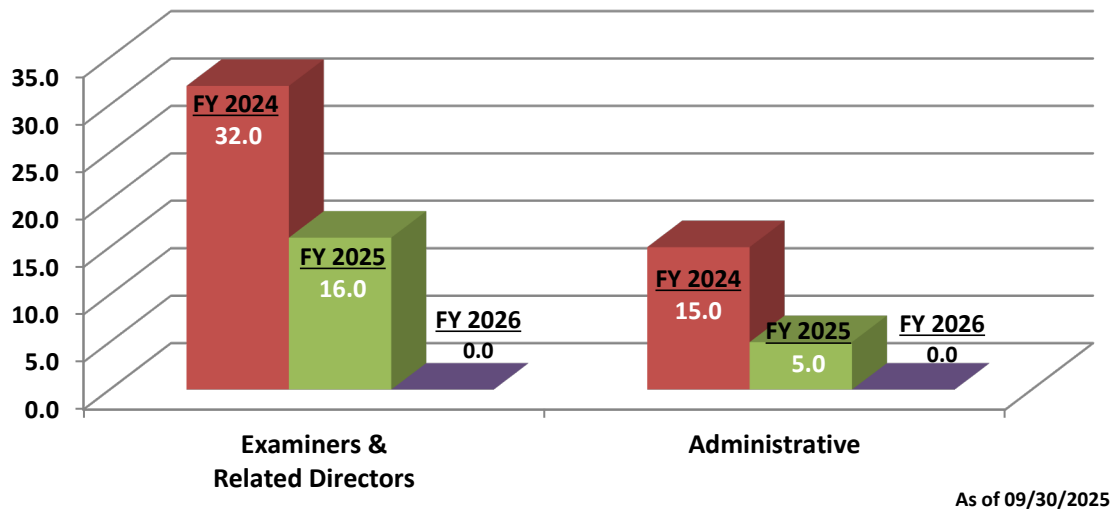
Division Activities:

- *Career Fairs:*
 - The Lubbock, Houston and San Antonio Regions have attended six career fairs in FY 2026, with one additional career fair scheduled for October.
- *New Employee Orientation (NEO):*
 - On August 4, 2025, one Financial Examiner II (MSB) in Non-Depository Supervision and one Financial Examiner II (Commercial), one Financial Examiner VII (Commercial), one Financial Examiner V (Credit) and one Financial Examiner VIII (Review) from the Bank and Trust Division participated in NEO.
 - On August 11, 2025, one Attorney V in Legal and one Financial Examiner I in Non-Depository Supervision participated in NEO.
- *University of Texas Survey of Employee Engagement:*
 - The Survey of Employee Engagement (SEE) will be released to Department employees in November 2025. This survey is conducted every two years and provides data to Texas state agencies regarding employees' perceptions of their organization's effectiveness, as well as their overall satisfaction with their employer.

Texas Department of Banking Employee Data for Fiscal Years 2024, 2025 and 2026 as of 09/30/2025

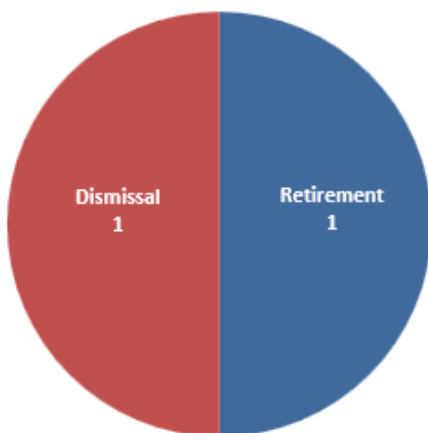


New Hire Data for Fiscal Years 2024, 2025 and 2026

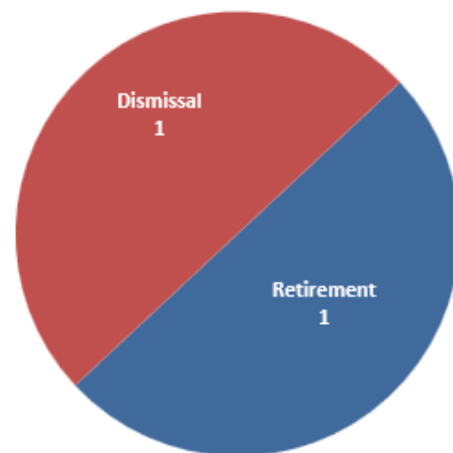


FY 2026 Employee Turnover Reasons

All Employees
2 Separations



Financial Examiners Only
2 Separations



As of 09/30/2025

ACTUAL PERFORMANCE FOR OUTCOME MEASURES

TEXAS DEPARTMENT OF BANKING

FISCAL YEAR 2025

8/31/2025

Actual Performance for Outcome Measures
Fiscal Year 2025
For Period Ending August 2025

Type/Strategy/Measure	2025 Target	2025 YTD	Percent of Annual Target	
Outcome Measures - Key				
1-1 QUALITY BANK REGULATION				
1. % BANKS EXAMINED	95.00%	91.43%	96.24%	
1-2 QUALITY NON-BANK REGULATION				
1. % MSB LICENSEES EXAMINED	90.00%	95.98%	106.64%	*
The Division exceeded the FY 2025 target by effectively matching personnel resources to MSB examination priority reports, which includes the leveraging and acceptance of other state reports or examinations (ROEs). Accounting for the seven acceptance ROEs performed in FY 2025, seven examinations were considered past-due as of August 31, 2025.				
However, it is anticipated that the number of MSB examinations due will increase in the following years based on the number of pending license applications along with the noted increase of 3-5 rated ROEs.				
2. % PFC LICENSEES EXAMINED	95.00%	95.64%	100.67%	
3. % PCC LICENSEES EXAMINED	95.00%	97.50%	102.63%	
1-3 APPLICATION PROCESSING				
1. % B&T, MSB APPS COMPLETED	95.00%	97.07%	102.18%	
1-4-1 APPLICATION PROCESSING				
1. % WRITTEN COMPLAINTS CLOSED	100.00%	100.00%	100.00%	
1-5 OPERATIONAL EFFICIENCY				
1. % REGULAR EMPLOYEES SEPARATED	12.00%	15.54%	129.50%	*
Fiscal year 2025 turnover is higher than target due to workforce factors that increased retirement and resignations, including work from home requirement at the state level and external labor force competition with federal counterparts and private sector employers.				
3. % ACTUAL EXPENDITURES TO BUDGETED	95.00%	91.50%	96.32%	

*Varies by 5% or more from target.

ACTUAL PERFORMANCE FOR EXPLANATORY MEASURES

TEXAS DEPARTMENT OF BANKING

FISCAL YEAR 2025

8/31/2025

Actual Performance for Explanatory Measures
Fiscal Year 2025
For Period Ending August 2025

Type/Strategy/Measure	2025 Target	2025 YTD	Percent of Annual Target	
Explanatory Measure - Key				
1-1-1	BANK EXAMINATION			
1. % BANKS CLASSIFIED SAFE & SOUND	90.00%	96.53%	107.26%	*
The percentage of banks classified safe and sound exceeded expectations due to improved risk management practices and the impact of M&A activity.				

*Varies by 5% or more from target.

ACTUAL PERFORMANCE FOR OUTPUT/EFFICIENCY MEASURES

TEXAS DEPARTMENT OF BANKING

FISCAL YEAR 2025

8/31/2025

Department of Banking
Actual Performance for Output Measures
Fiscal Year 2025

Type/Strategy/Measure	2025 Target	2025 Actual	2025 YTD	Percent of Annual Target	Comparable Historical Data for the same time period			
					FY2024	FY2023	FY2022	FY2021
Output Measures-Key								
1-1-1 Bank Examination								
1. # Bank Examinations Performed								
Quarter 1	101	27	27	26.73%				
Quarter 2	101	27	54	53.47%				
Quarter 3	101	26	80	79.21%				
Quarter 4	101	22	102	100.99%	102	88	99	91
2. # Foreign/Trust/IT Examinations Performed								
Quarter 1	194	55	55	28.35%				
Quarter 2	194	58	113	58.25%				
Quarter 3	194	63	176	90.72%				
Quarter 4	194	52	228	117.53%	215	228	234	207
FY 2025, Quarter 2 - The measure is above the target due to performing more joint large bank examinations in this quarter.								
FY 2025, Quarter 3 - The measure is above the target due to performing more IT examinations than anticipated in this quarter primarily associated with the increase in problem IT functions.								
FY 2025, Quarter 4 - The measure is above the target due to performing more IT examinations than anticipated in this quarter primarily associated with the increase in problem IT functions.								
1-2-1 Non-Bank Examination								
1. # NDS Licensees Examined								
Quarter 1	490	114	114	23.27%				
Quarter 2	490	109	223	45.51%				
Quarter 3	490	120	343	70.00%				
Quarter 4	490	113	456	93.06%	462	465	486	527
FY 2025, Quarter 3 - The measure was 70% of target, exactly 5% below, due to the separation of two MSB financial examiners in FY 2025. In addition, MSB FE vacancies existed throughout FY 2025.								

Department of Banking
Actual Performance for Output Measures
Fiscal Year 2025

Type/Strategy/Measure	2025	2025	2025	Percent of	Comparable Historical Data for the same time period			
	Target	Actual	YTD	Annual Target	FY2024	FY2023	FY2022	FY2021
FY 2025, Quarter 4 - The number of NDS license holders examined is below the target due to financial examiners separations and vacancies that existed throughout FY 2025. In FY 2025, the division experienced one PFC/PCC and four MSB examiners separations (one was due to retirement). As of August 31, 2025, one PFC/PCC and six MSB examiner positions remain vacant. In addition, four MSB examiners and one PFC/PCC are in the training phase as of August 31, 2025.								
1-3-1 Application Processing								
1. # License Applications Completed								
Quarter 1[^]	350	71	71	20.29%				
Quarter 2	350	87	158	45.14%				
Quarter 3	350	73	231	66.00%				
Quarter 4	350	87	318	90.86%				
FY 2025, Quarter 3 - The measure is under the target due to less than expected applications and notices processed year to date. This is primarily due to receipt of fewer than anticipated branch closure notices, loan productions office/deposit production office closure notices, and less than expected MSB applications being processed.								
FY 2025, Quarter 4 - The measure is under the target due to less than expected applications and notices processed year to date. This is primarily due to receipt of fewer than anticipated branch closure notices, loan productions office/deposit production office closure notices, and less than expected MSB applications being processed.								
					305	360	364	353

[^] The number of license applications completed for quarter one was restated due to a correction.

ACTUAL PERFORMANCE FOR NON-KEY MEASURES

TEXAS DEPARTMENT OF BANKING

FISCAL YEAR 2025

8/31/2025

Actual Performance for Non-Key Measures
Fiscal Year 2025
For Period Ending August 2025

Type/Strategy/Measure	2025 Target	2025 YTD	Percent of Annual Target
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Non-Key Measures

1-1-1 BANK EXAMINATION

2. % FOREIGN BANK AGENCIES EXAMINED	100.00%	100.00%	100.00%	
3. % TRUST COMPANIES EXAMINED	95.00%	100.00%	105.26%	*
The number of trust companies receiving examinations when due exceeds the target due to the increased proficiency of the trust specialists.				
4. % PROBLEM INSTITUTIONS WITH APPROPRIATE SUPERVISORY ACTIONS IN PLACE	100.00%	100.00%	100.00%	
5. CERTIFICATE OF ACCREDITATION BY CSBS MAINTAINED IN GOOD STANDING	YES	YES	YES	
8. AVERAGE COST PER BANK EXAMINATION	\$38.30	\$43.02	112.32%	*
The cost per million in assets regulated is higher than projected due to M&A activity and a large bank conversion not materializing as planned.				
9. ASSETS EXAMINED PER EXAMINER DAY (IN MILLIONS)	\$9.30	\$9.04	97.20%	
11. # STATE-CHARTERED BANKS IN TEXAS	210	202	96.19%	
12. TOTAL ASSETS IN TEXAS STATE-CHARTERED BANKS (IN BILLIONS)	\$456.30	\$429.70	94.17%	*
Total assets in Texas state-chartered banks are below target due to M&A activity and a large bank conversion not materializing as planned.				

1-2-1 NON-BANK EXAMINATION

4. % PCC AND PFC APPLICATIONS COMPLETED WITHIN STATUTORY PERIOD	95.00%	100.00%	105.26%	*
The Division exceeded the FY 2025 target due to retaining knowledgeable staff, including obtaining assistance from PFC/PCC examiners, to coordinate the timely processing of applications.				
6. AVERAGE DIRECT COST PER PFC AND PCC LICENSEE EXAMINATION	\$3,200.00	\$3,318.16	103.69%	
7. AVERAGE DIRECT COST PER MSB LICENSEE EXAMINATION	\$18,000.00	\$18,604.65	103.36%	
8. DOLLAR AMOUNT OF PREPAID FUNERAL CONTRACTS IN FORCE (IN BILLIONS)	\$5.0	\$5.3	106.00%	*
The increase in the dollar amount of PFC in force was due to higher-than-expected industry activity and market conditions. For FY 2026, the target amount was increased.				
9. NUMBER OF NDS LICENSEES	765	759	99.22%	
10. PERCENTAGE OF NDS LICENSEES CLASSIFIED SAFE AND SOUND	95.00%	97.96%	103.12%	

Actual Performance for Non-Key Measures
Fiscal Year 2025
For Period Ending August 2025

Type/Strategy/Measure	2025 Target	2025 YTD	Percent of Annual Target
-----------------------	----------------	-------------	-----------------------------

Non-Key Measures

1-3-1 APPLICATION PROCESSING

2. # WRITTEN COMPLAINTS CLOSED	240	220	91.67%	*
Complaints are approximately 16.7% above the quarter projection. More complaints were received than the historical average for Q4. The intake of complaints is derived from the needs of the public and therefore cannot be theoretically projected. When supporting documentation is not submitted with a complaint, the case is considered an inquiry, reducing the number of written complaints to resolve.				

1-4-1 REGULATORY OVERSIGHT

3. # FC MEETINGS CONVENED	6	6	100.00%	
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1-5-1 OPERATIONAL EFFICIENCY

2. % REGULAR EMPLOYEES SEPARATED (EXCLUDING RETIREMENTS)	10.00%	13.98%	139.80%	*
Fiscal year 2025 turnover is higher than target due to workforce factors that increased resignations, including work from home requirement at the state level and external labor force competition with federal counterparts and private sector employers.				

*Varies by 5% or more from target.



Charles G. Cooper
Commissioner

TEXAS DEPARTMENT OF BANKING

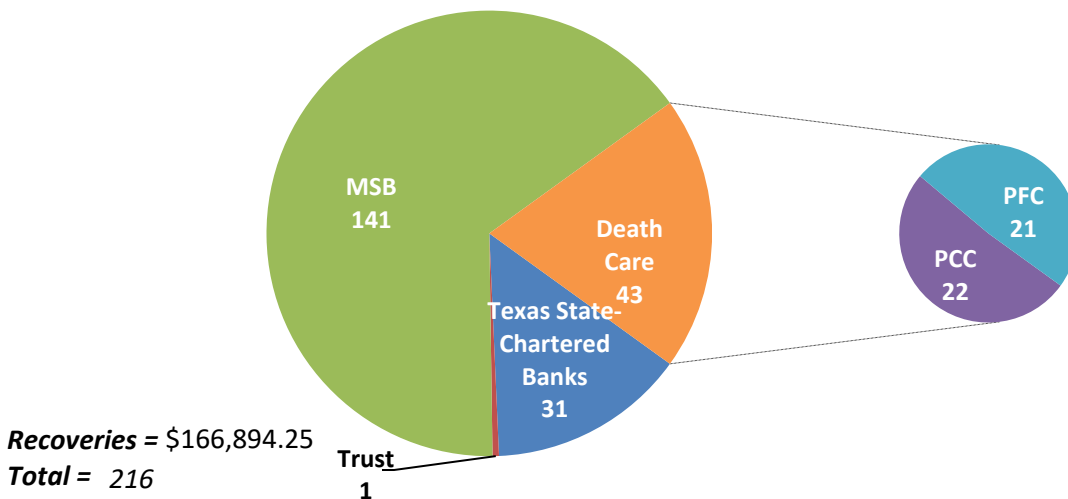
2601 North Lamar Blvd., Austin, Texas 78705

512-475-1300 / 877-276-5554

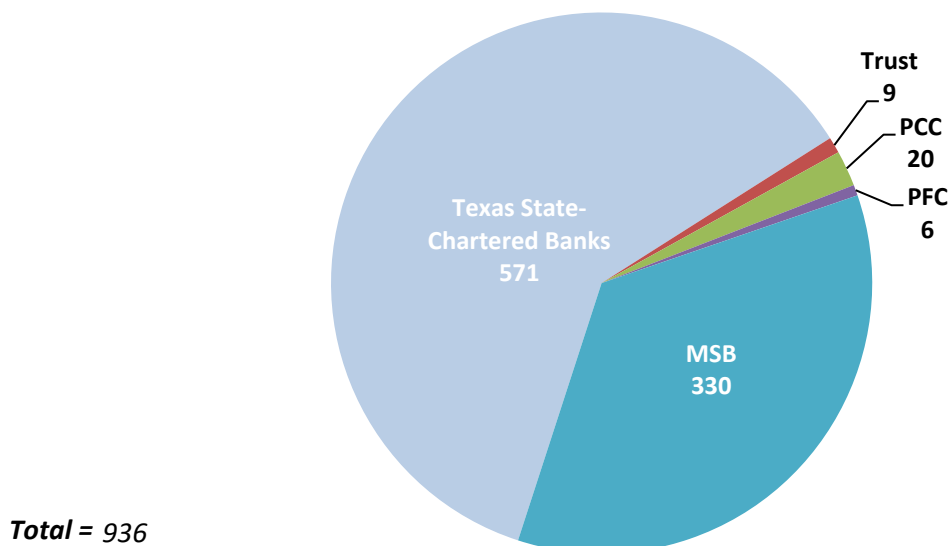
www.dob.texas.gov

To: Finance Commission Members
From: Lilliana R. Abbassi, Director of Strategic Support
Date: October 8, 2025
Subject: Summary of the Strategic Support Division Activities

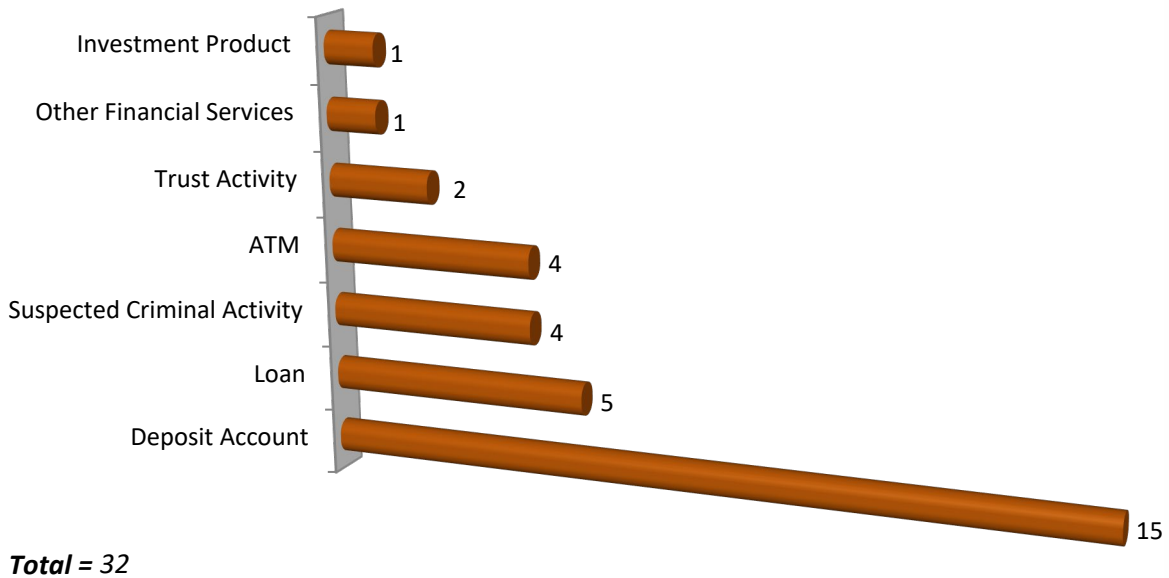
Jurisdictional Written Complaints September 2024-August 2025



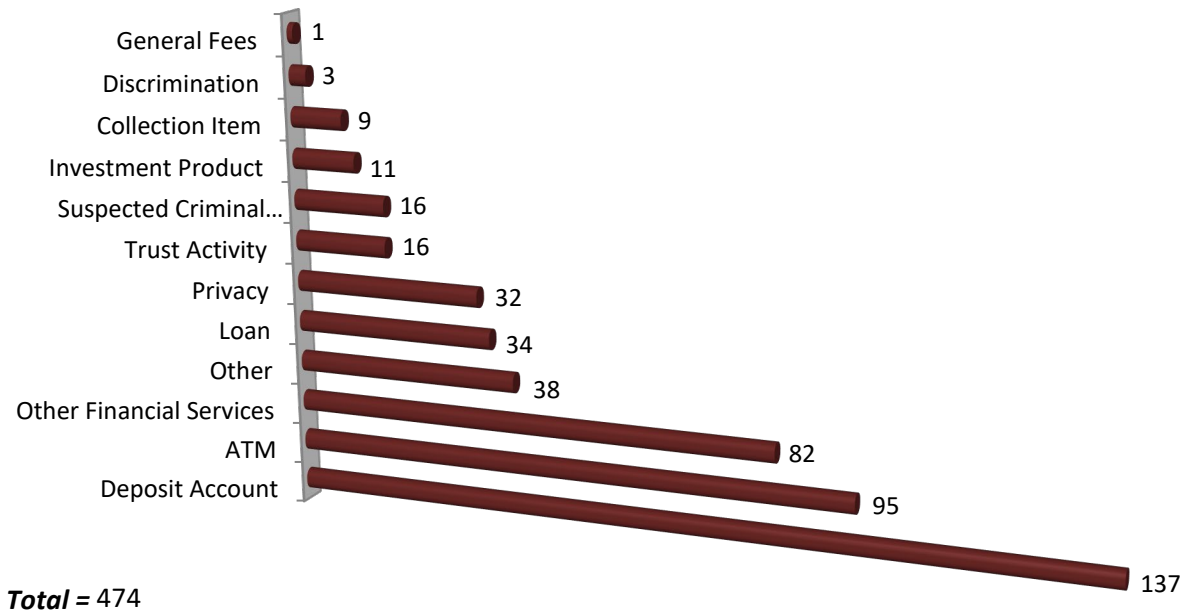
Inquiries on Jurisdictional Entities September 2024-August 2025



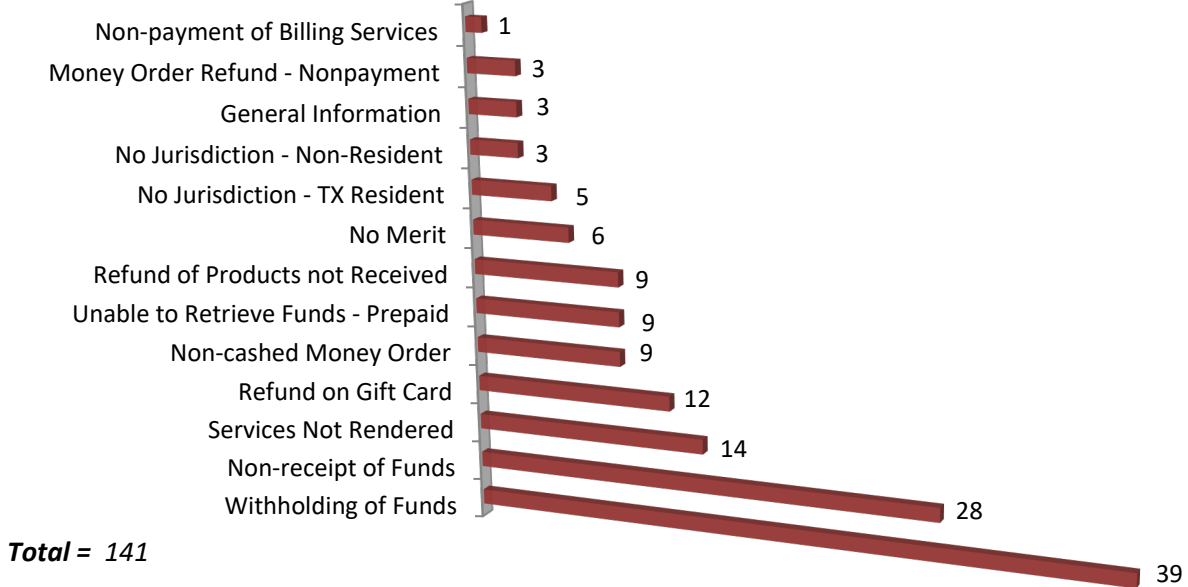
**State-Chartered Banks and Trust Companies
Written Complaints by Type
September 2024-August 2025**



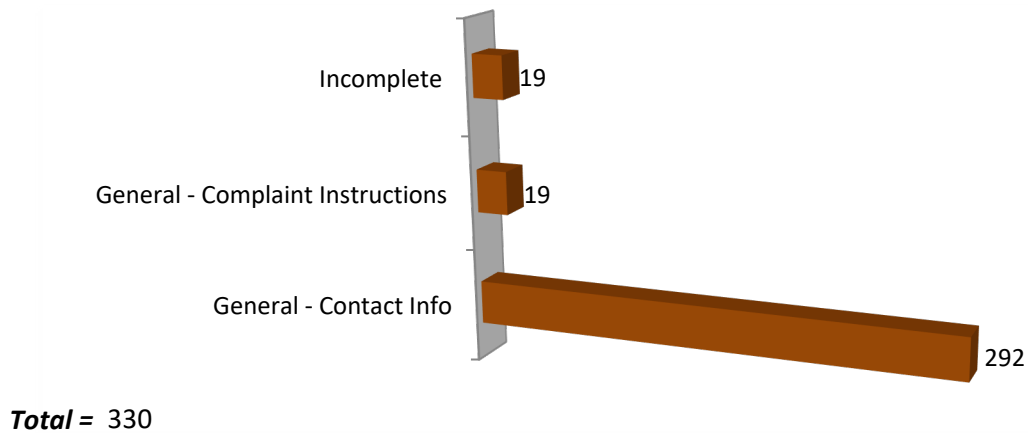
**State-Chartered Banks and Trust Companies
Inquiries by Type
September 2024-August 2025**



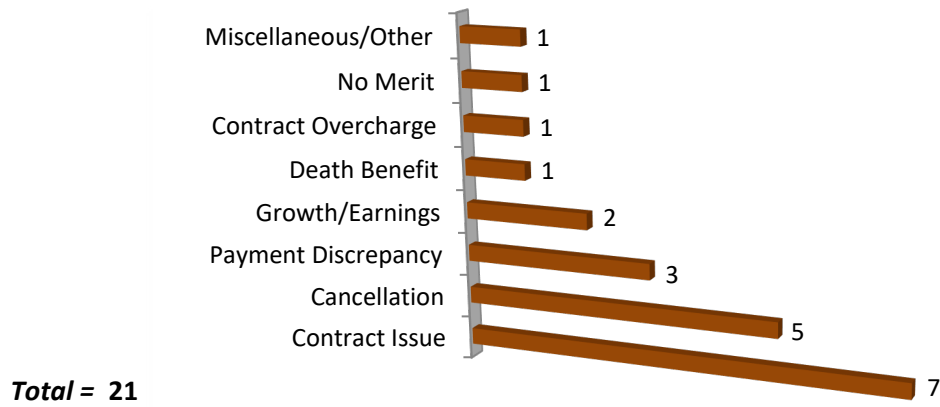
**Money Services Businesses
Written Complaints by Type
September 2024-August 2025**



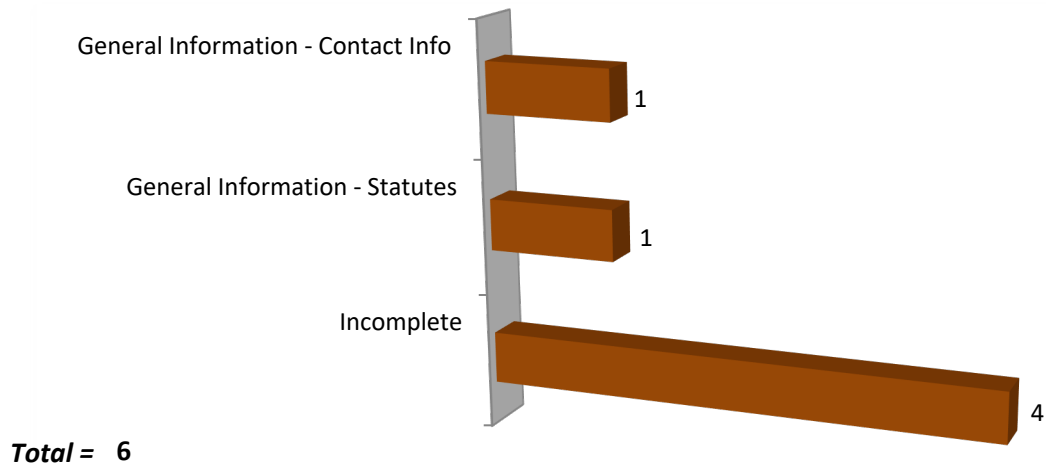
**Money Services Businesses
Inquiries by Type
September 2024-August 2025**



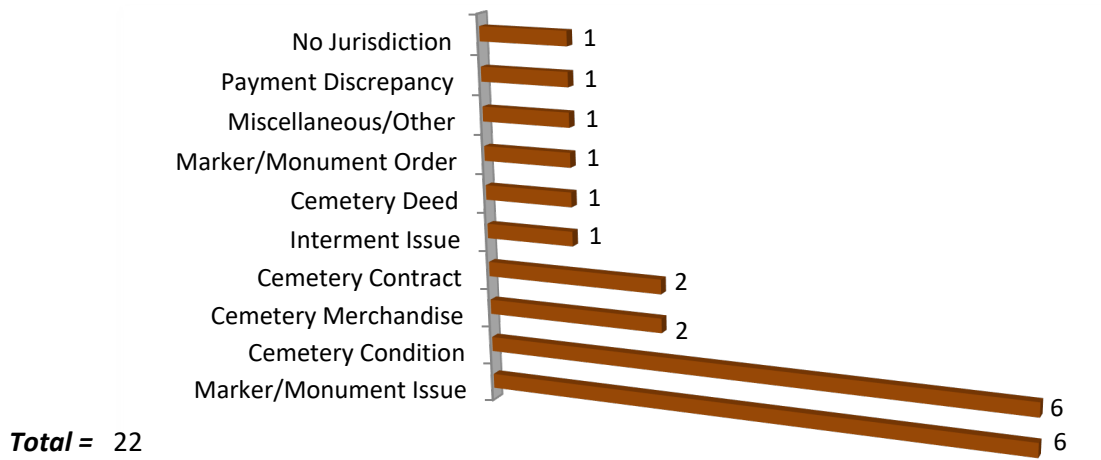
**Prepaid Funeral Contract Sellers
Written Complaints by Type
September 2024-August 2025**



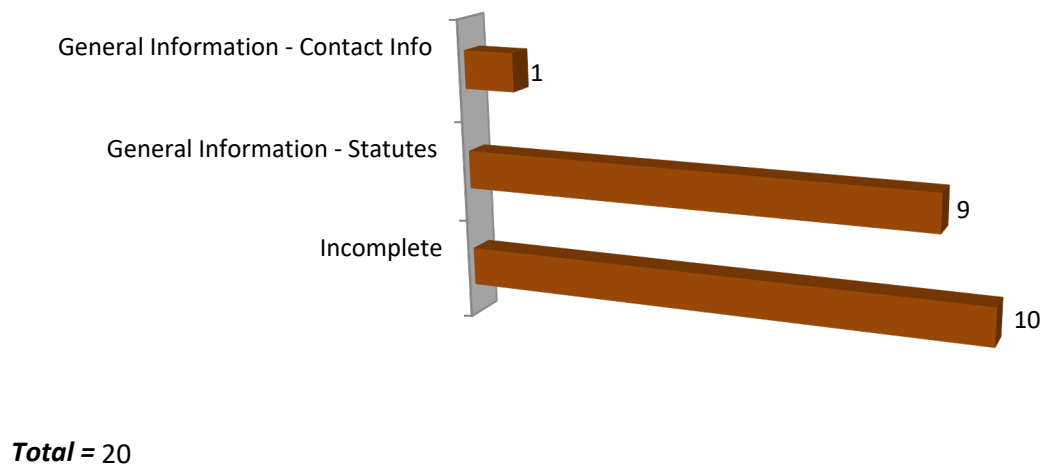
**Prepaid Funeral Contract Sellers
Inquiries by Type
September 2024-August 2025**



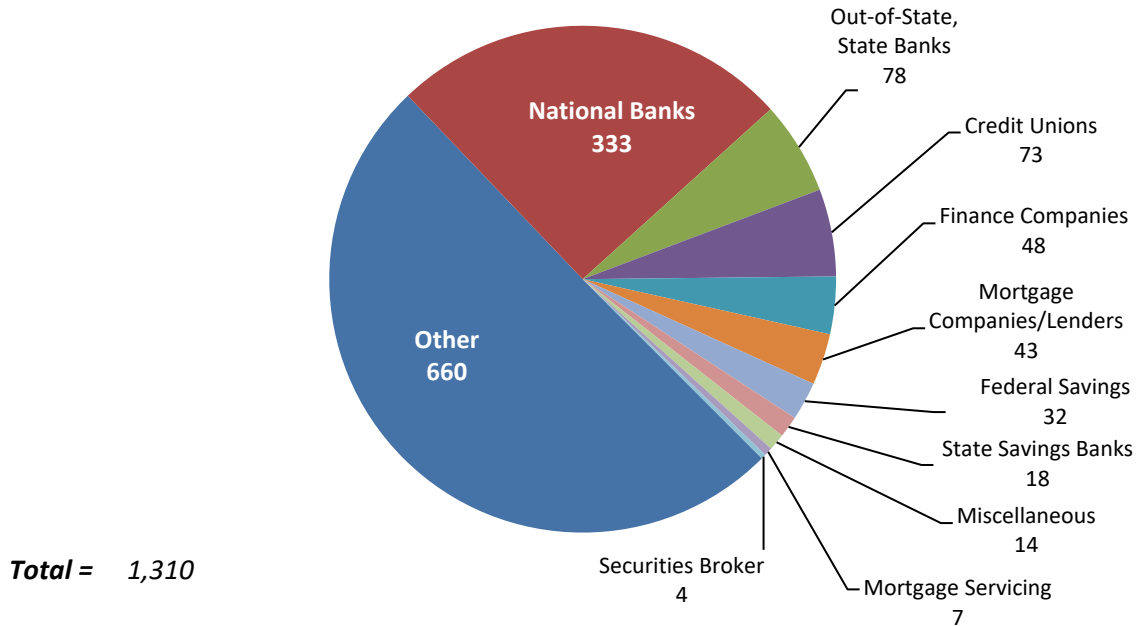
**Perpetual Care Cemeteries
Written Complaints by Type
September 2024-August 2025**



**Perpetual Care Cemeteries
Inquiries by Type
September 2024-August 2025**



Complaints and Inquiries Against Non-Jurisdictional Entities September 2024-August 2025



Often, consumers do not provide the name of the entity they need assistance with. In these situations, the communication is categorized in the "Other" category.

Complaint Activities Information by Quarter

	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
State-Chartered Banks				
Avg. Number of Days to Close a Written Complaint	18	19	18	17
Percentage of Written Complaints Resolved Within 90 days	100%	100%	100%	100%
Number of Written Complaints Resolved	8	5	2	15
Trust				
Avg. Number of Days to Close a Written Complaint	N/A	16	N/A	N/A
Percentage of Written Complaints Resolved Within 90 days	N/A	100%	N/A	N/A
Number of Written Complaints Resolved	N/A	1	N/A	N/A
PFC/PCC				
Avg. Number of Days to Close a Written Complaint	42	42	30	37
Percentage of Written Complaints Resolved Within 90 days	100%	100%	100%	100%
Number of Written Complaints Resolved	17	6	11	16
MSB				
Avg. Number of Days to Close a Written Complaint	19	27	19	20
Percentage of Written Complaints Resolved Within 90 days	100%	100%	100%	100%
Number of Written Complaints Resolved	41	21	38	40

Closed Account Notification System (CANS) Activity
September 1, 2022 – September 30, 2025

Entity	Enrolled	Compromised Accounts Reported
Texas State-Chartered Banks	175	309
Texas State-Chartered Savings Banks	24	30
Federal Savings Banks	10	0
State Credit Unions	135	514
Federal Credit Unions	229	443
National Banks	171	47
Out-of-State State-Chartered Banks	12	38
Out-of-State National Banks	6	0
Total	762	1,381

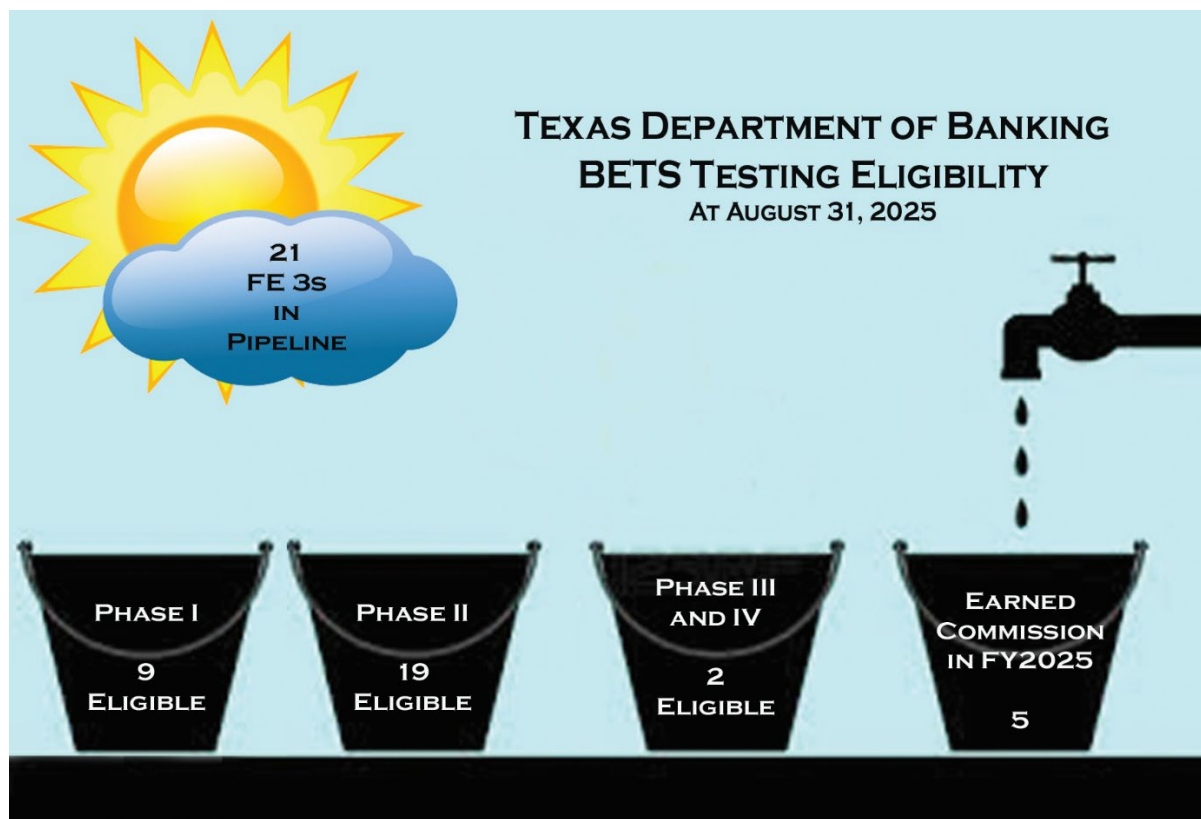
Bank Examination Testing System (BETS) Activity
Number of Candidates Passing Each Phase

	FY 2023	FY 2024	FY 2025	FY 2026 As of 9/30/2025
I. General Knowledge	4	8	11	0
II. Loan Analysis	3	5	2	0
III. Panel	4	4	5	0
IV. Test Bank	6	3	6	0
Total FE3	14	14	21	21

Promotions

Commissioned Examiners	5	4	5*	0
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*One credit specialist successfully completed the process in March 2025.



Other Divisional Items:

- *Publications:*
 - The following were issued with June 30, 2025, financial data:
 - The September 2025 edition of the [Texas Bank Report](#) – The edition focuses on the impact of legislation on Texas banks, provides insight into managed service providers, and discusses the Department’s recent audits.
 - [Agency Profile](#) – An overview of the Department and its regulated and licensed entities.
 - [Texas Banking Activity](#) – Contains all state and national banking activity in Texas.
 - [Top 100 Banks](#) – List of Texas banks by asset size.
- *Financial Education:*
 - The Texas Department of Banking and the Office of Consumer Credit Commissioner hosted the Financial Fitness webinar on August 27, 2025. The webinar focused on financial exploitation, outlining prevalent types of scams and typical target populations. It provided guidance on how to avoid becoming a victim. Eighty-two consumers registered for the webinar, and 64 consumers were in attendance.
- *Training:*
 - The Department’s Conference was held at the Texas A&M Conference Center in College Station, Texas, September 8-11, 2025. The agenda included various speakers and topics

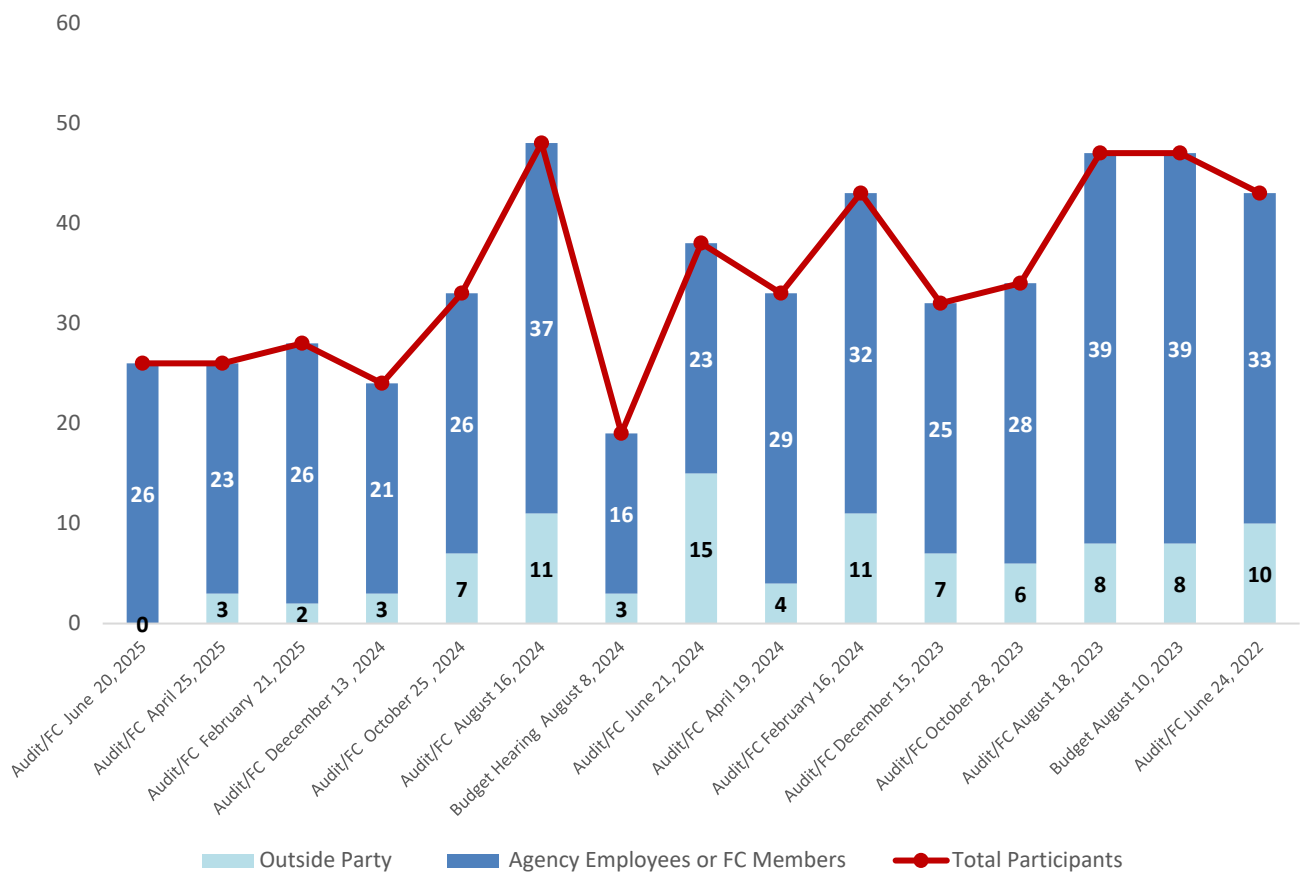
covering the Texas economy, AI in banking, cryptocurrency, stablecoin, and leadership development. Commissioner Cooper delivered his state of the department to attendees.

- The third financial examiner training class is in its fourth month. Sessions have been held in San Antonio and Plano, Texas. The program ends in November 2025.
- *Policy Revisions/Updates:*
 - Administrative Memorandums (AM)
 - AM 2013 – Authorization for Release of Confidential Information to Governmental Entity (October)
 - AM 2027 – Investment Policy for Funds Under the Oversight of the Finance Commission of Texas (August)
 - AM 2031 – Delegation of Authority (September)
 - Regulatory Guidance (RG)
 - RG 3005 – Consumer Complaint Notices – 7 TAC §11.37 and §33.51
- *Examination Procedure Revisions/Updates:*
 - IT Procedures:
 - ITP Scoring Matrix (August)
 - Scope Form (August)
 - Table of Contents (August)
 - Table of Contents – Nonbank (August)
 - Wires and ACH (August)
 - Baseline Workprogram (August)
 - Expanded – Audit (August)
 - Expanded – Development & Acquisition (August)
 - Expanded – Management (August)
 - Expanded – Support and Delivery (August)
 - Nonbank Cybersecurity Work Program – Baseline (August)
 - Nonbank Cybersecurity Work Program – Enhanced (August)
 - Trust Procedures:
 - Table of Contents (August)
 - #15 – Small Trust Department (August)
 - Examination reference materials for commercial and trust (October)
- *Website Statistics for Fiscal Year 2025:*
 - The Department of Banking website had 160,090 unique pageviews of the homepage. The top three pages were the Entity Search (51,045 pageviews), Entity Detail (39,226 page

views) and Contact Us (21,372 pageviews). The Financial Education webpage had 1,140 page views during the same period. Users are accessing the site via Desktop (331,191), mobile (79,312), and tablet devices (1,823).

- The Finance Commission website had 117,210 unique pageviews. The top three pages visited were the Home Page (17,581 pageviews), Finance Commission Regulatory References (3,583 pageviews), and Home Equity (2,873 pageviews). Users are accessing the site via desktop (93,459), mobile (8,734), and tablet devices (78).
- The Texas Prepaid Funeral Contracts website had 52,831 pageviews of the homepage. The top three pages after the home page were General Information (15,947 pageviews), Prepaid Planning Brochure (12,361 pageviews) and Common Terms (9,023 pageviews). Users are accessing the site via mobile (19,185), desktop (98,420), and tablet devices (676).

Finance Commission Webcast Historical Data





Charles G. Cooper
Commissioner

TEXAS DEPARTMENT OF BANKING

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To: Finance Commission Members
From: Robert Nichols, General Counsel
Date: October 3, 2025
Subject: Legal Division Update

Litigation

Anthony Hrnecir v. Internal Revenue Service, the Texas Department of Banking, et al., Cause No. 4:24-cv-00692-SDJ-AGD, United States District Court, Eastern District of Texas. This case was filed on August 1, 2024, and alleges the Internal Revenue Service, the Department of the Treasury, the Department of Banking, and other agencies have monetized the intellectual property that the Plaintiff's name represents without his consent, and he seeks a declaratory judgment and relief under the Privacy Act. The Plaintiff is petitioning the Court to require the agencies to disclose information related to the financial transactions through which the Plaintiff's name was monetized. The Department of Banking filed its Motion to Dismiss on November 12, 2024, the Plaintiff replied, and the Department responded to the reply on December 23, 2024. The Plaintiff filed two motions for default judgment and other frivolous motions, and the Department of Banking responded in opposition. The matter was dismissed without prejudice on September 15, 2025.

Orders Issued July 31, 2025 – September 30, 2025

The Commissioner issued two enforcement orders during this period:

Bank and Trust Supervision

- Prohibition Order issued July 31, 2025; Tristan Scott Little, Midlothian, Texas

Non-Depository Supervision

- Consent Order issued August 22, 2025; Expensify, Inc., Portland, Oregon

Public Information Requests

From August 1, 2025, through September 30, 2025, staff received and responded to 28 requests for public information addressed to the Department of Banking and received 9 inquiries through the "Ask a Question" feature. During the same period, we received 1 public information request addressed to the Finance Commission.

Gifts

Commissioner Cooper was asked to attend the 2025 IBAT Annual Convention in Fort Worth, Texas, September 20-23, 2025. The registration fee of \$795, each, was waived for the Commissioner and Bank & Trust Deputy Commissioner (DC) Jared Whitson. DC Whitson also participated as a panelist at the convention.

On September 24, 2025, Commissioner Cooper attended the Federal Financial Institutions Examination Council (FFIEC) third quarter meeting in Washington, D.C. The FFIEC paid his airfare, lodging, and per diem in the amount of \$1,103.08. The Commissioner attended the meeting in his role as the current State Liaison Committee (SLC) Chair.

FY 2025 Quarterly Order Activity

BANK				
Type of Action	1st	2nd	3rd	4th
Consent Order	4	0	0	0
Cease & Desist	1	0	0	0
Supervision	0	0	0	0
Prohibition	0	2	2	1
Total	5	2	2	1

TRUST COMPANY				
Consent Order	0	0	0	0
Cease & Desist	0	0	0	0
Supervision	0	0	0	0
Prohibition	0	0	0	0
Total	0	0	0	0

MONEY SERVICES BUSINESS				
Consent Order	3	3	3	2
Cease & Desist	0	0	0	0
Final Order after hearing	0	0	0	0
Total	3	3	3	2

PERPETUAL CARE CEMETERY				
Consent Order	0	0	0	0
Cease & Desist	0	0	0	0
Refusal to Renew Cert/Auth	0	0	0	0
Final Order after Hearing	0	0	0	0
Total	0	0	0	0

PREPAID FUNERAL CONTRACT				
Type of Action	1st	2nd	3rd	4th
Consent Order	2	0	0	0
Cease & Desist	0	0	0	0
Final Order	0	0	0	0
Total	2	0	0	0

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C.

**Office of Consumer Credit
Commissioner**

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Consumer Protection and Consumer Assistance Report

The OCCC completed 2,861 examinations in FY 2025, which was 106% of the annual examination target of 2,700. The average exam time across all industries was 12.1 hours, and each industry achieved an acceptance level of compliance of greater than 85%.

A core focus during FY '25 was developing processes to conduct examinations in the State Examination System (SES). During FY '25, the department completed examinations of 322 licenses in SES and anticipates this number will increase during FY '26. The OCCC now conducts all mortgage, property tax, and regulated lending examinations in SES.

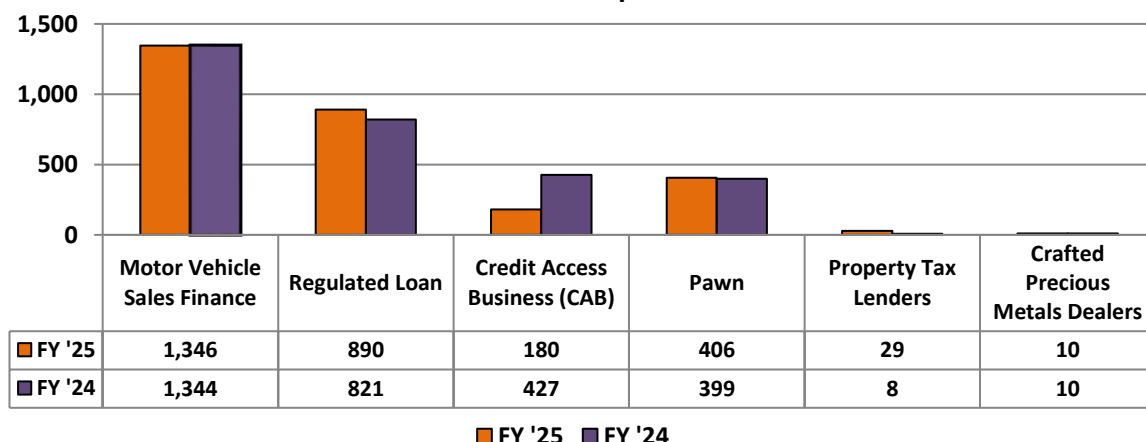
The agency is wrapping up one multi-state examination and is actively reviewing files on another. The OCCC is evaluating opportunities to participate in additional multi-state examinations during FY '26.

The department continues to place strong emphasis on examiner training and development. During FY '25, examiners obtained 28 exam certifications across 6 exam categories, as follows:

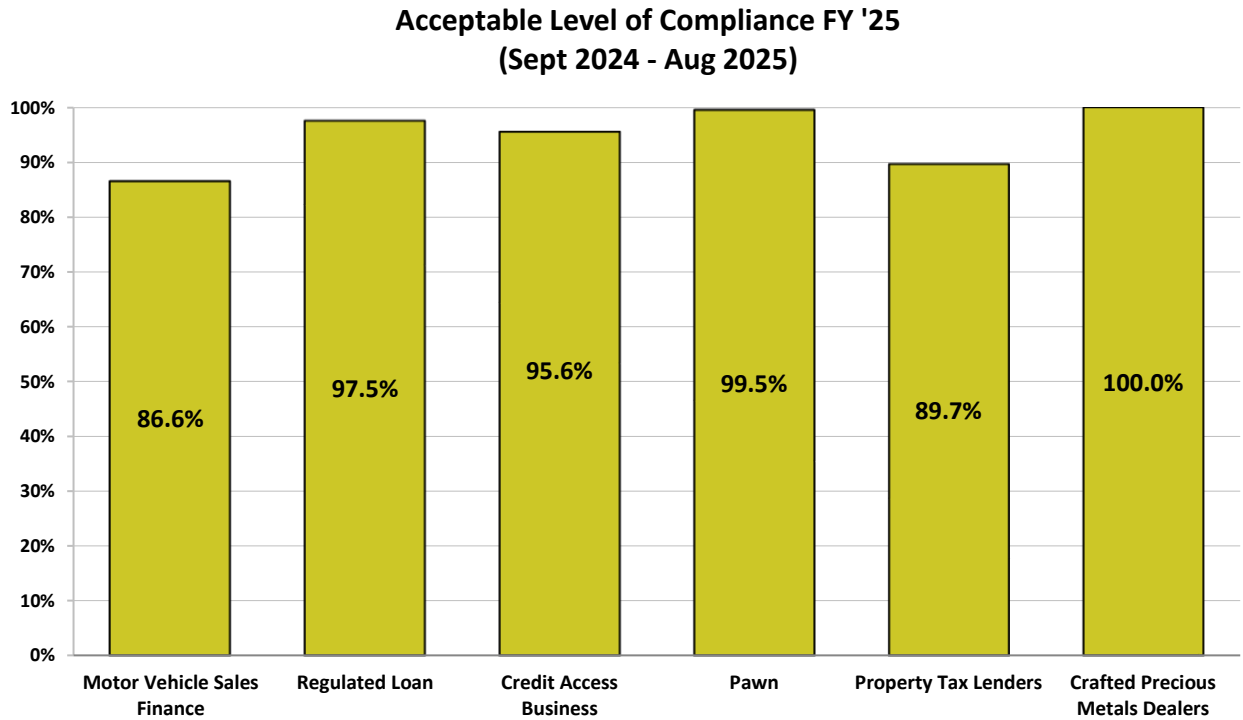
FY '25 Examiner Certifications					
348	371	342-F	393	Mortgage	351
7	5	5	5	2	4

Exam and Consumer Assistance staff attended the annual Examiner Conference and Training School, held in Waco, during September. CSBS staff provided key in-person training for SES at this event. Additionally, two examiners attended the NACCA Examiner Training School in Milwaukee at the end of September, and the agency is planning mortgage and property tax lending training later this month.

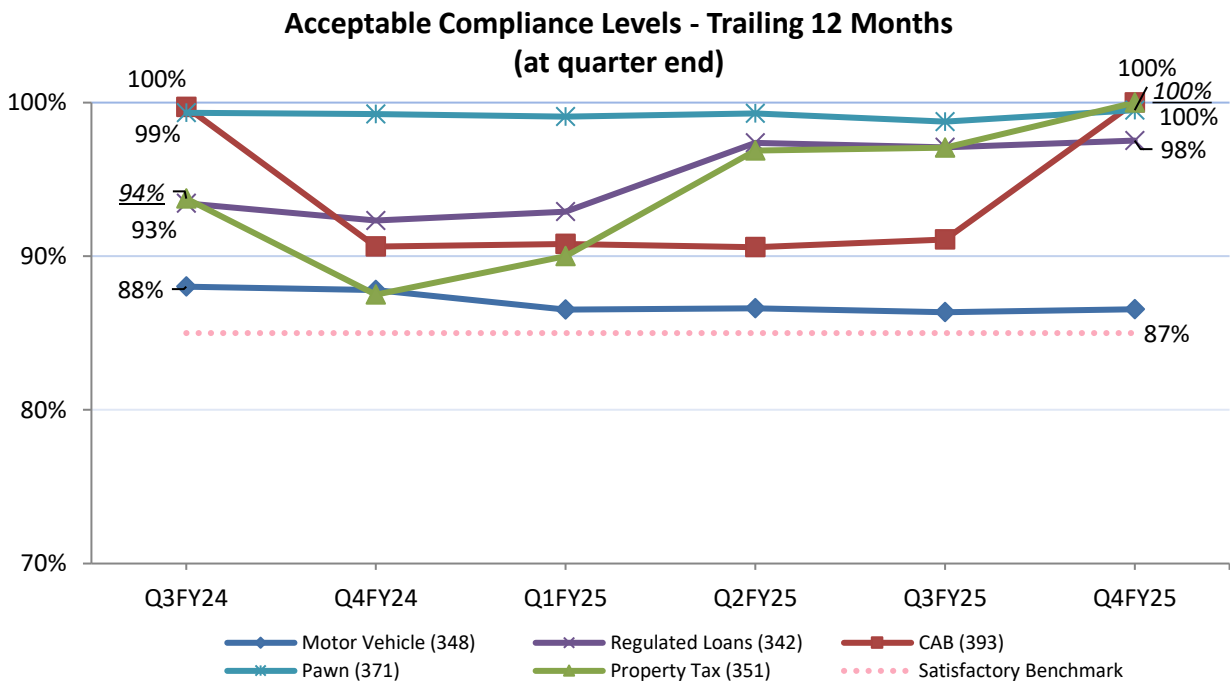
Examinations Conducted: Sept - Aug Fiscal Year Comparison



The following chart denotes the acceptable level of compliance for exams completed in FY 2025.

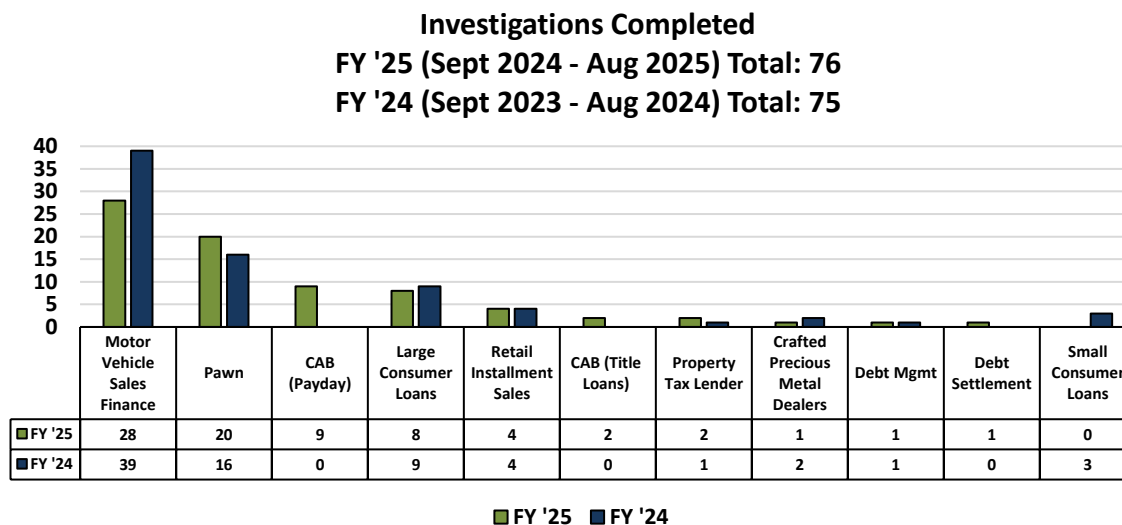


The following chart denotes the acceptable level of compliance on a trailing 12-month basis through the end of August 2025.



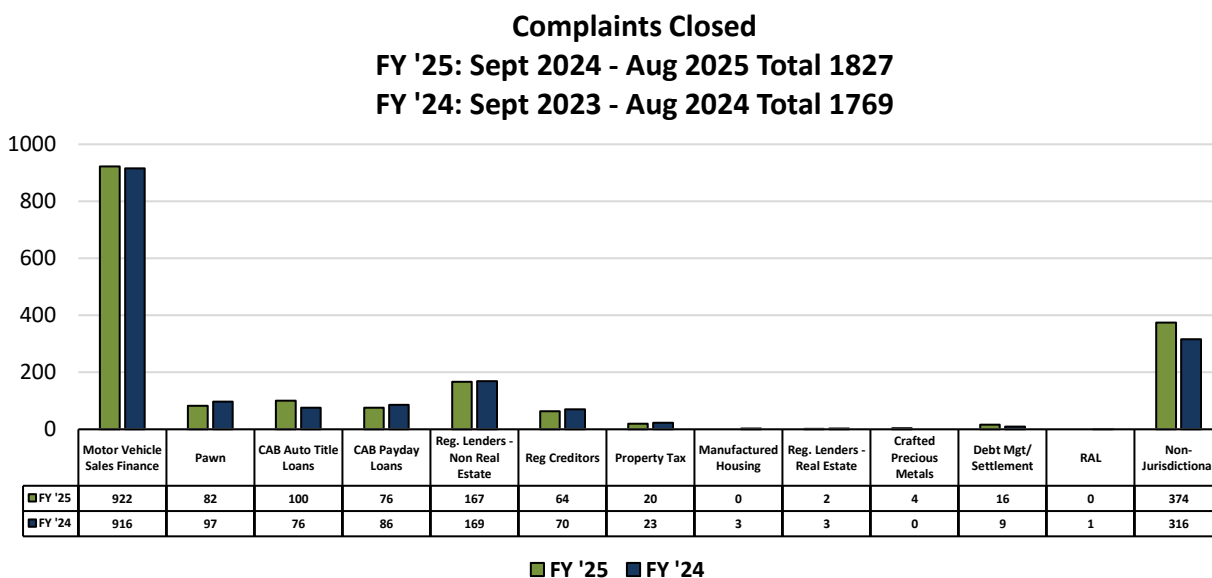
Investigations

For FY 2025, the OCCC completed 76 investigations out of the annual goal of 75. Motor Vehicle Sales Finance issues comprise 37% of the overall number of completed investigations.



Consumer Assistance

During Fiscal Year 2025, 1827 complaints were closed, of which 374 were non-jurisdictional. Non-jurisdictional complaints are primarily received through the website. The department refers consumers filing non-jurisdictional complaints to the appropriate regulatory authority. The top area of jurisdictional complaints was Motor Vehicle Sales Finance, followed by Credit Access Businesses, Regulated Lenders – Non-Real Estate, and Pawnshops. Motor Vehicle Sales Finance complaints accounted for 50.5% of all complaints. The second largest category was CAB complaints at 9.7% collectively, separately this was 4.2% for payday loans and 5.5% for title loans. The third largest category is Regulated Lending – Non-Real Estate at 9.1%. The fourth largest complaint category was Pawnshops at 4.5%.



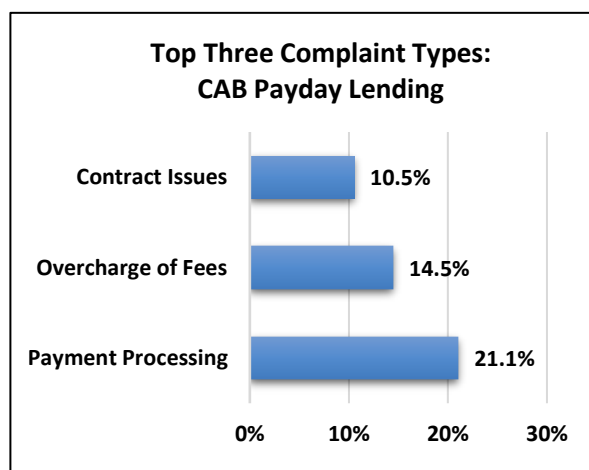
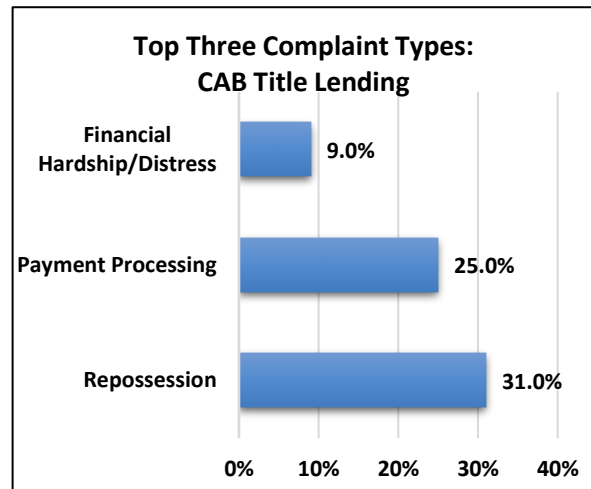
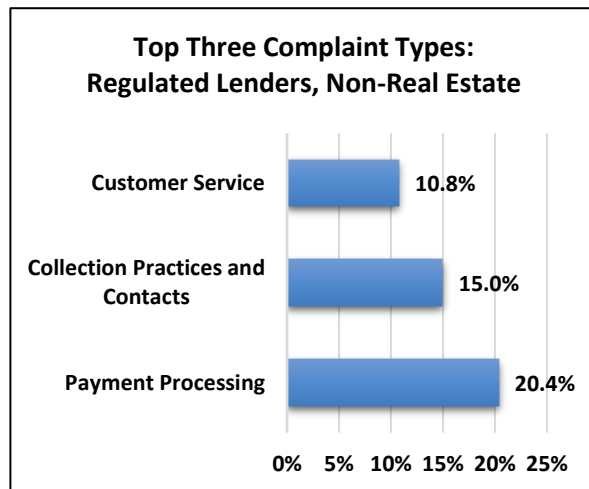
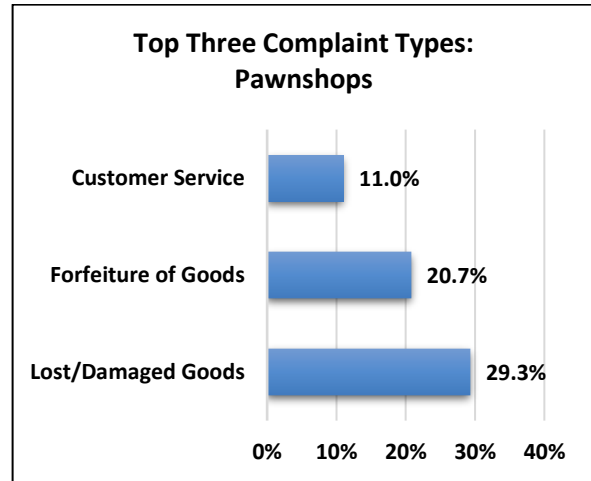
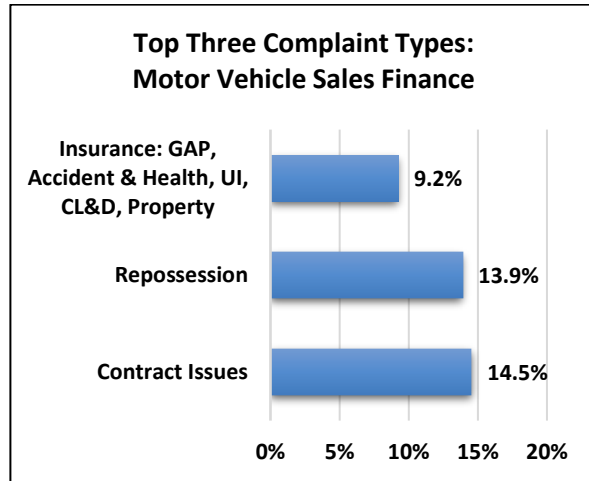
Fiscal Year 2025: Number of Complaints Closed by Source (Table 1), Subject (Table 2), and Disposition (Table 3)

Source of Complaint	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Consumer	423	407	411	427
Business	1	9	12	7
Law Enforcement	0	1	2	0
State or Federal Agency	39	24	15	8
OCCC	3	5	5	4
Whistleblower	1	5	3	4
Other	0	2	1	8
Total	467	453	449	458

Subjects	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Motor Vehicle Sales Finance	254	224	223	220
CAB Payday Loans	17	15	24	20
CAB Auto Title Loans	27	23	26	24
Reg. Lenders – Non-Real Estate	45	45	36	41
Pawn	17	24	24	17
Registered Creditors	17	14	17	16
Crafted Precious Metal Dealers	0	2	0	2
Regulated Lenders - Real Estate	1	0	0	1
Manufactured Housing	0	0	0	0
Property Tax Lenders	8	7	2	3
Debt Management/Settlement	4	8	2	2
Refund Anticipation Loan	0	0	0	0
Non-Jurisdictional	77	91	95	111
Commercial Motor Vehicle Sales Finance	0	0	0	1
Total	467	453	449	458

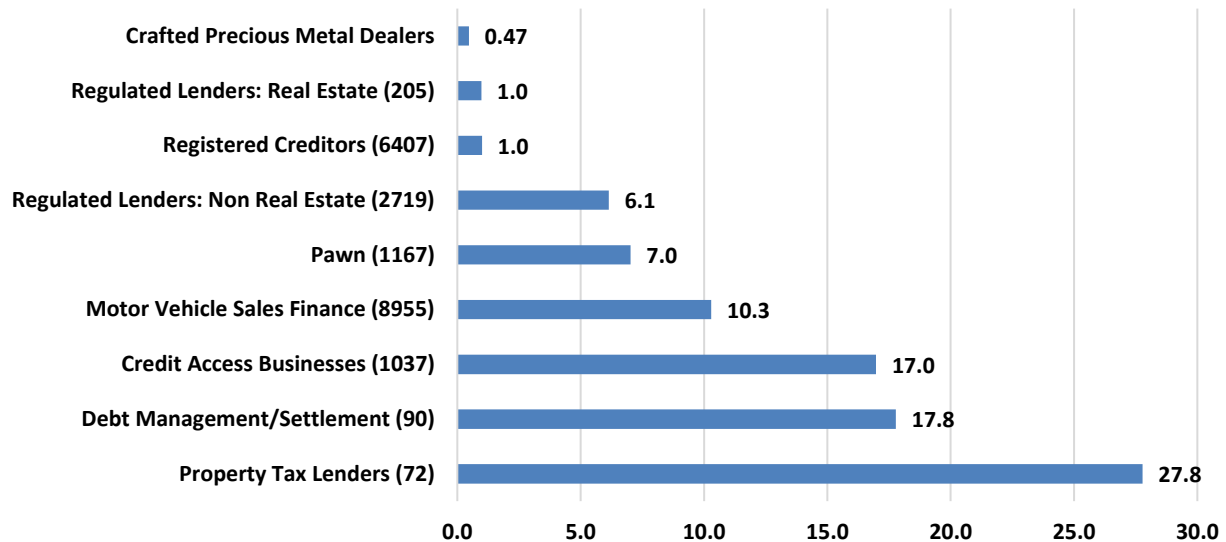
Disposition	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Closed to Investigation	4	6	7	7
Closed to Legal	0	0	0	0
Closed -Action Taken	80	70	83	47
Closed -No Violation	173	163	136	155
Closed - Administratively	133	123	131	139
Close - Non-Jurisdictional	77	91	92	110
Total	467	453	449	458

The following charts represent the top three complaint areas per license type.



Comparison of complaints processed to the number of active license or registrant population is noted on the chart below. For this reporting period, the highest ratio of complaints to active license/registrants is Property Tax Lenders, followed by Debt Management/Debt Settlement, Credit Access Businesses, and Motor Vehicle Sales Finance. Property Tax Lenders and Debt Management/Settlement have a small number of licenses/registrations, which results in large complaint ratios.

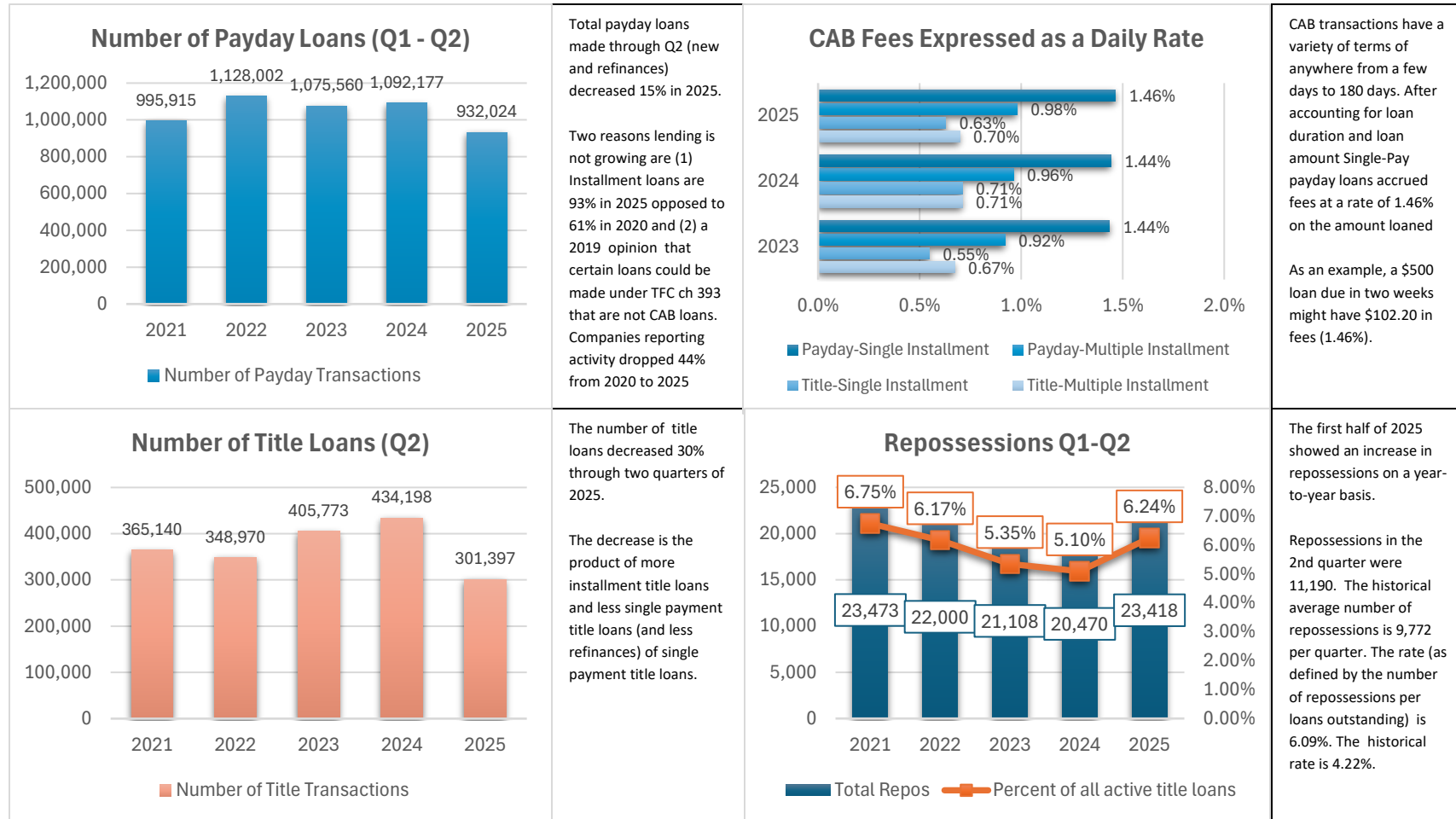
Ratio of Complaints to Total Active Licenses and Registrants*
FY '25: Sep 2024 - Aug 2025



Production Targets and Priorities	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Percentage of Written Complaints Closed within 90 days	91.6%	95.20%	95.10%	98.00%
Average Number of Days to Close a Complaint	45.7	40.1	37.9	38.9
Number of Complaints Closed	467	453	449	458

CAB Reporting Update

Credit Access Businesses (CABs) filed quarterly transactional reports that are currently compiled through Q2 2025. The statistics presented are selected from the first two quarters compared through recent years. In 2025, the number of payday and title loans decreased. The following dashboard shows volume, fee, and repossession frequency. More information on other key metrics is provided in the chart on the next page.



CAB Reporting Update

Data Highlights (All Loan Types) Q1-Q2 Comparison	2025	2024	2023	2022	2021	2020
Number of new payday loans	726,400	782,891	809,989	820,368	708,826	704,447
Number of new auto title loans	114,629	117,662	107,534	105,843	90,573	89,048
Percentage of payday loans due in multiple installments	93%	90%	90%	83%	70%	61%
Percentage of auto title loans due in multiple installments	45%	36%	44%	48%	45%	54%
Number of vehicles repossessed under all auto title loans	23,418	20,519	21,108	22,000	23,473	18,396
Total number of locations reporting activity	854	1,151	1,233	1,347	1,454	1,538

Payday Loans Q1-Q2	Single Installment			Multiple Installment		
	2025	2024	2023	2025	2024	2023
Number of consumers obtaining loans	35,748	54,040	55,695	594,703	600,210	642,877
Number of new loans	53,189	80,207	82,379	673,211	702,684	727,610
Number of total refinances ¹	67,758	87,112	91,489	137,866	222,174	172,582
Average loan amount	\$551	\$515	\$511	\$593	\$664	\$635
Average fee per \$100 borrowed	\$27	\$27	\$27	\$136	\$114	\$119
Average original term (in days)	19	19	19	139	119	129
Average Fee Converted to a Daily Rate ²	1.46%	1.44%	1.44%	0.98%	0.96%	0.92%

Title Loans Q1-Q2	Single Installment			Multiple Installment		
	2025	2024	2023	2025	2024	2023
Number of consumers obtaining loans	43,061	51,364	46,114	45,736	39,976	43,768
Number of new loans	63,190	74,884	60,735	51,439	42,778	46,799
Number of total refinances ¹	132,705	274,294	252,699	54,063	44,058	45,540
Average loan amount	\$1,640	\$1,429	\$1,559	\$1,471	\$1,560	\$1,672
Average fee per \$100 borrowed	\$19	\$21	\$17	\$109	\$108	\$105
Average original term (in days)	30	30	30	157	152	156
Average Fee Converted to a Daily Rate ²	0.63%	0.71%	0.55%	0.70%	0.71%	0.67%

¹Number of loans and refinances are the sum of quarterly report #10F.

²Customers are reported on the annual report item #5. They are unique to each product type and to each location. Depending on customer borrowing habits they may be counted more than once.

³Based on averages, per dollar borrowed a consumer would pay this percentage per day. The APR could be approximated by multiplying this rate by 365; however, it could be significantly higher if the multiple installment loans reduce principal with each payment and the total fees remain the same.

⁴Equation: $\sum \text{Quarterly 10F} / \text{Annual Report \#5}$. Effects on the estimation include (1) Single store reporting can count customers more than once if obtaining loans at different stores (2) Total transactions in 10F could be made to some customers who aren't counted in this year's customer count. e.g. They are refinancing loans made in the prior year.



Licensing Department

Mirand Diamond, Director of Licensing, Finance & HR

Ginger Harmon, Manager

Renewals Report

Motor Vehicle Sales Finance and Commercial Motor Vehicle Sales Finance

The department has begun the renewal cycle for over 9,000 licenses. By early October, 54% of motor vehicle sales finance licenses and 63% of commercial motor vehicle sales finance licenses have already renewed. Ninety percent (90%) of licenses in both segments are projected to renew by the end of the renewal period, which concludes on October 31st.

Registered Creditor

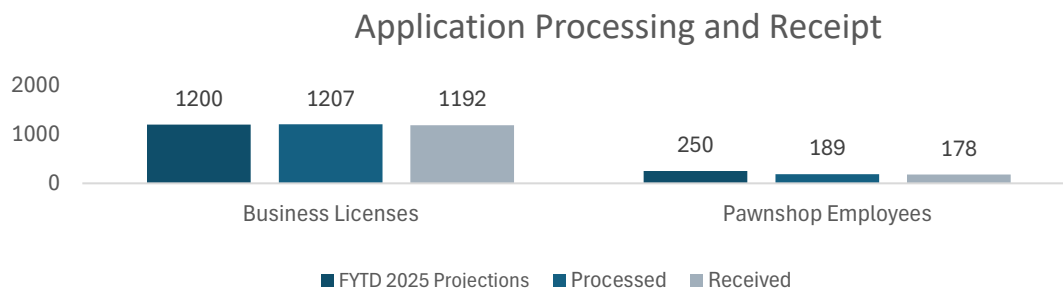
In parallel, the registration renewal period for registered creditors is ongoing. Historical patterns indicate an expected renewal rate of approximately 80%.

Regulated Lenders and Property Tax Lenders

Starting in November, all regulated lenders and property tax lenders will complete their license renewals exclusively through the NMLS platform this year. The renewal period ends in NMLS on December 31st.

Application Processing

The following chart includes application processing and receipt information for FY 2025.



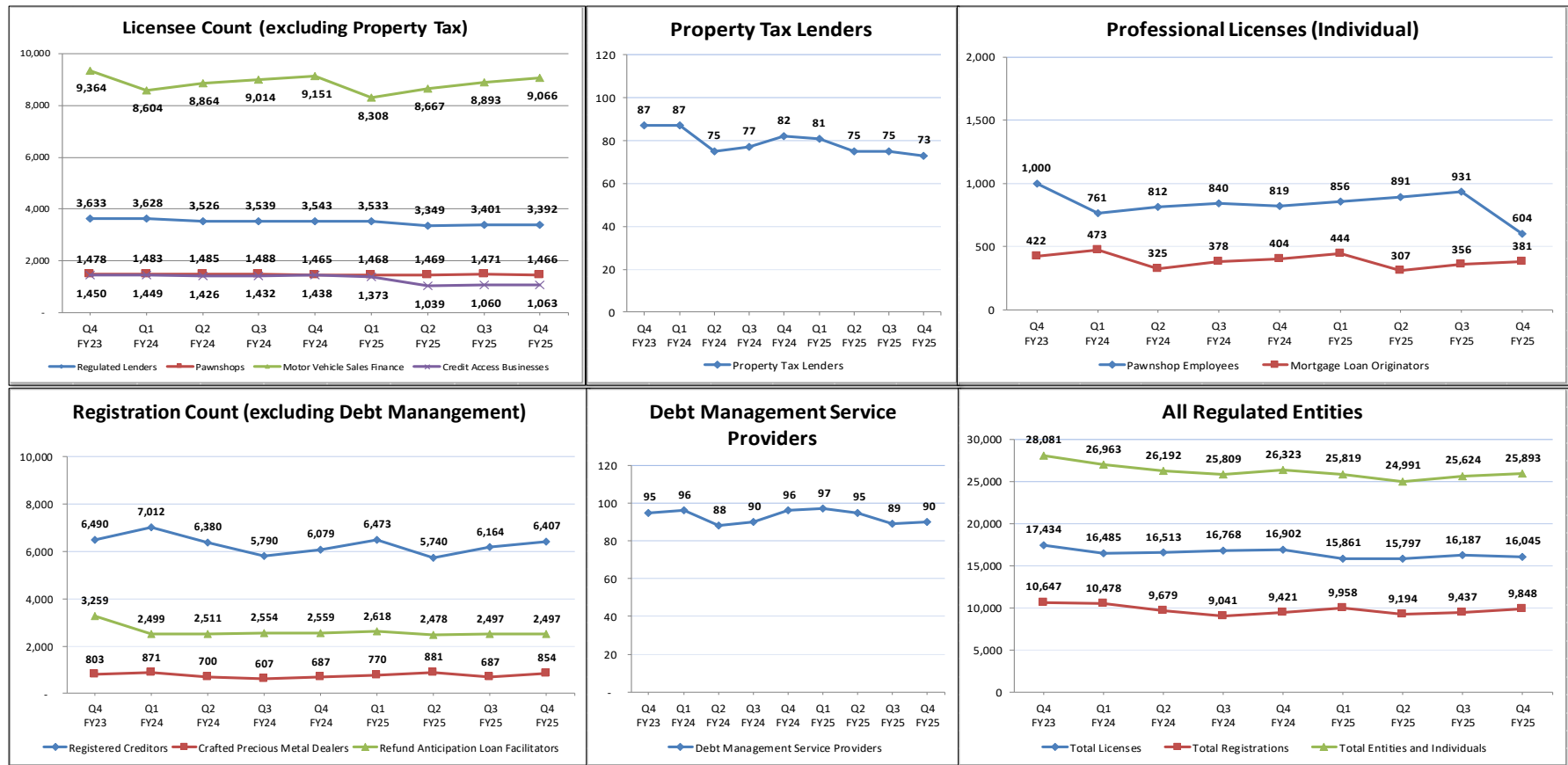
NMLS Transition

Regulated Lenders

The department has successfully completed the transition of regulated lender licenses to the NMLS platform. Over 90% of existing regulated lenders submitted their transition applications. An additional process for other trade names is expected to include some, if not many, of the remaining licensees. The significant volume of pending transition applications is being processed by a broad team of reviewers throughout the agency.

Looking ahead, preparations are underway for the CAB transition to NMLS, currently scheduled for spring 2026.

Number of OCCC Regulated Entities
Quarterly Comparison FY 23-25





ADMINISTRATION REPORT

FINANCIAL EDUCATION AND TFEE

Financial Education staff are scheduled to be featured on the Employee Retirement System's podcast, *Money Talks* on October 16, 2025. In addition, staff will deliver a presentation this November in partnership with the Texas Department of Banking.

The third semi-annual reporting period concluded on June 30, 2025. The fourth and final reporting period for the 2024–2025 grant cycle will cover July 1 to December 31, 2025. Grant applications for the upcoming TFEE cycle were due by September 1, 2025, with over 55 submissions totaling more than \$4 million in requested funding. Recommendations for grant awards have been finalized. The 2026-2027 grant cycle begins on January 1, 2026.

COMMUNICATION

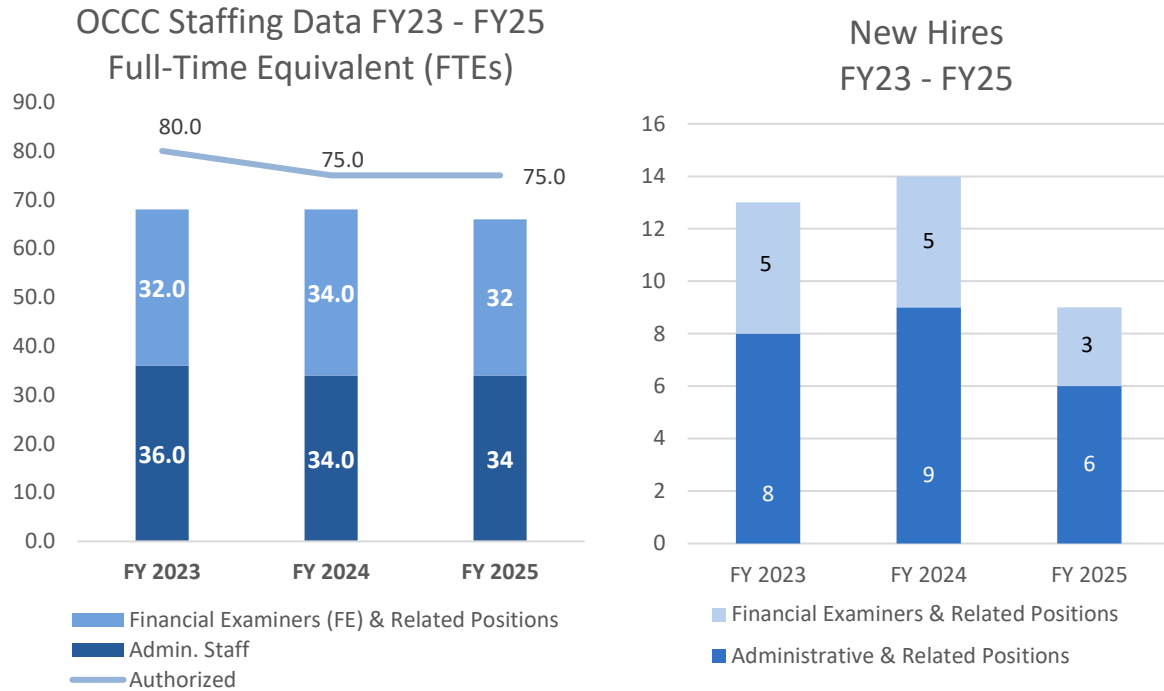
The annual Examiner Conference and Training School was held in Waco during the week of September 22nd. Consumer Protection staff came together to learn, share ideas, and strengthen connections. Staff have also begun fundraising activities for the State Employee Charitable Campaign of Texas. Additionally, the OCCC continues to communicate with stakeholders, and staff have provided presentations to regulated entities and other groups as follows:

- On August 7, 2025, Financial Examiners Brooks and Verrett hosted a DMV New Dealer Training sponsored by the Texas Department of Motor Vehicles.
- On September 11, 2025, Financial Examiners Brooks and Verrett hosted a webinar for automobile dealers sponsored by the Texas Department of Motor Vehicles.
- On September 11, 2025, Commissioner Pettijohn, Director Graham, and General Counsel Nance made a presentation at the annual meeting of the Texas Property Tax Lienholders Association (TPTLA).
- From September 30 to October 3, 2025, General Counsel Nance and Financial Examiner Schmidt made presentations at the National Association of Consumer Credit Administrators (NACCA) Consumer Services and Examiners' School.

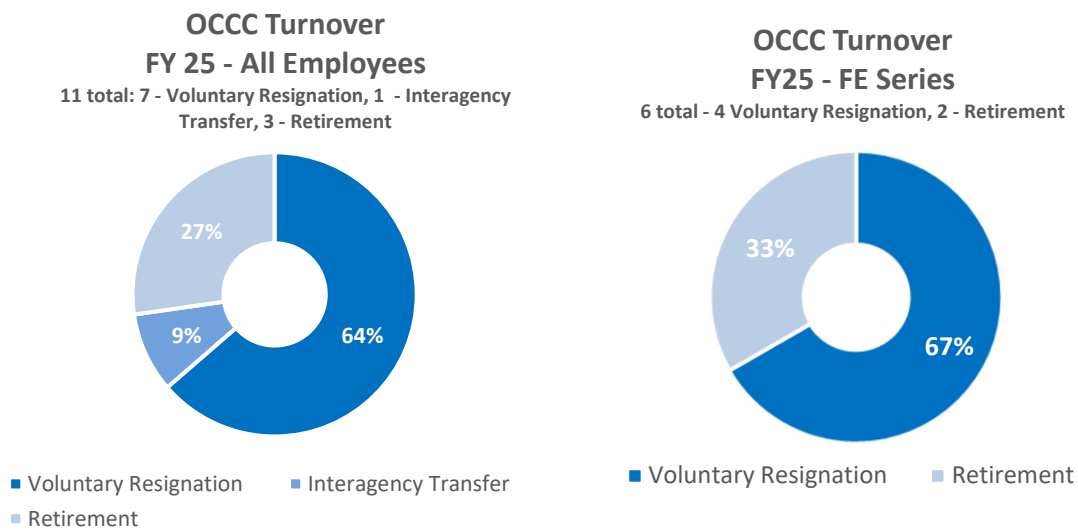
HUMAN RESOURCES

As of August 31, 2025, the OCCC is staffed with a total of 66 FTEs.

The following charts represent staffing data for fiscal years 2023-2025.



The turnover ratio as of 08/31/2025, is 14.7%. The charts below represent FY25 data.



INFORMATION TECHNOLOGY

Technology modernization and deployment

The annual asset inventory was completed and submitted.

IT completed migration and consolidation of internal servers down to one, improving efficiency and reducing backup sprawl and expense. IT also finished purging the old email server to record retention guidelines and archived the small remainder still under retention guidelines to the current email server. A total of three servers went dark and have been removed from daily backups, providing efficiencies, improved security, and reduction of costs.

PCI compliance was documented and the attestation of compliance submitted. Under the new payment services vendor, the scan and attestation will move to quarterly, with scans on-demand through the Web.

Cybersecurity

Mitigation efforts responding to findings from the annual external penetration test continued, with several being tested, passing acceptably, and released into ALECS production.

ACCOUNTING

Financial Reporting

In compliance with Government Code, Section 2101.011, and in accordance with the requirements established by the Comptroller of Public Accounts, the department has finalized the Annual Financial Report for fiscal year 2025, except for two notes which require reports from TTSTC which are not yet available.

The fourth quarter of FY 25 ended on August 31 and the quarterly financial statement may be found in the Audit Committee section of this packet.

The budget for FY 2026 was loaded in CAPPS and normal financial activity for FY2026 continues.

Other Items

The department reported information to the Comptroller of Public Accounts on emergency leave granted to employees during the prior fiscal year pursuant to Government Code Section 661.902(d).

OFFICE OF CONSUMER CREDIT COMMISSIONER

EXECUTIVE SUMMARY

As of August 31, 2025

	FY 2023	FY 2024	FISCAL YEAR 2025				
			1st QTR	2nd QTR	3rd QTR	4th QTR	FYTD
CONSUMER PROTECTION							
Monies Returned (000)	13,720	6,683	2,628	1,141	2,253	617	6,639
Regulated Lenders Examinations	830	821	276	265	73	276	890
Property Tax Lender Examinations	24	8	3	24	2	0	29
Pawnshop Examinations	398	399	9	124	169	104	406
Motor Vehicle Examinations	1,360	1,344	175	202	459	510	1,346
Credit Access Businesses Examinations	563	427	8	32	126	14	180
Crafted Precious Metal Dealers	10	10	0	6	4	0	10
CONSUMER ASSISTANCE							
Telephone Complaints Received	496	377	126	133	107	133	499
Written Complaints Received	1,310	922	335	313	368	477	1,493
Total Complaints Closed	1,797	1,263	467	453	449	458	1,827
% of Written Complaints Closed within 90 Calendar Days	92.5%	96.7%	91.6%	95.2%	95.1%	98.0%	95.1%
ADMINISTRATIVE ENFORCEMENT ACTIONS							
Originated	124	117	39	7	35	59	140
Finalized	133	147	42	18	15	27	102
LICENSING AND REGISTRATION							
Licenses							
Regulated Lender Licenses	3,633	3,543	3,533	3,349	3,401	3,366	3,392
Pawnshop Licenses	1,478	1,465	1,468	1,469	1,471	1,466	1,466
Pawnshop Employee Licenses	1,000	819	856	891	931	604	604
Commercial MV Sales Fin. Licenses	65	75	72	74	77	82	82
Motor Vehicle Sales Finance Licenses	9,364	9,076	8,236	8,593	8,818	8,984	8,984
Property Tax Lender Licenses	87	82	81	75	75	73	73
Mortgage Loan Originators	422	404	242	310	356	381	381
Credit Access Business Licenses	1,450	1,438	1,373	1,039	1,060	1,063	1,063
Registrations							
Registered Creditors	6,490	6,079	6,473	5,740	6,164	6,407	6,407
Crafted Precious Metal Dealers	803	687	770	881	687	854	854
Debt Management Service Providers	95	96	97	95	89	90	90
Refund Anticipation Loan Facilitators	3,259	2,559	2,618	2,478	2,497	2,497	2,497
Applications							
Business -- New	1,118	1,046	302	238	325	296	1,161
Business -- Change of Ownership	85	197	7	8	9	22	46
Pawnshop Employees -- New	286	231	52	47	44	46	189
HUMAN RESOURCES DATA							
Field Examiners Staffing	32	34	37	34	32	32	32
Total Staffing	68	68	69	67	67	66	66

Actual Performance for Key Outcome & Efficiency Measures

Type/Strategy/Measure	2025 Target	2025 YTD	Percent of Annual Target	
Outcome Measures-Key				
CONSUMER PROTECTION				
A.1 CONSUMER COMPLAINTS				
1. % WRITTEN COMPLAINTS CLOSED WITHIN 90 DAYS	85%	95.1%	111.9%	*
The department was slightly above target due to an increased collaboration with senior staff to help resolve complex complaint issues.				
A.2 ENSURE COMPLIANCE				
1. % EXAMINATIONS REPORTING ACCEPTABLE LEVEL OF COMPLIANCE	85%	92.5%	108.8%	*
The agency dedicated significant effort to assist businesses understand their regulatory obligations.				
2. MONIES RETURNED TO CONSUMERS	\$4,000,000	\$6,638,898	166.0%	*
Consumers received more money in refunds than originally anticipated. While refund amounts are difficult to predict, this outcome reflects the agency's strong efforts to protect consumers.				
EFFECTIVE LICENSING & REGISTRATION				
B.1 1. % BUSINESS LICENSE APPLICATIONS PROCESSED WITHIN 60 DAYS	80%	59.0%	73.8%	*
The transition to the Nationwide Multistate Licensing System (NMLS) impacted processing times for standard business applications due to resource shifts and system adjustments.				
EFFICIENT AND EFFECTIVE AGENCY OPERATION				
C.1 1. % REGULAR EMPLOYEES SEPARATED FROM AGENCY	15%	14.7%	98.0%	
Efficiency Measures-Key				
CONSUMER PROTECTION				
A.1 1. AVERAGE NUMBER OF DAYS TO CLOSE AN ENFORCEMENT ACTION	100	86	116.3%	*
Legal staff was able to process enforcement cases in an efficient manner, and a majority of respondents promptly complied with enforcement orders. For these reasons, legal staff was able to close enforcement cases more efficiently than the target.				
EFFECTIVE LICENSING & REGISTRATION				
B.1 2. AVERAGE PROCESSING TIME (DAYS) FOR BUSINESS LICENSE APPS	58	61	95%	*
The transition to the Nationwide Multistate Licensing System (NMLS) impacted processing times for standard business applications due to resource shifts and system adjustments.				

* Varies by 5% or more from quarterly or year-end targets.

Office of Consumer Credit Commissioner
Actual Performance for Output Measures
Fiscal Year 2025

Type/Strategy/Measure	2025 Target	2025 Actual	2025 YTD	Percent of Annual Target	
Output Measures-Key					
CONSUMER PROTECTION					
1-1-1 Complaint Resolution					
1. # Complaints Closed					
Quarter 1	1,750	467	467	26.7%	
Quarter 2	1,750	453	920	52.6%	
Quarter 3	1,750	449	1,369	78.2%	
Quarter 4	1,750	458	1,827	104.4%	
2-1-1 Examination and Enforcement					
1. # Examinations Completed					
Quarter 1	2,700	471	471	17.4%	*
<i>During this quarter the OCCC purposefully focused on mortgage examinations in the State Exam System (SES), property tax examinations, and regulated lender examinations. Resources were devoted toward training and performance is expected to improve throughout the year.</i>					
Quarter 2	2,700	653	1,124	41.6%	*
<i>The OCCC strategically prioritized regulated lending and mortgage exams during the first half of the year in anticipation of the agency's transition to SES. Examination production is expected to realign with targets throughout the remainder of the year.</i>					
Quarter 3	2,700	833	1,957	72.5%	
Quarter 4	2,700	904	2,861	106.0%	*
<i>Examinations completed exceeded forecasted goals because of transitioning certain examinations into SES, which allowed for greater efficiencies and streamlined processes.</i>					
EFFECTIVE LICENSING & REGISTRATION					
2-2-1 Licensing and Registration					
1. # Business License Applications Processed					
Quarter 1	1,200	309	309	25.8%	
Quarter 2	1,200	246	555	46.3%	
Quarter 3	1,200	334	889	74.1%	
Quarter 4	1,200	318	1,207	100.6%	
FINANCIAL EDUCATION					
3-3-1 Financial Education					
1. # People Receiving Direct Educational Services					
Quarter 1	650	64	64	9.8%	
Quarter 2	650	141	205	31.5%	
Quarter 3	650	327	532	81.8%	*
<i>The OCCC had higher attendance at financial education presentations than forecasted.</i>					
Quarter 4	650	633	1,165	179.2%	*
<i>The OCCC received more requests for presentations than projected.</i>					

*Varies by 5% or more from target.

OCCC Actual Performance for Non-Key Measures

Fiscal Year 2025

For Period Ending August 31, 2025

Type/Strategy/Measure		2025 Target	2025 YTD	Percent of Annual Target
Non-Key Measures				
A. CONSUMER PROTECTION				
A.1.1	AVERAGE NUMBER OF DAYS FOR ALL COMPLAINTS TO REACH FINAL DISPOSITION	60	43.4	72.3%
A.1.2	AVERAGE NUMBER OF DAYS TO CLOSE A COMPLAINT	45	40.7	90.4%
A.1.3	AVERAGE COST PER COMPLAINT	\$160	\$156.48	97.8%
A.2.1	AVERAGE COST PER EXAMINATION	\$1,600	\$1,526.38	95.4%
A.2.2	% OF LICENSED LOCATIONS AND REGISTERED OFFICES EXAMINED ANNUALLY	17%	20.0%	117.6%
A.2.3	NUMBER OF INVESTIGATIONS COMPLETED	75	77	102.7%
A.3.2	% OF ENFORCEMENT ACTIONS CLOSED WITHIN TARGETED TIMEFRAME	75%	83%	110.7%
A.3.3	NUMBER OF ENFORCEMENT ACTIONS TAKEN AND CLOSED	150	99	66.0%
	The legal department received fewer enforcement referrals than anticipated and received referrals for some cases later than anticipated in FY 25. This measure counts only cases closed by final order, but some cases were closed without a final order.			
A.3.4	NUMBER OF CONTESTED CASES DOCKETED AT SOAH	3	2	66.7%
	The legal department received fewer hearing requests than anticipated, and was able to resolve the majority of cases with compliance and without the need to docket a contested case at SOAH.			
A.3.6	NUMBER OF INDUSTRY STAKEHOLDER AND OUTREACH EVENTS HOSTED OR ATTENDED BY OCCC STAFF	30	29	96.7%
B. EFFECTIVE LICENSING AND REGISTRATION				
B.1.1	AVERAGE PROCESSING TIME (DAYS) FOR PAWNSHOP EMPLOYEE APPS	38	58	65.5%
	The transition to the Nationwide Multistate Licensing System (NMLS) impacted processing times for standard business applications due to resource shifts and system adjustments.			
B.1.2	AVERAGE PROCESSING TIME (DAYS) FOR RMLO APPS	30	15	200.0%
B.1.3	NUMBER OF PAWNSHOP EMPLOYEE LICENSE APPLICATIONS PROCESSED	250	189	75.6%
	The department received fewer applications than anticipated.			
B.1.4	NUMBER OF RMLO APPLICATIONS PROCESSED	225	206	91.6%
	The transition to the Nationwide Multistate Licensing System (NMLS) impacted processing times for standard business applications due to resource shifts and system adjustments.			
C. FINANCIAL EDUCATION				
C.2	% OF TFEE AWARD RECIPIENTS WHO REACHED THEIR CONSUMER PARTICIPATION GOAL WITHIN THE GRANT PERIOD	100%	60.0%	60.0%
	The TFEE grant cycle encompasses two calendar years, whereas this percentage is for a single fiscal year, which creates a reporting challenge. This data represents only the first half of the current grant cycle. Recipients are on track to meet overall grant goals.			
D. EFFICIENT AND EFFECTIVE AGENCY OPERATION				
D.1	PERCENTAGE OF ACTUAL EXPENDITURES TO BUDGETED EXPENDITURES	94%	101.8%	108.3%
	The reported result includes the acquisition of land in coordination with the OCCC's sister agencies. The funding for the acquisition was from designated reserves. Excluding the capital outlay purchase, the percentage of actual expenditures to budgeted expenditures for operating costs was 94%.			
D.2.1	PERCENTAGE OF PUBLIC INFORMATION REQUESTS ADDRESSED WITHIN 5 BUSINESS DAYS	80%	78.0%	97.5%
D.2.2	NUMBER OF PUBLIC INFORMATION REQUESTS CLOSED	160	113	70.6%
	The OCCC received fewer public information requests than anticipated. The OCCC has adjusted this target to 140 for FY26.			
D.2.3	NUMBER OF PUBLIC INFORMATION REQUESTS WITHDRAWN	8	7	87.5%
D.2.4	AVERAGE NUMBER OF DAYS TO ADDRESS A PUBLIC INFORMATION REQUEST	3	2.8	107.1%
D.2.5	NUMBER OF PUBLIC INFORMATION REQUESTS RECEIVED	168	122	72.6%
	The OCCC received fewer public information requests than anticipated. The OCCC has adjusted this target to 145 for FY26.			

* Varies by 5% or more from target.



Legal Department Report

Matthew Nance, General Counsel

October 2025

Enforcement Report

Contested Cases

As of September 30, 2025, the OCCC has two pending contested cases before the State Office of Administrative Hearings (SOAH).

Michael Barron (SOAH Docket No. 466-25-15633)

This case is an appeal of the OCCC's denial of a pawnshop employee license application. The applicant failed to provide criminal history information necessary to file a complete license application and failed to respond to the OCCC's request for the information. Based on this, the OCCC notified the applicant of its intent to deny the license application. The applicant requested a hearing on the denial. A contested case hearing was held on June 18, 2025. The applicant did not appear at the hearing, so the OCCC moved for default dismissal. SOAH issued a Default Dismissal Order and remanded the case to the OCCC. The OCCC issued a final order denying the license application on August 25, 2025.

LAG Finance LLC (SOAH Docket No. 466-25-17998)

This case is an appeal of the OCCC's denial of a motor vehicle sales finance license application. The applicant provided incomplete and inconsistent information regarding previous transactions, and failed to address unlicensed activity by paying a late filing fee under Chapter 349 of the Texas Finance Code. Based on this, the OCCC notified the applicant of its intent to deny the license application. The applicant requested a hearing on the denial. After the OCCC docketed the case with SOAH, the applicant agreed to address unlicensed activity by paying a late filing fee. At the request of the parties, the hearing has been continued until November 20, 2025.

Enforcement Case Highlights

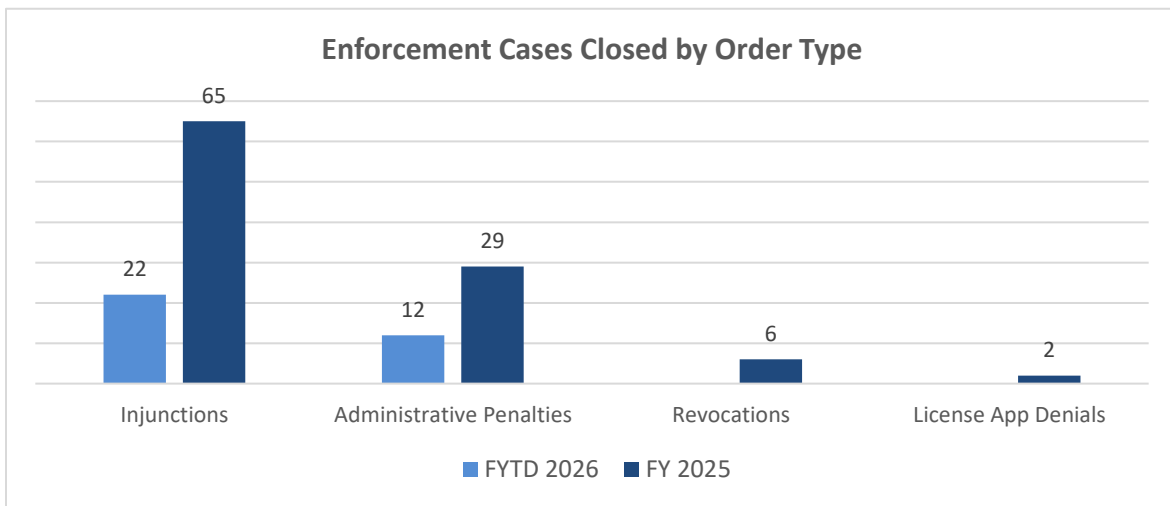
Motor vehicle unlicensed activity

Under Chapter 348 of the Texas Finance Code, a person must hold a motor vehicle sales finance license in order to sell motor vehicles in installments. In certain cases where a license applicant has engaged in previous unlicensed activity, the OCCC will enter an agreed order with the applicant before approving the application and granting the license. In August 2025, the OCCC entered an agreed order with a motor vehicle dealer that financed vehicles without a license. The business agreed to pay an administrative penalty and to refund finance charges to affected consumers.

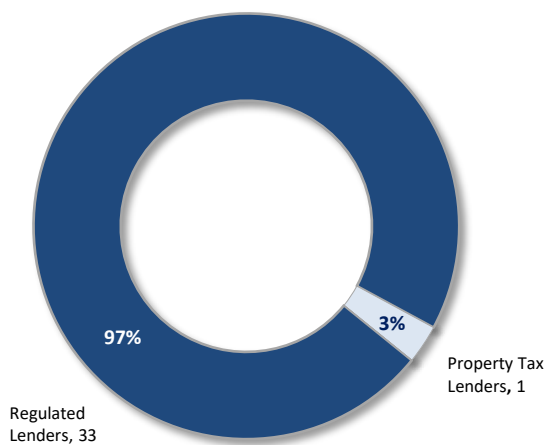
Enforcement Case Tracking

The following table includes enforcement case tracking information for FY 2026 to date (September 1, 2025, through September 30, 2025) and FY 2025 (September 1, 2024, through August 31, 2025).

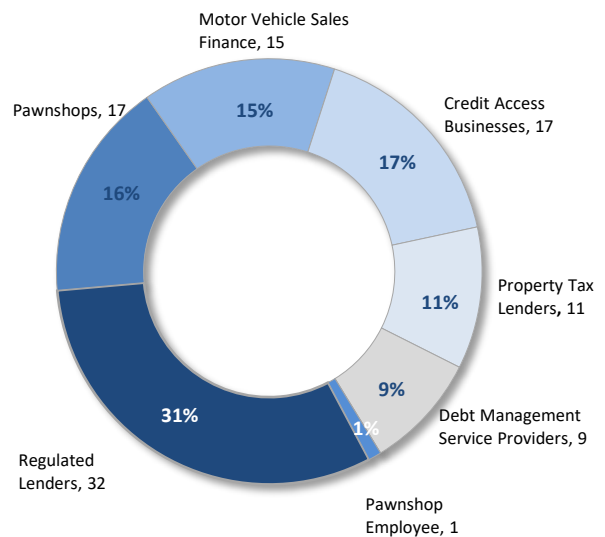
Enforcement Case Tracking Information	FYTD 2026	FY 2025
Enforcement Cases Opened	0	140
Enforcement Cases Closed	34	102
Enforcement Cases Closed by Final Order	33	99
Average Number of Days to Close an Enforcement Action	72	86
Contested Cases Docketed at SOAH	0	2



**Cases Closed by Industry
FYTD 2026**



**Cases Closed by Industry
FY 2025**



Rulemaking

At the October meeting, the OCCC is presenting the following rule actions:

- Adoption of amendments to 7 TAC Chapter 2 (relating to residential mortgage loan originators) to implement military licensing requirements under HB 5629 and SB 1818 (2025).
- Adoption of amendments to 7 TAC Chapter 85, Subchapter A (relating to pawnshops) to implement military licensing requirements under HB 5629 and SB 1818 (2025).
- Readoption of 7 TAC Chapter 89 (relating to property tax lenders), as well as proposed amendments to that chapter, resulting from rule review.
- Proposed amendments to 7 TAC Chapter 83, Subchapter A (relating to regulated lenders) to implement the transition to NMLS.

At the December meeting, the OCCC intends to present the following rule action:

- Readoption of 7 TAC Chapter 88 (relating to debt management providers), as well as any proposed amendments to that chapter, resulting from rule review.

Advisory Guidance

From August 1, 2025, to September 30, 2025, the OCCC did not issue any advisory bulletins.

From August 1, 2025, to September 30, 2025, the OCCC did not receive any requests for official interpretations of the Texas Finance Code. As of September 30, 2025, there were no pending requests for official interpretations of the Texas Finance Code.

Public Information Requests

Public Information Tracking Information	FYTD 2026	FY 2025
Public Information Requests Received	13	122
Public Information Requests Closed	12	113
Public Information Requests Withdrawn	2	7
Public Information Requests Referred to Office of Attorney General	0	2
Average Number of Days to Address a Public Information Request	4.5	2.8

On September 11, 2025, the Office of the Attorney General (OAG) issued a ruling regarding a public information request that the OCCC referred to the OAG (OR2025-032873). The requestor asked for information about one of the OCCC's licensees, including complaint files and correspondence with the OCCC. In its referral to the OAG, the OCCC argued that certain information about consumer complainants, including financial account access numbers, Social Security numbers, dates of birth, and email addresses, was confidential and should be withheld. The OAG generally agreed with the OCCC and ruled that the OCCC must withhold confidential information from the requestor.

Gifts Received by the OCCC

From August 1, 2025, to September 30, 2025, the OCCC received no gifts.

C. OFFICE OF CONSUMER CREDIT COMMISSIONER

3. Discussion of and Possible Vote to Take Action on the Adoption of Amendments in 7 TAC, Part 1, Chapter 2, Concerning Residential Mortgage Loan Originators Regulated by the Office of Consumer Credit Commissioner

PURPOSE: The purpose of the rule changes to 7 TAC Chapter 2 is to specify residential mortgage loan originator licensing requirements for military service members, military veterans, and military spouses, in accordance with Chapter 55 of the Texas Occupations Code, as amended by HB 5629 and SB 1818 (2025).

RECOMMENDED ACTION: The OCCC requests that the Finance Commission approve the adoption of the amendments to 7 TAC Chapter 2.

RECOMMENDED MOTION: I move that the Finance Commission approve the adoption of the amendments to 7 TAC Chapter 2.

Title 7, Texas Administrative Code

Part 1. Finance Commission of Texas

Chapter 2. Residential Mortgage Loan Originators Regulated by the Office of Consumer Credit Commissioner

Subchapter A. Application Procedures

The Finance Commission of Texas (commission) adopts amendments to §2.108 (relating to Military Licensing) in 7 TAC Chapter 2, concerning Residential Mortgage Loan Originators Regulated by the Office of Consumer Credit Commissioner.

The commission adopts the amendments to §2.108 without changes to the proposed text as published in the August 29, 2025, issue of the *Texas Register* (50 TexReg 5513).

The commission did not receive any official comments on the proposed amendments.

The rules in 7 TAC Chapter 2 govern residential mortgage loan originators (RMLOs) licensed by the Office of Consumer Credit Commissioner (OCCC) under Texas Finance Code, Chapter 180. In general, the purpose of the adopted rule changes is to specify RMLO licensing requirements for military service members, military veterans, and military spouses, in accordance with Chapter 55 of the Texas Occupations Code, as amended by HB 5629 and SB 1818 (2025).

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

Chapter 55 of the Texas Occupations Code describes licensing requirements for military service members, military veterans, and military spouses. Chapter 55 applies to licenses that "must be obtained by an

individual to engage in a particular business." Tex. Occ. Code §55.001(3). Chapter 55 includes an expedited license application procedure for certain previously licensed individuals and authorizes certain individuals licensed in other states to engage in licensed occupations in Texas.

HB 5629, which the Texas Legislature passed in 2025, amends various provisions in Chapter 55. Specifically, HB 5629 revises language in Texas Occupations Code, §55.004, on issuing a license to a service member, veteran, or spouse holding a license issued by another state. HB 5629 also amends Texas Occupations Code, §55.0041, to specify documentation required for a service member or spouse to obtain an authorization to practice in Texas based on holding a license in another state. In addition, HB 5629 adds new Texas Occupations Code, §55.0042, describing how a state agency determines whether a person is "in good standing" with another state's licensing authority. Finally, HB 5629 amends Texas Occupations Code, §55.005, to specify a 10-business-day period for issuing a license to an applicant who qualifies under Texas Occupations Code, §55.004. HB 5629 was approved by the governor and went into effect on September 1, 2025.

SB 1818, which the Texas Legislature passed in 2025, also amends Chapter 55. Specifically, SB 1818 amends Texas Occupations Code, §55.004 and §55.0041, to describe circumstances where an agency issues a provisional license and the duration of a provisional license. SB 1818 was

approved by the governor and went into effect on September 1, 2025.

Adopted amendments to §2.108 implement the statutory amendments from HB 5629 and SB 1818 for RMLOs licensed by the OCCC. Amendments to §2.108(b) clarify that the term "in good standing" has the meaning provided by Texas Occupations Code, §55.0042 (a new statutory section added by HB 5629). Amendments to §2.108(d) specify the expedited licensing procedure under Texas Occupations Code, §55.004 and §55.005 (as amended by HB 5629 and SB 1818). Finally, amendments to §2.108(e) specify the recognition of out-of-state under Texas Occupations Code, §55.0041 (as amended by HB 5629 and SB 1818). This includes HB 5629's technical changes and SB 1818's changes related to provisional licenses. Other clarifying amendments throughout §2.108 improve the section's structure and readability.

The rule amendments are adopted under Texas Occupations Code, §55.004 and §55.0041 (as amended by HB 5629 and SB 1818), which authorize a state agency to adopt rules implementing requirements of Texas Occupations Code, Chapter 55. The rule amendments are also adopted under Section 7 of HB 5629, which authorizes a state agency to adopt or modify rules to implement HB 5629's changes, and Section 3 of SB 1818, which authorizes a state agency to adopt rules to implement SB 1818's changes. In addition, Texas Finance Code, §180.004 authorizes the commission to implement rules to comply with Texas Finance Code, Chapter 180.

The statutory provisions affected by the adoption are contained in Texas Occupations Code, Chapter 55 and Texas Finance Code, Chapter 180.

§2.108. Military Licensing

(a) Purpose. The purpose of this section is to specify residential mortgage loan originator licensing requirements for military service members, military veterans, and military spouses, in accordance with Texas Occupations Code, Chapter 55.

(b) Definitions. In this section: ~~[-the terms "military service member," "military spouse," and "military veteran" have the meanings provided by Texas Occupations Code, §55.001.]~~

(1) The terms "military service member," "military spouse," and "military veteran" have the meanings provided by Texas Occupations Code, §55.001.

(2) The term "in good standing" has the meaning provided by Texas Occupations Code, §55.0042.

(c) Late renewal. As provided by Texas Occupations Code, §55.002, an individual is exempt from any increased fee or other penalty for failing to renew a residential mortgage loan originator license in a timely manner, if the individual establishes to the satisfaction of the OCCC that the individual failed to renew the license in a timely manner because the individual was serving as a military service member.

(d) Expedited license procedure under ~~[-As provided by]~~ Texas Occupations Code, §55.004 and §55.005. ~~[-no later than the 30th day after the OCCC receives a complete residential mortgage loan originator license application from a qualifying applicant who is a military service member, military veteran, or military spouse, the OCCC will~~

~~process the application and issue a license to the applicant, if the applicant:]~~

~~(1) The expedited license procedure in this subsection applies to a qualifying applicant who is a military service member, military veteran, or military spouse, if the applicant: [holds a current license in another jurisdiction as a residential mortgage loan originator in accordance with the S.A.F.E. Mortgage Licensing Act, 12 U.S.C. §§5101-5117; or]~~

~~(A) holds a current license in good standing in another state as a residential mortgage loan originator in accordance with the S.A.F.E. Mortgage Licensing Act, 12 U.S.C. §§5101-5117; or~~

~~(B) held a residential mortgage loan originator license in Texas within the five years preceding the application date.~~

~~(2) After the OCCC receives a complete license application from a qualifying applicant under Texas Occupations Code, §55.004 and this subsection, the OCCC will promptly issue a provisional license to the applicant or issue the license for which the applicant applies. A provisional license expires on the earlier of: [held a residential mortgage loan originator license in Texas within the five years preceding the application date.]~~

~~(A) the date the OCCC approves or denies the application; or~~

~~(B) the 180th day after the date the provisional license is issued.~~

~~(3) Not later than the 10th day after the OCCC receives a complete license application from a qualifying applicant under Texas Occupations Code, §55.004 and this~~

subsection, the OCCC will process the application and either:

(A) approve the license application and issue a license to the applicant; or

(B) if the applicant does not meet the eligibility requirements for a license under Texas Finance Code, Chapter 180, deny the license application or send a notice of intent to deny the application.

(e) Recognition of out-of-state license [Authorization] for military service member or [members and] military spouse [spouses] under Texas Occupations Code, §55.0041.

(1) As provided by Texas Occupations Code, §55.0041, a military service member or military spouse may engage in business as a residential mortgage loan originator if the member or spouse is currently licensed in good standing in another state [jurisdiction] as a residential mortgage loan originator in accordance with the S.A.F.E. Mortgage Licensing Act, 12 U.S.C. §§5101-5117.

(2) Before engaging in business in Texas, the military service member or military spouse must comply with the notification requirements described by Texas Occupations Code, §55.0041(b). If the member or spouse does not obtain a residential mortgage loan originator license in Texas, then the member or spouse is limited to the time period described by Texas Occupations Code, §55.0041(d)-(d-1).

(3) After the OCCC receives the information required by Texas Occupations Code, §55.0041(b) from a qualifying applicant, the OCCC will promptly send a notification under subsection (e)(4) of this

section or issue a provisional license to the applicant. A provisional license expires on the earlier of:

(A) the date the OCCC sends a notification under subsection (e)(4) of this section; or

(B) the 180th day after the date the provisional license is issued.

(4) Not later than the 10th business day after the date the OCCC receives the information required by Texas Occupations Code, §55.0041(b) from a qualifying applicant, the OCCC will notify the applicant that:

(A) the OCCC recognizes the applicant's out-of-state license;

(B) the application is incomplete;
or

(C) the OCCC is unable to recognize the applicant's out-of-state license because the OCCC does not issue a license similar in scope of practice to the applicant's license.

(5) [(3)] For purposes of this subsection and Texas Occupations Code, §55.0041, a residential mortgage loan originator license issued in another state [jurisdiction] is similar in scope of practice [substantially equivalent] to a Texas residential mortgage loan originator license if it is issued in accordance with the S.A.F.E. Mortgage Licensing Act, 12 U.S.C. §§5101-5117. The OCCC will verify a license issued in another state [jurisdiction] through NMLS. [The OCCC will review available information in NMLS no later than the 30th day after the military service member or military spouse submits the information

~~required by Texas Occupations Code, §55.0041(b)(1)-(2)].~~

(f) Credit toward licensing requirements. As provided by Texas Occupations Code, §55.007, with respect to an applicant who is a military service member or military veteran, the OCCC will credit verified military service, training, or education toward the licensing requirements, other than an examination requirement, for a residential mortgage loan originator license, by considering the service, training, or education as part of the applicant's employment history.

Certification

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Issued in Austin, Texas on October 24, 2025.

Matthew J. Nance
General Counsel
Office of Consumer Credit Commissioner

C. OFFICE OF CONSUMER CREDIT COMMISSIONER

4. Discussion of and Possible Vote to Take Action on the Adoption of Amendments in 7 TAC, Part 5, Chapter 85, Subchapter A, Concerning Rules of Operation for Pawnshops

PURPOSE: The purpose of the rule changes to 7 TAC Chapter 85 is to specify pawnshop employee licensing requirements for military service members, military veterans, and military spouses, in accordance with Chapter 55 of the Texas Occupations Code, as amended by HB 5629 and SB 1818 (2025).

RECOMMENDED ACTION: The OCCC requests that the Finance Commission approve the adoption of amendments to 7 TAC Chapter 85.

RECOMMENDED MOTION: I move that the Finance Commission approve the adoption of the amendments to 7 TAC Chapter 85.

Title 7, Texas Administrative Code
Part 5. Office of Consumer Credit Commissioner
Chapter 85. Pawnshops and Crafted Precious Metal Dealers
Subchapter A. Rules of Operation for Pawnshops
Division 3. Pawnshop Employee License

The Finance Commission of Texas (commission) adopts amendments to §85.309 (relating to Military Licensing) in 7 TAC Chapter 85, Subchapter A, concerning Rules of Operation for Pawnshops.

The commission adopts the amendments to §85.309 without changes to the proposed text as published in the August 29, 2025, issue of the *Texas Register* (50 TexReg 5517).

The commission did not receive any official comments on the proposed amendments.

The rules in 7 TAC Chapter 85, Subchapter A govern pawnshops and pawnshop employees licensed by the Office of Consumer Credit Commissioner (OCCC) under Texas Finance Code, Chapter 371. In general, the purpose of the adopted rule changes is to specify pawnshop employee licensing requirements for military service members, military veterans, and military spouses, in accordance with Chapter 55 of the Texas Occupations Code, as amended by HB 5629 and SB 1818 (2025).

The OCCC distributed an early precomment draft of proposed changes to interested stakeholders for review. The OCCC received an informal precomment from an association of pawnbrokers supporting the proposed changes. The OCCC appreciates the thoughtful input of stakeholders.

Chapter 55 of the Texas Occupations Code describes licensing requirements for military service members, military veterans, and military spouses. Chapter 55 applies to

licenses that "must be obtained by an individual to engage in a particular business." Tex. Occ. Code §55.001(3). Chapter 55 includes an expedited license application procedure for certain previously licensed individuals and authorizes certain individuals licensed in other states to engage in licensed occupations in Texas.

HB 5629, which the Texas Legislature passed in 2025, amends various provisions in Chapter 55. Specifically, HB 5629 revises language in Texas Occupations Code, §55.004, on issuing a license to a service member, veteran, or spouse holding a license issued by another state. HB 5629 also amends Texas Occupations Code, §55.0041, to specify documentation required for a service member or spouse to obtain an authorization to practice in Texas based on holding a license in another state. In addition, HB 5629 adds new Texas Occupations Code, §55.0042, describing how a state agency determines whether a person is "in good standing" with another state's licensing authority. Finally, HB 5629 amends Texas Occupations Code, §55.005, to specify a 10-business-day period for issuing a license to an applicant who qualifies under Texas Occupations Code, §55.004. HB 5629 was approved by the governor and went into effect on September 1, 2025.

SB 1818, which the Texas Legislature passed in 2025, also amends Chapter 55. Specifically, SB 1818 amends Texas Occupations Code, §55.004 and §55.0041, to describe circumstances where an agency issues a provisional license and the duration

of a provisional license. SB 1818 was approved by the governor and went into effect on September 1, 2025.

Adopted amendments to §85.309 implement the statutory amendments from HB 5629 and SB 1818 for pawnshop employees licensed by the OCCC. Amendments to §85.309(b) clarify that the term "in good standing" has the meaning provided by Texas Occupations Code, §55.0042 (a new statutory section added by HB 5629). Amendments to §85.309(d) specify the expedited licensing procedure under Texas Occupations Code, §55.004 and §55.005 (as amended by HB 5629 and SB 1818). Finally, amendments to §85.309(e) specify the recognition of out-of-state under Texas Occupations Code, §55.0041 (as amended by HB 5629 and SB 1818). This includes HB 5629's technical changes and SB 1818's changes related to provisional licenses. Other clarifying amendments throughout §85.309 improve the section's structure and readability.

The rule amendments are adopted under Texas Occupations Code, §55.004 and §55.0041 (as amended by HB 5629 and SB 1818), which authorize a state agency to adopt rules implementing requirements of Texas Occupations Code, Chapter 55. The rule amendments are also adopted under Section 7 of HB 5629, which authorizes a state agency to adopt or modify rules to implement HB 5629's changes, and Section 3 of SB 1818, which authorizes a state agency to adopt rules to implement SB 1818's changes. The rule amendments are also adopted under Texas Finance Code, §371.006, which authorizes the commission to adopt rules to enforce Texas Finance Code, Chapter 371. In addition, Texas Finance Code, §11.304 authorizes the commission to adopt rules necessary to supervise the OCCC

and ensure compliance with Texas Finance Code, Chapter 14 and Title 4.

The statutory provisions affected by the adoption are contained in Texas Occupations Code, Chapter 55 and Texas Finance Code, Chapter 371.

§85.309. Military Licensing

(a) Purpose and scope. The purpose of this section is to specify pawnshop employee licensing requirements for military service members, military veterans, and military spouses, in accordance with Texas Occupations Code, Chapter 55. This section applies only to employees of pawnbrokers that participate in the pawnshop employee license program.

(b) Definitions. In this section: ~~the terms "military service member," "military spouse," and "military veteran" have the meanings provided by Texas Occupations Code, §55.001.~~

(1) The terms "military service member," "military spouse," and "military veteran" have the meanings provided by Texas Occupations Code, §55.001.

(2) The term "in good standing" has the meaning provided by Texas Occupations Code, §55.0042.

(c) Late renewal. As provided by Texas Occupations Code, §55.002, an individual is exempt from any increased fee or other penalty for failing to renew a pawnshop employee in a timely manner, if the individual establishes to the satisfaction of the OCCC that the individual failed to renew the license in a timely manner because the individual was serving as a military service member.

(d) Expedited license procedure under ~~As provided by~~ Texas Occupations Code, §55.004 and §55.005. ~~[no later than the 30th day after the OCCC receives a complete pawnshop employee license application from a qualifying applicant who is a military service member, military veteran, or military spouse, the OCCC will process the application and issue a license to the applicant, if the applicant:]~~

(1) The expedited license procedure in this subsection applies to a qualifying applicant who is a military service member, military veteran, or military spouse, if the applicant: ~~[holds a current license in another jurisdiction that has licensing requirements that are substantially equivalent to the requirements for a pawnshop employee license in Texas; or]~~

(A) holds a current license in good standing in another state as a pawnshop employee; or

(B) held a pawnshop employee license in Texas within the five years preceding the application date.

(2) After the OCCC receives a complete license application from a qualifying applicant under Texas Occupations Code, §55.004 and this subsection, the OCCC will promptly issue a provisional license to the applicant or issue the license for which the applicant applies. A provisional license expires on the earlier of: ~~[held a pawnshop employee license in Texas within the five years preceding the application date.]~~

(A) the date the OCCC approves or denies the application; or

(B) the 180th day after the date the provisional license is issued.

(3) Not later than the 10th day after the OCCC receives a complete license application from a qualifying applicant under Texas Occupations Code, §55.004 and this subsection, the OCCC will process the application and either:

(A) approve the license application and issue a license to the applicant; or

(B) if the applicant does not meet the eligibility requirements for a pawnshop employee license under Texas Finance Code, Chapter 371, deny the license application or send a notice of intent to deny the application.

(e) Recognition of out-of-state license [Authorization] for military service member or [members and] military spouse [spouses] under Texas Occupations Code, §55.0041.

(1) As provided by Texas Occupations Code, §55.0041, a military service member or military spouse may engage in business as a pawnshop employee if the member or spouse holds a current license issued by another state that is similar in scope of practice to the Texas pawnshop employee license and is in good standing with that state's licensing authority ~~[is currently licensed in good standing in another jurisdiction that has licensing requirements that are substantially equivalent to the requirements for a pawnshop employee license in Texas].~~

(2) Before engaging in business in Texas, the military service member or military spouse must comply with the notification requirements described by Texas Occupations Code, §55.0041(b), and must

notify the OCCC of the state [jurisdiction] where the member or [military] spouse is licensed and how the license can be verified. If the member or spouse does not obtain a pawnshop employee license in Texas, then the member or spouse is limited to the time period described by Texas Occupations Code, §55.0041(d)-(d-1).

(3) After the OCCC receives the information required by Texas Occupations Code, §55.0041(b) from a qualifying applicant, the OCCC will promptly send a notification under subsection (e)(4) of this section or issue a provisional license to the applicant. A provisional license expires on the earlier of:

(A) the date the OCCC sends a notification under subsection (e)(4) of this section; or

(B) the 180th day after the date the provisional license is issued.

(4) Not later than the 10th business day after the date the OCCC receives the information required by Texas Occupations Code, §55.0041(b) from a qualifying applicant, the OCCC will notify the applicant that:

(A) the OCCC recognizes the applicant's out-of-state license;

(B) the application is incomplete;
or

(C) the OCCC is unable to recognize the applicant's out-of-state license because the OCCC does not issue a license similar in scope of practice to the applicant's license.

(5) [(3)] For purposes of this section and Texas Occupations Code, §55.0041, the OCCC will determine whether another state's license is similar in scope of practice to the Texas pawnshop employee license [the other jurisdiction's licensing requirements are substantially similar to Texas's] by reviewing the applicable legal requirements that a license holder must comply with in the other state [jurisdiction], as well as the application review process in the other state [jurisdiction]. The OCCC will verify a license issued in another state [jurisdiction] by requesting records from the appropriate licensing authority. [The OCCC will send a request for records to the appropriate licensing authority no later than the 30th day after the military service member or military spouse submits the information required by Texas Occupations Code, §55.0041(b)(1)-(2)].

(f) Credit toward licensing requirements. As provided by Texas Occupations Code, §55.007, with respect to an applicant who is a military service member or military veteran, the OCCC will credit verified military service, training, or education toward the licensing requirements for a pawnshop employee license, by considering the service, training, or education as part of the applicant's employment history.

Certification

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Issued in Austin, Texas on October 24, 2025.

Matthew J. Nance
General Counsel
Office of Consumer Credit Commissioner

C. OFFICE OF CONSUMER CREDIT COMMISSIONER

5. Discussion of and Possible Vote to Take Action on the Readoption of 7 TAC, Chapter 89, Concerning Property Tax Lenders, Resulting from Rule Review

PURPOSE: Pursuant to Texas Government Code, §2001.039, the OCCC has completed the review of 7 TAC Chapter 89, and believes that the reasons for initially adopting the rules contained in this chapter continue to exist.

RECOMMENDED ACTION: The OCCC requests that the Finance Commission readopt 7 TAC Chapter 89 following rule review, because the reasons for the rules continue to exist.

RECOMMENDED MOTION: I move that the Finance Commission readopt 7 TAC Chapter 89 following rule review, because the reasons for the rules continue to exist.

Title 7. Banking and Securities

Part 5. Office of Consumer Credit Commissioner

Chapter 89. Property Tax Lenders

The Finance Commission of Texas (commission) has completed the rule review of Texas Administrative Code, Title 7, Part 5, Chapter 89, concerning Property Tax Lenders, in its entirety. The rule review was conducted under Texas Government Code, §2001.039.

Notice of the review of 7 TAC Chapter 89 was published in the August 1, 2025, issue of the *Texas Register* (50 TexReg 5069). The commission received one official comment in response to that notice.

Before publishing notice of the review in the *Texas Register*, the OCCC issued an advance notice of rule review, requesting informal comments from stakeholders on the review of 7 TAC Chapter 89. The OCCC received three informal comments.

The first informal comment was submitted by an association of property tax lenders. In its comment, the association recommends amending 7 TAC §89.602 (relating to Fee for Filing Release) to adjust the maximum fee for releasing a lien on a property tax loan. Currently, §89.602 provides an overall maximum lien release fee of \$110, which may include actual costs charged by a county clerk, the actual cost of certain attorney's fees, and an administrative fee up to \$35 for services performed by the property tax lender. The association recommends adjusting the overall maximum to \$175 and adjusting the administrative fee to \$75, based on inflation and rising administrative costs. The OCCC and the commission disagree with the suggestion to amend §89.602, because lien release should be a relatively routine process (which many lenders and financial institutions perform with no charge). The OCCC and the commission have not received sufficient information to support raising the maximum lien release fee at this time.

The second informal comment was submitted by an association of independent Texas community banks. The association expresses general support for maintaining strict enforcement of existing regulatory requirements for property tax lenders.

The third informal comment was submitted by a property tax lender and was later incorporated into an official comment filed by the lender, as discussed in the next paragraph.

In response to the notice of the review published in the *Texas Register*, the commission received one official comment, which was submitted by Panacea Lending LLC, a property tax lender. Panacea Lending's official comment comprises a written comment (which incorporated the company's earlier informal comment and supplemental information) and testimony at the commission's meeting on August 15, 2025. Panacea Lending's official comment makes eight recommendations for amendments to the rules in 7 TAC Chapter 89.

First, the official comment recommends mandatory compliance procedures for property tax lenders to conduct yearly internal reviews of residential property tax loans to determine whether borrowers are subject to homestead exemptions for being older than 65 or having a disability, and

a requirement that property tax lenders send notices to borrowers who are subject to exemptions, with the notice confirming the exemption or deferment and explaining how the property owner may apply for it. In a supplement to the original comment, the commenter suggests requiring additional documents at closing, as well as a disclosure to be read aloud to the borrower by a notary, asking about disabilities and whether the borrower is the surviving spouse of a first responder, as well as a required disclosure to be provided when a property tax lender is prohibited from making a loan. The comment cites Texas Attorney General Opinion No. GA-0787 (2010), in which the attorney general found that the Texas Tax Code prohibits a property tax lender from foreclosing on a property owner who has attained the age of 65 and filed a deferment of taxes. Although the Tax Code's foreclosure requirements and prohibitions are an important compliance issue for property tax lenders, the commission and the OCCC disagree with the rule amendments proposed in the official comment. The suggested amendments go significantly beyond the Tax Code's statutory requirements, may require property tax lenders to provide legal advice to borrowers, and may not be possible to fully implement in practice. For example, it is unclear how a property tax lender can determine, from a review of its files, whether a borrower currently has a disability making the borrower eligible for a deferment or exemption. Some of the disclosures described in the comment may be a prudent business practice for property tax lenders, but the prescriptive nature of the suggested disclosures goes beyond the intended scope of the rules in 7 TAC Chapter 89.

Second, the official comment recommends amending advertising rules to require the word "lender" to appear on all marketing pieces. The rule at 7 TAC §89.208 (relating to Advertising) already prohibits false, deceptive, or misleading advertising; requires disclosure of the name of the property tax lender; and prohibits advertisements resembling government documents, among other advertising requirements. The rule at 7 TAC §89.507 (relating to Permissible Changes) allows property tax lenders to revise disclosures to use the term "transferee" for "property tax lender," and to use the term "tax lien transfer" for "property tax loan." The commission and the OCCC believe that the official comment's suggested change requiring the word "lender" is unnecessary, given the existing advertising requirements and the alternative terminology for the transaction used in Texas Tax Code, Chapter 32.

Third, the official comment recommends amending 7 TAC §89.601 (relating to Fees for Closing Costs) to adjust the maximum closing costs for a residential property tax loan. Currently, 7 TAC §89.601 provides a general maximum of \$900 for closing costs, plus up to \$100 for each additional parcel of property past the first parcel, plus reasonable fees for certain direct costs to address title defects. The official comment recommends adjusting the maximum to \$1,500, indexed annually to inflation using the Consumer Price Index, based on increased costs of staffing, technology, and insurance. The commission and the OCCC recognize that certain costs have increased for lenders. However, the commission and the OCCC believe that the \$900 maximum (plus additional amounts for certain transaction) remains a fair maximum for lenders in relation to typical residential property tax loan amounts (which averaged \$21,399 in calendar year 2024). The commission and the OCCC have not received sufficient information to support raising the maximum closing costs at this time.

Fourth, the official comment recommends adding a requirement for a property tax lender to obtain a signed loan application, and to provide a nonbinding pre-closing disclosure with a 48-hour waiting period for the property tax loan to be closed. Regarding the loan application, the commission and the OCCC believe that this requirement is unnecessary, because the recordkeeping rule at 7 TAC §89.207(3)(A)(ii) (relating to Files and Records Required) already requires property tax lenders to maintain a transaction file that include the application and any written or recorded information used in evaluating the application. Regarding a nonbinding pre-closing disclosure and 48-hour waiting period, the commission and the OCCC believe that the comment's suggested changes go beyond statutory requirements and the intended scope of the rules. Property tax loans are already subject to pre-closing disclosure requirements under Texas Tax Code, §32.06(a-4)(1) and 7 TAC §89.504 (relating to Requirements for Disclosure Statement to Property Owner), and residential property tax loans are already subject to a three-day right of rescission under Texas Tax Code, §32.06(d-1).

Fifth, the official comment suggests amending the rule at 7 TAC §89.802 (regarding Payoff Statements) for payoff statements that a property tax lender provides to certain lienholders. The comment suggests adding information about delinquent payments, late fees, and tax deferrals, in order to ensure that borrowers are informed about these items. In a separate proposal in this issue of the *Texas Register*, the commission is proposing changes related to payoffs authorized by borrowers. However, the commission and the OCCC disagree with the comment's particular suggested changes to 7 TAC §89.802, because the payoff statements under that rule are primarily provided to other lienholders and would not achieve the intended effect of informing borrowers.

Sixth, the official comment suggests that trade organizations should be required to publicly disclose their meetings with the OCCC 60 days in advance. The comment also suggests that within 10 business days after a meeting with the OCCC, a trade organization should be required to disclose the date, time, and location of the meeting; the name of the hosting organization or sponsor; names and titles of all OCCC personnel in attendance; names and titles of property tax lenders' representatives in attendance; agenda topics or discussion summaries; copies of presentation slides shared by or with the OCCC; names of industry presenters; and a summary that clearly states each topic discussion. The comment argues that this is necessary to address "unequal access" and a "perception of bias." The commission and the OCCC disagree with this suggestion. The OCCC fully complies with government transparency requirements and strives to follow an open process that makes rules and guidance available to stakeholders. The OCCC generally meets with stakeholders on request, whether or not they are connected to a trade association. The comment's suggestions would unnecessarily impair the OCCC's communications with stakeholders and inappropriately single out trade associations as opposed to other stakeholders.

Seventh, the official comment suggests adding requirements regarding borrower payoff authorizations and related requirements. In response to this suggestion, as well as other feedback from stakeholders on payoff requests authorized by borrowers, the commission is separately proposing rule changes to 7 TAC Chapter 89 elsewhere in this issue of the *Texas Register*.

Eighth, the official comment suggests amending pre-closing disclosure requirements so that the requirements are uniform for residential property tax loans and commercial property tax loans,

requiring commercial property tax lenders to disclose an NMLS ID number and additional loan calculations. Currently, the rule at 7 TAC §89.506 (relating to Disclosures) provides distinct pre-closing disclosure forms for residential and commercial property tax loans. The commission and the OCCC disagree with the comment's suggestion to merge the disclosures and require commercial lenders to provide residential disclosures. There are significant differences between residential property tax loans and commercial property tax loans, and these differences warrant distinct disclosures. For example, residential property tax loans are subject to Texas Finance Code, Chapter 180, which requires the individual residential mortgage loan originator to hold a license in NMLS, while commercial property tax loans are not subject to this requirement (meaning the individual originator of a commercial property tax loan might not have an NMLS ID). Also, under Texas Finance Code §351.0021, a prepayment penalty is authorized for commercial property tax loans but not residential property tax loans, and this distinction is reflected in the disclosures at 7 TAC §89.506.

The commission believes that the reasons for initially adopting the rules contained in this chapter continue to exist. As a result of the rule review, the commission finds that the reasons for initially adopting the rules in 7 TAC Chapter 89 continue to exist, and readopts this chapter in accordance with the requirements of Texas Government Code, §2001.039.

From: Andre Cardenas <andre@panacealending.com>
Sent: Sunday, August 31, 2025 10:16 AM
To: Matthew Nance
Cc: rule_comments
Subject: UPDATED RULE Review - Texas Admin Code, title 7, Chapter 89 - Property Tax Lender
Attachments: PL - Rule Recommendations - 2025.pdf

Importance: High

EXTERNAL MAIL

This email originated outside of the Office of Consumer Credit Commissioner.
Please exercise caution when clicking on links or opening attachments.

Mr. Nance,

Today marks the last day to submit other rule review's. I've amended a few of rules already submitted. Please include these as well.

I want to amend rule 1 over 65 and internal review. Currently we asked that an internal audit begin in Mar. Amend to add begin audit on the effective date these rules go into effect and

1. Add 2 documents at closing and the 1st page for NOTARY to read out loud asking borrower these questions. Notary must sign and notarize after irregardless of the answer.
 - a. Are you or your spouse receiving social security because of a disability
 - b. Are you or your spouse receiving VA benefits because of a disability
 - c. Are you a surviving spouse of a first responder whom passed away while on duty?

If the borrower answers in the affirmative, notary is required to NOTARIZE that document and stop the closing. Notary is to then read the following statement out loud.

PURPOSE – is to ensure that the lender did indeed ask at time of origination the and Notary risks their own license if they do not follow the instructions. This also covers any potential gaps allowing lender to continue to wright these prohibited loans.

“Borrower name based on your answer you are eligible for a tax deferral under the law. I’m stoping this loan because LENDER NAME is prohibited from writing this loan which they should have told you at the time of your application.

If you currently have a loan with LENDER NAME you are also eligible for a Tax Defferal on this loan. Upon completion of your Tax Defferal, ensure you get proof of receipt from the Appraisal District and email it to your current lender. They are required to reduce your current rate to 5% upon receipt and based on the effective date of that letter.

You should call your appraisal district advise them of the answers you said yes to a moment ago. You are eligible for other exemptions that protect you under Texas Law including Tax Defferal. Or something to that affect. “

1 notaried for the borrower to keep and the other to send back to the lender.

2. I want to amend what we stated about internal audit and instead require an immediate review of records on the effective date of this rule change followed by the next review as stated.
3. Amend this rule to require the OCCC to add this into their audit procedures

Panacea might be able to provide the thousands of families that are affected by this.

RULE 5

change line *If the loan is currently delinquent* **or defaulted rate...**

also add

g. default - YES OR NO

NEW RULE

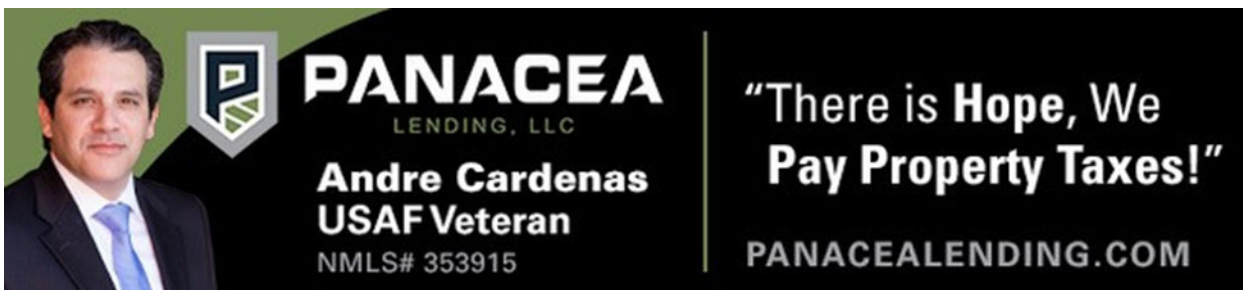
9. Lenders are NOT currently required to ask at time of Origination/refi if the subject property is their primary residence. Instead they rely on the license provided at some point. Lenders shall be required to ask if this property is their primary residence. If borrower answers in the affirmative then they must also ask about exemptions as well.

I believe they should be required to ask them “is this your primary residence”. Not asking this allows the lender to change the fees as investment when infact it should have been charged as primary. Just because their license has a different address does not change the homestead fact. Borrower can simply get that updated at some point but the lender should only charge the primary resident fees. Any lender can simply pre load the NON homestead affidavit and the customer will sign it.

If you wish to discuss this part or any other please set up a meeting with Panacea.

Please respond that you have received and accepted this as part of the rule review.

Thank you in advance



PANACEA
LENDING, LLC

Andre Cardenas
USAF Veteran
NMLS# 353915

**“There is Hope, We
Pay Property Taxes!”**

PANACEALENDING.COM

F | 210.634.2676
andre@panacealending.com

From: Andre Cardenas
Sent: Thursday, July 31, 2025 4:55 PM
To: matthew.nance@occc.texas.gov
Cc: rule.comments@occc.texas.gov; Nathan Corbett <ncorbett@talonlegal.com>; Andy Moon <amoon@talonlegal.com>
Subject: FW: RULE Review - Texas Admin Code, title 7, Chapter 89 - Property Tax Lender

Mr. Nance,

I did not receive proof of delivery from the email address provided on your website for today Rule Review. I'm forwarding to you to ensure it's delivery to the proper address or whom needs this in your office.

Please confirm receipt of my email and that you can open and read my Rule Review submitted.

Thank you.



P | 844.829.4673
F | 210.634.2676
andre@panacealending.com

From: Andre Cardenas
Sent: Thursday, July 31, 2025 4:32 PM
To: rule.comments@occc.texas.gov
Cc: Nathan Corbett <ncorbett@talonlegal.com>; Andy Moon <amoon@talonlegal.com>
Subject: RULE Review - Texas Admin Code, title 7, Chapter 89 - Property Tax Lender

Please respond that you have received my email with attachment to proposed rule changes and that you can open it.

Thank you in advance

Andre Cardenas



PANACEA
LENDING, LLC

Andre Cardenas
USAF Veteran
NMLS# 353915

**"There is Hope, We
Pay Property Taxes!"**

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7/31/2025

Sent Via E-mail

Office of Consumer Credit Commissioner
rule.comments@occc.texas.gov

Re: Suggested Rule Revisions and Additions to Title 7, Chapter 89 of the Texas Administrative Code

Dear Commissioner Pettijohn,

In response to the Texas Office of Consumer Credit Commissioner's invitation for stakeholder input on potential adjustments to the rules governing Property Tax Lenders, I respectfully submit the following recommendations. These proposals are based on more than 15 years of direct experience in property tax lending and over two decades in the mortgage industry. They are rooted in a deep commitment to ensuring that every hardworking Texas homeowner is served by a lending system grounded in fairness, transparency, and trust.

RULE RECOMMENDATION #1

Mandatory Compliance Procedures for Borrowers Eligible for Property Tax Deferral Due to Age or Disability

I recommend an amendment to the Texas Administrative Code to protect vulnerable Texas property owners—particularly those over 65 or with qualifying disabilities—from predatory or non-compliant lending practices. The current rules under Chapter 89 fail to impose adequate safeguards or enforcement mechanisms that honor existing legal rights to property tax deferral, including those recognized in Texas Attorney General Opinion GA-0787 citing Texas Tax Code 33.06.

This omission has allowed property tax lenders to originate and service loans in violation of the spirit and substance of Texas law, frequently burdening elderly and disabled homeowners with debt they are legally entitled to defer—often without disclosure of those rights.

Recommended language addition I would suggest would be as follows:

Title 7 Texas Admin Code § 89.508

Servicing/Origination of Residential Property Tax Loans

1. *At time of Origination, shall ask borrower if they currently qualify or receive a qualifying exemption under 33.06.*
2. *On or before March 31 of each year all licensed property tax lenders must conduct an internal review of each residential property tax loan for secured properties that are subject to (1) an Over-65 Homestead Exemption, (2) a Disabled Person Exemption; or (3) are eligible for a tax deferral under Texas Tax Code §§ 33.06 or 33.065. If a loan with a secured property eligible for one of the enumerated exemptions above then the lender must send the borrower a notice on or before April 15 each year that the property is eligible for such exemption or deferral. Lender shall also immediately update all affected accounts by making interest rate adjustments according to law, credit any costs or fees retroactive to effective date of tax deferral from Appraisal district.*

The notice required in this rule must include:

- *Confirmation of the exemption or deferral;*
- *Confirmation of rights and protection under the law including any deferral eligibility and rate limits;*
- *Information on how to apply for an exemption or deferral; and*
- *Confirmation of current interest rate with effective date given by Appraisal district for such adjustment.*

Reasons for recommendation.

- Attorney General Opinion GA-0787 clearly affirms that borrowers with valid tax deferral exemptions are entitled to a reduced interest rate of 5% per annum.
- Many lenders currently fail to inquire or act on exemption status, leading to unlawful or predatory loan originations, defaulted rate and collection fees not authorized.
- Borrowers are often not informed of their rights under Tax Code § 33.06 and § 33.065 after closing despite the information being available in their pre-closing disclosures, I think transparency and consumer protection standards could be improved with this rule change.
- These simple rules enhance OCCC oversight, protect vulnerable Texans, and promote lawful behavior without burdening responsible lenders.

Conclusion on Rule Recommendation #1

This proposed rule closes a dangerous loophole that has been exploited at the expense of Texas seniors and persons with disabilities. It upholds transparency, compliance, and compassion for vulnerable homeowners, while aligning industry practice with established legal authority.

RULE RECOMMENDATION #2

Transparency in Property Tax Lender Marketing

I recommend an amendment to the Texas Administrative Code to address misleading advertising from failure to identify clearly that the licensed lender is in the business of making loans. Texas

law recognizes that property tax lending is a regulated financial service and must be conducted in a manner that is transparent, non-deceptive, and protective of consumers.

Despite these protections, current marketing practices by some property tax lenders are misleading by omission, particularly in direct mail solicitations. Numerous mailers appear unrelated to their service or from a neutral advisory service—when in fact they originate from for-profit lenders.

This confusion is not hypothetical; it has been well documented by:

- Consumer complaints to the OCCC and Attorney General’s office;
- Patterned marketing that omits or obscures the word “Property Tax Lender, Licensed Lender or Lending” entirely, relying instead on generic names or even logos
- Physical design of mailers that imitate official correspondence and hide key identifiers on the outside of the marketing material (like company name or NMLS number) on the reverse side—nowhere near the postage or initial point of consumer contact.

Recommended language addition I would suggest would be as follows:

Title 7 Texas Admin Code § 89.208(c)

Add the following sentence at the end of this section:

A licensed property tax lender or any party acting on its behalf must clearly and conspicuously include the term “Lender”, “Lending”, “Property Tax Lender” or “Licensed Lender” directly adjacent to its name in all advertising and marketing materials, including direct mail, print, email, and digital advertisements.

Reason for recommendations.

- Texas Finance Code § 351.002 and § 393.303 require property tax lenders to operate with full disclosure. Concealing one’s status as a “Lender” subverts this standard and invites consumer misunderstanding.
- Consumers have mistaken these solicitations for - unrelated to their service - tax notices, appraisal district offers, or government relief. This violates the spirit (and arguably the letter) of Texas Finance Code § 393.302(3), which prohibits implying anything else but a debt-related services and Tex Admin Code 89.208(d), (e) and (f).
- Adding the word “Lender”, “Lending”, “Property Tax Lender” or “Licensed Lender” next to the company name on marketing pieces imposes no material cost, yet yields massive benefits in clarity and consumer awareness.
- Mortgage and payday lending rules (e.g., TAC § 83.6002) already require plain-language disclosures of license type. Property tax lenders should meet the same standard.
- The current regulatory silence creates a loophole. Unscrupulous actors continue to exploit the visual formatting of official mail, misleading consumers to whom they are calling — without realizing the sender is a lender.

Conclusion on Rule Recommendation #2

This rule change closes a critical transparency gap and aligns OCCC oversight with consumer expectations, Texas Finance Code requirements, and ethical advertising principles. Requiring the

word “Lender”, “Lending”, “Property Tax Lender” or “Licensed Lender” to appear prominently on all marketing pieces, especially near the postage on mailers, ensures honesty, fairness, and clarity—all values that support public trust and responsible lending.

RULE RECOMMENDATION #3

Allowable Closing Costs for Residential Property Tax Loans

Texas Administrative Code §89.601(c)(3) currently set a maximum fee for closing costs at \$900.00 for loans secured by residential property as defined in §89.102(10) and I propose this amount be increased to \$1,500.00 based on compelling economic, regulatory, and fairness grounds.

Recommended language addition I would suggest would be as follows:

§89.601(c)(3): General maximum fee limit. The general maximum fee for closing costs is \$900. \$1,500, indexed annually to inflation using the Consumer Price Index (CPI) as published by the U.S. Bureau of Labor Statistics.

Reasons for recommendation.

- The \$900.00 limitation was put in place in September of 2013 which was not only 12 years ago but in a pre-pandemic era which was introduced under vastly different economic circumstances. Since that time:
- Inflation has significantly eroded purchasing power. The Consumer Price Index (CPI) has increased approximately 38% from 2013 to 2025.
- Real costs for lenders—from staffing, licensing, technology compliance (data security, disclosures), and insurance—have all increased dramatically and arguably more than CPI in general. Example: A postage stamp cost \$0.46 in 2013 and is now \$0.73 (58% increase).
- Lenders must now comply with increased data privacy, banking regulations, and electronic document standards.
- State and federal audit preparation, third-party software (e.g., DocuSign, CRM, encrypted email), and recordkeeping standards have become more stringent.
- All other goods and services are priced dynamically with inflation. Lenders, however, are arbitrarily fixed to a 2013-era cap.
- This creates an unsustainable market environment, particularly for small or rural lenders that cannot absorb cost increases without jeopardizing service quality or consumer support.
- Required "Property Tax Loan Pre-Closing Disclosure" under §89.506;
- Full loan application review;
- The ability to shop for better rates and fees.
- An increase in the cap does not compel lenders to charge more—it simply gives flexibility to responsibly recover higher operational costs while continuing to offer transparent options to borrowers.

Conclusion on Rule Recommendation #3

Raising the cap on closing costs from \$900 to \$1,500 is not just a matter of economic fairness—it is an essential update to maintain a sustainable and competitive market that continues to serve Texas homeowners responsibly. It ensures:

- Lenders can survive rising costs without cutting service quality;
- Consumers are fully informed and protected;
- OCCC enforcement remains simple and effective, with fees disclosed and itemized;
- Regulatory structure remains current and realistic in a post-pandemic economy.

This rule change strengthens—not weakens—consumer protection by aligning pricing frameworks with reality and ensuring Texas remains a state where both consumers and lenders can participate in responsible lending relationships.

RULE RECOMMENDATION #4

Mandatory Signed Application and Enhanced Disclosures for Property Tax Loans

Under current rules, property tax lenders are not required to obtain a signed loan application or nonbinding pre-closing disclosure from the borrower prior to initiating loan processing. This allows for significant regulatory gaps and borrower harm:

- Borrowers receive loan terms verbally or via non-binding mail solicitations to include email with no protection or clear written record of what was actually offered;
- Borrowers cannot shop around or compare terms because there is no consistent, signed baseline nor an actual document they can provide for proof of offer;
- Lenders can change rates or fees late in the process, without consequence;
- The OCCC has no easy way to audit whether initial quotes match final loan terms nor if disclosures were provided timely as required by rule.

Recommended language addition I would suggest would be as follows:

§ 89.209 (New Section)

Each licensee shall provide and obtain the initial offer at the time application conceived. It shall include copies of the initial offer to include preclosing disclosures as required by §89.506 duly executed by at least one proposed borrower and obtained by the borrower. 48 hours prior to the closing date and time of the loan the borrower must receive the Preclosing disclosures required under §89.506.

Reasons for recommendation.

This rule is needed to provide transparency at the time of the consumer's commitment to a loan and its terms. The current rule in §89.504 is inadequate to protect consumers and do not address the compliance intent of disclosure statements because borrowers can sign at closing that they have received the disclosures but they do not feel they have an option at this point and they have already progressed to the point of execution to resolve their taxes.

This protects consumers and prevents high pressure sales, bait-and-switch tactics, and misunderstandings. This would also allow borrowers to shop freely and creates a written reference point that can't be manipulated post-signature. This rule would also promote lenders to honor the quoted rates initially provided to the consumer.

Finally, this rule creates an immediate and verifiable paper trail that makes it simple for the OCCC to audit lender compliance, without guesswork or subjectivity.

Conclusion on Rule Recommendation #4

This rule change is low-cost, high-impact, and enforcement-ready. It strengthens transparency in property tax lending, helps borrowers make informed decisions, and gives the OCCC a clear and efficient tool to monitor and enforce compliance.

I respectfully urge the OCCC to initiate a rulemaking process to adopt this proposed addition. I would welcome the opportunity to assist with language refinement, stakeholder engagement, or public comment coordination.

RULE RECOMMENDATION #5

Required Transparency in Payoff Statements

When providing a payoff statement, property tax lenders are not required to include in the payoff clearly labeled and transparent data regarding delinquency information or information relevant to delinquency. Failure to provide such information does not give the consumer full information or the current status of their loan regarding current applied interest rate or unknown risks and penalties.

Recommended language addition I would suggest would be as follows:

§89.802(c)(14)

If the loan is currently delinquent, the payoff statement shall additionally include:

- (A) Date of Last Payment Received*
- (B) Number of Days Past Due*
- (C) Total Accrued Late Fees*
- (D) Current applicable Interest Rate*
- (E) Deferred Interest (if any)*
- (F) Tax deferral effective date*

Reasons for recommendation.

In my daily communications with consumers there is a constant confusion as to the state of their current loan. Without adding these additional payoff statement disclosures the consumer cannot effectively understand their current situation and make proper decisions for themselves and their families. This would provide better transparency for consumers and their legal or financial advisors. This rule aligns with consumer rights to review, understand, and correct their payoff amount, late fee status, or inquire about alternatives (such as tax deferral if applicable).

Conclusion on Rule Recommendation #5

This rule change requires lenders to simply provide data they already have readily available. It greatly improves consumer education, which is essential to allow borrowers make informed decisions. The promulgated form would also need to be added in §89.803.

RULE RECOMMENDATION #6

Disclosure of OCCC Participation in Trade Association and Industry Group Meetings Involving Property Tax Lenders

The Texas Office of Consumer Credit Commissioner (OCCC) regularly participates in meetings and conferences hosted by trade associations, including the Texas Property Tax Lienholders Association (TPTLA) — a private industry group that includes licensed property tax lenders. However, the OCCC does not currently disclose when these meetings occur, what is discussed, who attends, or whether materials are distributed that may influence regulatory compliance, interpretation, or enforcement under Chapter 89. This lack of transparency raises several concerns:

- Unequal access: Only select licensees (those affiliated with trade groups) receive information or guidance from OCCC appearances or remarks.
- Perception of bias: Unreported interactions between a regulator and industry trade groups create the appearance of regulatory capture.
- Lack of stakeholder fairness: Other licensed property tax lenders or consumer advocates may be unaware of rule changes or enforcement focus discussed privately.
- Regulatory imbalance: Information shared by OCCC staff in these settings may affect operations or compliance decisions by some lenders while others are left uninformed.

To ensure transparency, equity, and confidence in regulatory integrity, we propose a new rule requiring disclosure of OCCC participation in any industry group events or meetings where regulated licensees are present, and where matters affecting rules, consumer protections, or enforcement are discussed.

Recommended language addition I would suggest would be as follows:

§89.209 – Disclosure of Industry Group Participation

(a) Planned Meeting Disclosure Requirement.

Any trade organization or trade organizations agents which meets for any reason with The Office of Consumer Credit Commissioner (OCCC) personnel must publish notice of such meeting no later than 60 days prior to such planned meeting. Required notice must be made clearly and conspicuously on the home page of such trade organization.

(b) Post Meeting Disclosure Requirement.

Any trade organization or trade organizations agents which meets for any reason with The Office of Consumer Credit Commissioner (OCCC) personnel must publish notice no later than 10 business days after participation, a public disclosure summary of any meeting, panel, conference, or event in which OCCC personnel attend in any capacity with an industry group or its agents. This includes meetings hosted by the Texas Property Tax Lienholders Association (TPTLA), lobbyists, lender associations, or similar organizations where regulatory matters may be discussed. Required notice must be made clearly and conspicuously on the home page of such trade organization.

(c) Required Disclosures under this rule shall include:

- 1. Date, time, and location of the meeting;*
- 2. Name of the hosting organization or sponsor;*
- 3. Names and titles of all OCCC personnel in attendance;*
- 4. Names and titles of property tax lenders' representatives in attendance;*
- 5. Agenda topics or discussion summaries;*
- 6. Copies of presentation slides, handouts, or speaking points shared by or with the OCCC before or after;*
- 7. Names of industry presenters or panelists affiliated with a licensee;*

8. *A summary that clearly states each topic discussion of any regulatory guidance, questions, or interpretations offered by OCCC staff.*

Reasons for recommendation.

All licensees should be made aware of any OCCC guidance and interpretations, and this promotes consistency in compliance across the regulated industry. This prevents anti-trust like behavior and creates a record of OCCC involvement with industry leaders. Keeping the entire industry informed in this manner prevents the need for the OCCC to issue advisory bulletins as well.

Conclusion on Rule Recommendation #6

All licensed lenders deserve equal access to the information that may affect their business and obligations under Texas law.

RULE RECOMMENDATION #7

Borrower Payoff Rights, Electronic Signatures, Privacy Protection, and Payoff Process Transparency

In order to address recurring anti-consumer friendly practices by certain property tax lenders, and to bring consistency and transparency to the borrower payoff process.

Texas borrowers have a legal and moral right to repay their obligations and seek better financial options. However, current loopholes in Chapter 89 allow some lenders to delay, obstruct, or deny valid payoff requests based on technicalities or unreasonable demands, including:

- Rejection of electronically signed authorizations;
- Forcing the use of proprietary websites or forms;
- Requiring unnecessary personal information (email, phone, etc.) to verify borrower identity;
- Refusing to disclose a public-facing payoff request email address.

These tactics are anti-competitive, deceptive, and harmful to Texas consumers. The following language ensures fair access, privacy protection, and consistent procedures—and can be easily enforced by the OCCC.

Recommended language addition I would suggest would be as follows:

§89.806 – Borrower Payoff Authorization, Identity, and Transmission Requirements.

(a) Right to Payoff.

A borrower shall have the unconditional right a payoff statement and to authorize the payoff of a property tax loan at any time. A valid payoff request may be submitted by the borrower, a licensed lender, an escrow agent, or any other authorized representative with written borrower consent.

(b) Electronic Signatures.

A borrower's electronic signature shall be deemed valid and enforceable under the Texas Uniform Electronic Transactions Act (Tex. Bus. & Com. Code § 322.001 et seq.).

(c) Promulgated Forms.

If a payoff authorization is provided by any model form under §89.803, a lender must accept that form when substantially completed and may not require the use of a proprietary or internal form in its place or in addition to such promulgated form.

(d) Prohibition Against Exclusive Platforms.

A lender may not require a payoff request to be submitted through a specific website, portal, or digital platform as a condition for acceptance.

(e) Public Payoff Submission Email.

Each property tax lender must maintain a designated email address solely for receiving payoff requests. This email:

- Must be clearly published on the lender's website;*
- Must be provided immediately upon request to any inquiring party; and*
- Must be actively monitored.*

(g) Time to Respond.

Upon receipt of a valid request under this rule, the lender must provide a full and accurate payoff statement within three (3) business days. Failure to respond within the time period shall be deemed a violation of this chapter and subject to enforcement.

(h) Enforcement.

A refusal to accept a valid payoff request that complies with this section shall be considered an unfair or deceptive practice, and lenders engaging in such conduct shall be subject to administrative penalty and corrective action.

Reasons for recommendation.

Consumers by Texas Law include both individuals and entities of a certain size. Regardless of the loan type each consumer or borrower is entitled to payoff their loans and to allow any other party to payoff their loans. It is very well documented regarding our company and its complaints against industry bad actors that have denied payoffs when a valid payoff request is made. Despite a demonstration of systematic denials of payoffs the OCCC has not had the regulatory structure to enforce denied payoffs which has cost consumers immeasurably. Without this rule the practice will undoubtedly continue. Most importantly the OCCC Bulletin B15-1 issued on March 12, 2015 is not being followed nor enforced and with this regulatory framework the OCCC is able to set reasonable rules around payoff statements and hopefully put an end to bad actors in the industry that withhold payoffs.

Conclusion on Rule Recommendation #7

This rule promotes fair access, consistent standards, and free market competition. More importantly, it respects the rights of Texas consumers to compare offers, and repay their obligations without hidden traps or procedural barriers. I encourage the Commission to adopt this language in its next rulemaking cycle and would be happy to offer input in any stakeholder or working group session.

The OCCC advisory bulletin stated above is being violated almost daily by industry leaders. In order to protect consumers this practice has to be addressed. Reasonable people can get together and agree that this is not in any way an acceptable practice in Texas. The response is constantly to tell borrowers to get an attorney which none of them can afford. Allowing the bad actors to continue to abuse this practice risks the industry as a whole and therefore should be vigorously regulated.

RULE RECOMMENDATION #8

Uniform Disclosure Forms

Currently there are two separate disclosure forms. One form is for commercial property tax loans while the other is for residential property tax loans. The omission of key data for commercial property tax forms is unnecessary and eliminates transparency of licensing requirements.

Recommended language change would be as follows:

§89.506 should be changed to require the residential property tax loan form in (a)(1) to be the required form for any loan type.

Reasons for recommendation.

Consumers by Texas Law include both individuals and entities of a certain size. Regardless of the loan type each consumer or borrower is entitled to clear disclosures. Three very obvious things omitted from the commercial form are the loan originator, their NMLS ID number, and the loan calculations. There is no reason that a commercial property owner should not be given these details and disclosures.

Conclusion on Rule Recommendation #8

This rule should be easy to comply with for all lenders and provide significant additional disclosures that borrowers should be aware of despite the classification of their property. This would further make it easier to eliminate inadvertent errors in processing loan paperwork by using the improper form for disclosure.

As a USAF Disabled Veteran and Managing Partner of Panacea Lending, I take great pride in standing at the forefront of responsible lending practices. I believe it is time for common-sense regulatory reforms that close longstanding loopholes, deter predatory and anti-trust behavior, and reinforce the integrity of our industry.

These proposed rule changes—addressing critical areas such as borrower disclosures, payoffs, equitable marketing, tax deferral enforcement, and protections for seniors and individuals with disabilities—are not radical. They are **reasonable, necessary, and long overdue**.

Every borrower deserves clear, timely, and complete information about their loan from the start of the process through closing. Every lender should be held accountable to honor the protections already guaranteed under Texas law, including tax deferral rights. And every licensed provider should operate with the same level of transparency, compliance, and ethical responsibility.

These reforms are designed to protect consumers without placing undue burden on compliant lenders. They will ensure proper enforcement, promote equity, and foster an industry environment worthy of public trust.

We welcome and support these changes—and believe they will elevate the standard across the board. We believe we operate with an elevated level of compliance with a focus on the consumer.

Best Regards,



Andre Cardenas
Panacea Lending, LLC

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C. OFFICE OF CONSUMER CREDIT COMMISSIONER

6. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments in 7 TAC, Part 5, Chapter 83, Subchapter A, Concerning Rules for Regulated Lenders

PURPOSE: The purposes of the proposed rule changes to 7 TAC Chapter 83, Subchapter A are to implement the OCCC's transition to the NMLS licensing system and to make technical corrections and updates.

RECOMMENDED ACTION: The OCCC requests that the Finance Commission approve the amendments to 7 TAC Chapter 83, Subchapter A for publication in the *Texas Register*.

RECOMMENDED MOTION: I move that the Finance Commission approve for publication and comment the amendments to 7 TAC Chapter 83, Subchapter A.

Title 7, Texas Administrative Code

Part 5. Office of Consumer Credit Commissioner

Chapter 83. Regulated Lenders and Credit Access Businesses

Subchapter A. Rules for Regulated Lenders

The Finance Commission of Texas (commission) proposes amendments to §83.301 (relating to Definitions), §83.302 (relating to Filing of New Application), §83.303 (relating to Transfer of License; New License Application on Transfer of Ownership), §83.306 (relating to Updating Application and Contact Information), §83.307 (relating to Processing of Application), §83.308 (relating to Relocation), §83.309 (relating to License Inactivation or Voluntary Surrender), §83.311 (relating to Applications and Notices as Public Records), §83.403 (relating to License Term, Renewal, and Expiration), and §83.404 (relating to Denial, Suspension, or Revocation Based on Criminal History); and proposes the repeal of §83.304 (relating to Change in Form or Proportionate Ownership), §83.305 (relating to Amendments to Pending Application), and §83.402 (relating to License Display) in 7 TAC Chapter 83, concerning Regulated Lenders and Credit Access Businesses.

The rules in 7 TAC Chapter 83, Subchapter A govern regulated loans. In general, the purposes of the proposed rule changes to 7 TAC Chapter 83, Subchapter A are to implement the OCCC's transition to the NMLS licensing system for regulated lenders, to remove rule text that is no longer necessary, and to make other technical corrections and updates related to licensing.

The OCCC distributed an early precomment draft of proposed changes to interested stakeholders for review, and then held a stakeholder meeting and webinar regarding the rule changes. The OCCC received one

precomment, which was submitted by an association of regulated lenders. The OCCC appreciates the thoughtful input of stakeholders.

Proposed amendments and repeals in §83.301 through §83.405 would implement the OCCC's transition to the NMLS system. The Nationwide Multistate Licensing System (NMLS) is an online platform used by state financial regulatory agencies to manage licenses, including license applications and renewals. NMLS was created in 2008. The federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 explains that the purposes of NMLS include increasing uniformity and reducing regulatory burden. SAFE Act, 12 USC §5101. Each state currently uses NMLS for licensing individual RMLOs, and states are increasingly using the system to license consumer finance companies. NMLS is managed by the Conference of State Bank Supervisors and is subject to ongoing modernization efforts and enhancements.

Under Texas Finance Code, §14.109, the OCCC is authorized to require use of NMLS for certain license and registration types, including regulated lender licenses under Texas Finance Code, Chapter 342. The OCCC has begun a phased process of migrating license groups from ALECS (the OCCC's previous licensing platform) to NMLS. In 2025, a majority of licensed regulated lenders completed their transition to NMLS. The OCCC believes that moving to NMLS will improve the user experience of the licensing system and promote efficiency. This is particularly true for entities that hold

licenses with the OCCC and with another state agency, because these entities will be able to manage multiple licenses through NMLS.

Proposed amendments to §83.301 would replace the term "principal party" with "key individual" to be consistent with the terminology in NMLS.

Proposed amendments to §83.302 would streamline license application requirements and refer to instructions that the OCCC has published through NMLS. Currently, §83.302 contains a detailed list of license application items, with requirements that differ based on the applicant's entity type (e.g., partnership, corporation, limited liability company). In addition to ensuring consistency with NMLS, the proposed amendments would significantly simplify §83.302, and ensure that an applicant can easily read and understand the rule. A proposed amendment at §83.302(c) explains that the OCCC may require additional, clarifying, or supplemental information to determine that the applicant meets statutory licensing requirements. A proposed amendment at §83.302(d) explains that an applicant must immediately amend a pending application if any information changes requiring a materially different response, replacing language that would be removed from §83.306(a), as explained later in this preamble.

Proposed amendments to §83.303 would streamline and simplify requirements for transfer of ownership and license transfer to ensure consistency with NMLS. In §83.303(b)(3), proposed amendments to the definition of "transfer of ownership" would limit the definition to focus on transfers from one company to another. Going forward in NMLS, the OCCC anticipates that changes to

the identifies of a single company's owners will be handled through the advance change notice process, as explained later in this preamble in the discussion of proposed amendments to §83.306. A proposed amendment to §83.303(c) would explain that to transfer a license, a transferor may request surrender of its license after the OCCC approves the transferee's new license application on transfer of ownership. Other proposed amendments throughout §83.303 would ensure consistency with this revised transfer process.

The proposal would repeal §83.304, which currently requires licensees to notify the OCCC of changes to organizational form, mergers resulting in creation of a new or different surviving entity, and certain changes in proportionate ownership. Going forward in NMLS, the OCCC anticipates that these changes will be handled through the advance change notice process, as explained later in this preamble in the discussion of proposed amendments to §83.306. Therefore, §83.304 will no longer be necessary.

The proposal would repeal §83.305, which currently requires license applicants to provide supplemental information to the OCCC on request. Because of the proposed amendment at §83.302(c) explaining the OCCC may require additional information, §83.305 will no longer be necessary.

Proposed amendments to §83.306 would consolidate and simplify the types of required notifications that a licensee must provide to the OCCC when a change occurs. In §83.306(a), the proposed amendments would list advance change notices. NMLS uses the term "advance change notice" to refer to notifications that must be provided on or before the date of the change, in accordance with an agency's written instructions. As

explained in the proposed amendments to §83.306(a), this includes changes to the legal name of the entity, the legal status of the entity, names of key individuals, branch location addresses, and other listed items. In §83.306(b), proposed amendments would list notifications that are required not later than 30 days after the licensee has knowledge of the information. These items include bankruptcies of the licensee or its direct owners, because a bankruptcy is a significant event that may impact the financial responsibilities of a licensee and its ability to address compliance issues. These items also include notifications of data breaches affecting at least 250 Texas residents. Data security is a crucial issue. The OCCC's 2025-2029 strategic plan includes action items to "[p]romote cybersecurity awareness and best practices among regulated entities" and "[m]onitor cybersecurity incidents and remediation efforts reported by regulated entities." Recent data breaches affecting financial institutions highlight the urgent need for vigilance in this industry. The proposed notification amendments will help ensure that the OCCC can monitor this crucial issue.

In a precomment, an association of regulated lenders requested that "the OCCC not expand the notice requirement in Section 83.306(b)(1) beyond items that relate to licensed activity or that would change an answer in an original application," and requested that this provision "be limited to final actions and relevant information." In response to this precomment, proposed §83.306(b)(1) states that notification is required for actions "that were not disclosed in the original application and would require a different answer than that given in the original license application." The commission and the OCCC agree that this item should be limited to actions that are

relevant to licensing and would require a different answer from the license application. However, the commission and the OCCC disagree with the suggestion to limit this provision to "final" actions, since it may be appropriate to require information about significant pending civil or regulatory actions that are relevant to licensing.

Proposed amendments to §83.307 would revise license application processing requirements to be consistent with NMLS and with the statute at Texas Finance Code, §342.104. A proposed amendment at §83.307(d) would explain that a license application may be considered withdrawn if a complete application has not been filed within 30 days after a notice of deficiency has been sent to the applicant, consistent with how license applications are processed in NMLS. Under Texas Finance Code, §342.104(b), if the OCCC finds that a license applicant has not met the eligibility requirements for a license, then the OCCC will notify the applicant. Under Texas Finance Code, §342.104(c), an applicant has 30 days after the date of the notification to request a hearing on the denial. Proposed amendments at §83.307(d) would specify that if the eligibility requirements for a license have not been met, the OCCC will send a notice of intent to deny the license application, as described by Texas Finance Code, §342.104(b). Proposed amendments at §83.307(e) would revise current language to specify that an affected applicant has 30 days from the date of the notice of intent to deny to request a hearing, as provided by Texas Finance Code, §342.104(c). A proposed amendment would remove current §83.307(e), regarding disposition of fees, because this language unnecessarily duplicates language in §83.310 (regarding Fees). Proposed amendments to §83.307(f) would clarify the 60-day target period to

process a license application and the 60-day target period to set a requested hearing on an application denial, in accordance with Texas Finance Code, §342.104(c)-(d).

Proposed amendments to §83.308 would revise requirements for notice of relocation of licensed offices. The proposal would remove current §83.308(a), because the requirement to notify the OCCC of a branch office relocation will be moved to §83.306(a) as an advance change notice, as discussed earlier in this preamble.

Proposed amendments to §83.309 would revise requirements for license surrender. The proposed amendment would explain that a licensee may surrender a license by providing the information required by the OCCC's written instruction, in accordance with Texas Finance Code, §342.160, and that a surrender is effective when the OCCC approves the surrender.

Proposed amendments to §83.311 would remove a sentence about the return of original documents filed with a license application. This sentence is no longer necessary because the OCCC no longer accepts original paper documents with a license application.

The proposal would repeal §83.402, which describes the requirement to display a license. This section is unnecessary because it duplicates the statutory license display requirement at Texas Finance Code, §342.152. Going forward, licensees may comply with the statutory license display requirement by printing out company license information from NMLS.

Proposed amendments to §83.403 would revise requirements for license renewal. A proposed amendment at §83.403(b) would explain that a licensee must maintain an

active account in NMLS (or a designated successor system) in order to maintain and renew a license, and that renewal may be unavailable to a licensee that fails to maintain an active account. A proposed amendment at §83.403(d) would specify that the OCCC may send notice of delinquency of an annual assessment fee electronically through NMLS or by email to the primary company contact, removing current language that refers to a "master file" address under the OCCC's current system.

Proposed amendments to §83.404 would revise criminal history review requirements to explain that the OCCC will obtain criminal history record information through NMLS and to use the term "key individual."

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

Christine Graham, Director of Consumer Protection, has determined that for each year of the first five years the proposed rule changes are in effect, the public benefits anticipated as a result of the changes will be that the commission's rules will better enable the OCCC use its existing authority under Texas Finance Code, §14.109, to use NMLS as a licensing system, resulting in an improved user experience, efficiency for multistate entities, and an improved ability for consumers to access data about business licenses. Transitioning to NMLS will help minimize the costs of updating the OCCC's legacy technological systems.

In general, the OCCC anticipates that any economic costs for persons required to

comply with the proposed rule changes will be minimal. Following an NMLS transition period earlier in 2025, a majority of regulated lender licensees have transitioned to NMLS. Licensees that failed to transition to NMLS may be subject to fees charged by NMLS to process a new application. Some labor costs may result from uploading information and documents to NMLS, but the OCCC anticipates that these costs will be minimal, because licensees should have this information available in the licensee's own records. During the NMLS transition period, the OCCC attempted to minimize costs by requiring existing licensees to provide only a core set of information and documents.

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

During the first five years the proposed rule changes will be in effect, the rules will not create or eliminate a government program. Implementation of the rule changes will not require the creation of new employee positions or the elimination of existing employee positions. Implementation of the rule changes will not require an increase or decrease in future legislative appropriations to the OCCC, because the OCCC is a self-directed, semi-independent agency that does not receive legislative appropriations. The proposal does not require an increase or decrease in fees paid to the OCCC. The

proposal would not create a new regulation. The proposal would both expand and limit current §83.306 by adding references to certain cybersecurity-related information and removing unnecessary rule text. The proposal would limit current §83.302, §83.303, §83.308, and §83.311 by simplifying and streamlining current requirements. The proposal would repeal current §83.304, §83.305, and §83.402. The proposed rule changes do not increase or decrease the number of individuals subject to the rule's applicability. The agency does not anticipate that the proposed rule changes will have an effect on the state's economy.

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

The rule changes are proposed under Texas Finance Code, §342.551, which authorizes the commission to adopt rules to enforce Texas Finance Code, Chapter 342. The rule changes are also proposed under Texas Finance Code, §14.109, which authorizes the OCCC to require that a person submit information through NMLS if the information is required under a rule adopted

under Texas Finance Code, Chapter 342. In addition, Texas Finance Code, §11.304 authorizes the commission to adopt rules to ensure compliance with Texas Finance Code, Title 4.

The statutory provisions affected by the proposal are contained in Texas Finance Code, Chapter 342.

Division 3. Application Procedures

§83.301. Definitions

Words and terms used in this subchapter that are defined in Texas Finance Code, Chapter 342, have the same meanings as defined in Chapter 342. The following words and terms, when used in this subchapter, will have the following meanings, unless the context clearly indicates otherwise.

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

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

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

(C) an individual designated as a key individual where necessary to fairly assess the applicant or licensee's financial

responsibility, experience, character, general fitness, and sufficiency to command the confidence of the public and warrant the belief that the business will be operated lawfully and fairly.

(2) [(4)] Net assets--The total value of acceptable assets used or designated as readily available for use in the business, less liabilities, other than those liabilities secured by unacceptable assets. Unacceptable assets include, but are not limited to, goodwill, unpaid stock subscriptions, lines of credit, notes receivable from an owner, property subject to the claim of homestead or other property exemption, and encumbered real or personal property to the extent of the encumbrance. Generally, assets are available for use if they are readily convertible to cash within 10 business days. Debt that is either unsecured or secured by current assets may be subordinated to the net asset requirement pursuant to an agreement of the parties providing that the creditor forfeits its security priority and any rights it may have to current assets in the amount of \$25,000. Debt subject to such a subordination agreement would not be an applicable liability for purposes of calculating net assets.

(3) NMLS--The Nationwide Multistate Licensing System. ~~[(2) Principal party--An adult individual with a substantial relationship to the proposed lending business of the applicant. The following individuals are principal parties:]~~

~~[(A) a proprietor;]~~

~~[(B) general partners;]~~

~~[(C) officers of privately held corporations, to include the chief executive officer or president, the chief operating officer or vice president of operations, the~~

~~chief financial officer or treasurer, and those with substantial responsibility for lending operations or compliance with Texas Finance Code, Chapter 342;~~

~~[(D) directors of privately held corporations;]~~

~~[(E) individuals associated with publicly held corporations designated by the applicant as follows:]~~

~~[(i) officers as provided by subparagraph (C) of this paragraph (as if the corporation were privately held); or]~~

~~[(ii) three officers or similar employees with significant involvement in the corporation's activities governed by Texas Finance Code, Chapter 342. One of the persons designated must be responsible for assembling and providing the information required on behalf of the applicant and must sign the application for the applicant;]~~

~~[(F) voting members of a limited liability company;]~~

~~[(G) trustees and executors; and]~~

~~[(H) individuals designated as principal parties where necessary to fairly assess the applicant's financial responsibility, experience, character, general fitness, and sufficiency to command the confidence of the public and warrant the belief that the business will be operated lawfully and fairly as required by the commissioner.]~~

§83.302. Filing of New Application

(a) NMLS. In order to submit a regulated lender license application, an applicant must submit a complete, accurate, and truthful license application through NMLS (or a

successor system designated by the OCCC), using the current form prescribed by the OCCC. An application is complete when it conforms to the OCCC's written instructions and necessary fees have been paid. The OCCC has made application checklists available through NMLS, outlining the necessary information for a license application. [An application for issuance of a new regulated loan license must be submitted in a format prescribed by the OCCC at the date of filing and in accordance with the OCCC's instructions. The OCCC may accept the use of prescribed alternative formats to facilitate multistate uniformity of applications or in order to accept approved electronic submissions. Appropriate fees must be filed with the application and the application must include the following:]

[(1) Required application information. All questions must be answered.]

[(A) Application for license.]

[(i) Location. A physical street address must be listed for the applicant's proposed lending address. A post office box or a mail box location at a private mail receiving service generally may not be used. If the address has not yet been determined or if the application is for an inactive license, then the application must so indicate.]

[(ii) Responsible person. The person responsible for the day-to-day operations of the applicant's proposed offices must be named. The responsible person is also known as the location contact.]

[(iii) Signature. Electronic signatures will be accepted in a manner approved by the commissioner. Each

applicant must have the application signed by an authorized individual.]

~~[(B) Owners and principal parties.]~~

~~[(i) Proprietorships.—The applicant must disclose the name of any individual holding an ownership interest in the business and the name of any individual responsible for operating the business. If requested, the applicant must also disclose the names of the spouses of these individuals.]~~

~~[(ii) General partnerships.—Each partner must be listed and the percentage of ownership stated. If a general partner is wholly or partially owned by a legal entity and not a natural person, a narrative or diagram must be included that lists the names and titles of all meeting the definition of "managerial official," as contained in Texas Business Organizations Code, §1.002, and a description of the ownership of each legal entity must be provided. General partnerships that register as limited liability partnerships should provide the same information as that required for general partnerships.]~~

~~[(iii) Limited partnerships.—Each partner, general and limited, must be listed and the percentage of ownership stated.]~~

~~[(I) General partners.—The applicant should provide the complete ownership, regardless of percentage owned, for all general partners. If a general partner is wholly or partially owned by a legal entity and not a natural person, a narrative or diagram must be included that lists the names and titles of all meeting the definition of "managerial official," as contained in Texas Business Organizations Code, §1.002, and a~~

~~description of the ownership of each legal entity must be provided.]~~

~~[(II) Limited partners.—The applicant should provide a complete list of all limited partners owning 10% or more of the partnership.]~~

~~[(III) Limited partnerships that register as limited liability partnerships.—The applicant should provide the same information as that required for limited partnerships.]~~

~~[(iv) Corporations.—Each officer and director must be named. Each shareholder holding 10% or more of the voting stock must be named if the corporation is privately held. If a parent corporation is the sole or part owner of the proposed business, a narrative or diagram must be included that describes each level of ownership of 10% or greater.]~~

~~[(v) Limited liability companies.—Each "manager," "officer," and "member" owning 10% or more of the company, as those terms are defined in Texas Business Organizations Code, §1.002, and each agent owning 10% or more of the company must be listed. If a member is a legal entity and not a natural person, a narrative or diagram must be included that describes each level of ownership of 10% or greater.]~~

~~[(vi) Trusts or estates.—Each trustee or executor, as appropriate, must be listed.]~~

~~[(C) Disclosure questions.—All applicable questions must be answered. Questions requiring a "yes" answer must be accompanied by an explanatory statement~~

~~and any appropriate documentation requested.]~~

~~[(D) Registered agent. The registered agent must be provided by each applicant. The registered agent is the person or entity to whom any legal notice may be delivered. The agent must be a Texas resident and list an address for legal service. If the registered agent is a natural person, the address must be a different address than the licensed location address. If the applicant is a corporation or a limited liability company, the registered agent should be the registered agent on file with the Office of the Texas Secretary of State. If the registered agent is not the same as the registered agent filed with the Office of the Texas Secretary of State, then the applicant must submit certification from the secretary of the company identifying the registered agent.]~~

~~[(E) Personal affidavit. Each individual meeting the definition of "principal party" as defined in §83.301 of this title (relating to Definitions) must provide a personal affidavit. All requested information must be provided.]~~

~~[(F) Personal questionnaire. Each individual meeting the definition of "principal party" as defined in §83.301 of this title must provide a personal questionnaire. Each question must be answered. If any question, except question 1, is answered "yes," an explanation must be provided.]~~

~~[(G) Employment history. Each individual meeting the definition of "principal party" as defined in §83.301 of this title must provide an employment history. Each principal party should provide a continuous 10-year history accounting for time spent as a student, unemployed, or retired. The employment history must also~~

~~include the individual's association with the entity applying for the license.]~~

~~[(H) Statement of experience. Each applicant should provide a statement setting forth the details of the applicant's prior experience in the lending or credit granting business. If the applicant or its principal parties do not have significant experience in the same type of credit business as planned for the prospective licensee, the applicant must provide a written statement explaining the applicant's relevant business experience or education, why the commissioner should find that the applicant has the requisite experience, and how the applicant plans to obtain the necessary knowledge to operate lawfully and fairly.]~~

~~[(I) Business operation plan. Each applicant must provide a brief narrative to the application explaining the type of lending operation that is planned. This narrative should discuss each of the following topics:]~~

~~[(i) the source of customers;]~~

~~[(ii) the purpose(s) of loans;]~~

~~[(iii) the size of loans;]~~

~~[(iv) the source of working capital for planned operations;]~~

~~[(v) whether the applicant will only be arranging or negotiating loans for another lender or financing entity;]~~

~~[(vi) if the applicant will only be arranging or negotiating loans for another lender or financing entity, the lender must also provide:]~~

~~[(I) a list of the lenders for whom the applicant will be arranging or negotiating loans;]~~

~~[(II) whether the loans will be collected at the location where the loans are made; and]~~

~~[(III) if the loans will not be collected at the location where the loans are made, the identification of the person or firm that will be servicing the loans, including the location at which the loans will be serviced, and a detailed description of the process to be utilized in collections.]~~

~~[(J) Financial statement and supporting financial information.]~~

~~[(i) All entity types. The financial statement must be dated no earlier than 60 days prior to the date of application. Applicants may also submit audited financial statements dated within one year prior to the application date in lieu of completing the supporting financial information. All financial statements must be certified as true, correct, and complete. If requested, a bank confirmation to confirm account balance information with financial institutions must be submitted.]~~

~~[(ii) Sole proprietorships. Sole proprietors must complete all sections of the financial statement and supporting financial information, or provide a personal financial statement that contains all of the same information requested by the financial statement and supporting financial information. The financial statement and supporting financial information must be as of the same date.]~~

~~[(iii) Partnerships. A balance sheet for the partnership itself as well as each~~

~~general partner must be submitted. In addition, the information requested in the supporting financial information must be submitted for the partnership itself and each general partner. All of the balance sheets and supporting financial information documents for the partnership and all general partners must be as of the same date.]~~

~~[(iv) Corporations and limited liability companies. Corporations and limited liability companies must file a balance sheet that complies with generally accepted accounting principles (GAAP). The information requested in the supporting financial information must be submitted. The balance sheet and supporting financial information must be as of the same date. Financial statements are generally not required of related parties, but may be required if the commissioner believes they are relevant. The financial information for the corporate or limited liability company applicant should contain no personal financial information.]~~

~~[(v) Trusts and estates. Trusts and estates must file a balance sheet that complies with generally accepted accounting principles (GAAP). The information requested in the supporting financial information must be submitted. The balance sheet and supporting financial information must be as of the same date. Financial statements are generally not required of related parties, but may be required if the commissioner believes they are relevant. The financial information for the trust or estate applicant should contain no personal financial information.]~~

~~[(K) Assumed name certificates. For any applicant that does business under an "assumed name" as that term is defined in Texas Business and Commerce Code,~~

~~§71.002, an assumed name certificate must be filed as provided in this subparagraph.]~~

~~[(i) Unincorporated applicants. Unincorporated applicants using or planning to use an assumed name must file an assumed name certificate with the county clerk of the county where the proposed business is located in compliance with Texas Business and Commerce Code, §71.002. An applicant must provide a copy of the assumed name certificate that shows the filing stamp of the county clerk or, alternatively, a certified copy.]~~

~~[(ii) Incorporated applicants. Incorporated applicants using or planning to use an assumed name must file an assumed name certificate in compliance with Texas Business and Commerce Code, §71.002. Evidence of the filing bearing the filing stamp of the Office of the Texas Secretary of State must be submitted or, alternatively, a certified copy.]~~

~~[(2) Other required filings.]~~

~~[(A) Fingerprints.]~~

~~[(i) For all persons meeting the definition of "principal party" as defined in §83.301 of this title, a complete set of legible fingerprints must be provided. All fingerprints should be submitted in a format prescribed by the OCCC and approved by the Texas Department of Public Safety and the Federal Bureau of Investigation.]~~

~~[(ii) For limited partnerships, if the owners and principal parties under paragraph (1)(B)(iii)(I) of this section does not produce a natural person, the applicant must provide a complete set of legible fingerprints for individuals who are~~

~~associated with the general partner as principal parties.]~~

~~[(iii) For entities with complex ownership structures that result in the identification of individuals to be fingerprinted who do not have a substantial relationship to the proposed applicant, the applicant may submit a request to fingerprint three officers or similar employees with significant involvement in the proposed business. The request should describe the relationship and significant involvement of the individuals in the proposed business. The OCCC may approve the request, seek alternative appropriate individuals, or deny the request.]~~

~~[(iv) For individuals who have previously been licensed by the OCCC and principal parties of entities currently licensed, fingerprints are generally not required if the fingerprints are on record with the OCCC, are less than 10 years old, and have been processed by both the Texas Department of Public Safety and the Federal Bureau of Investigation. Upon request, individuals and principal parties previously licensed by the OCCC may be required to submit a new set of fingerprints.]~~

~~[(v) For individuals who have previously submitted fingerprints to another state agency (e.g., Texas Department of Savings and Mortgage Lending), fingerprints are still required to be submitted to the OCCC, as per Texas Finance Code, §14.152. Fingerprints cannot be disclosed to others, except as authorized by Texas Government Code, §560.002.]~~

~~[(B) Loan forms. The applicant must provide information regarding all loan forms it intends to use.]~~

~~[(i) Custom forms. If a custom loan form is to be prepared, a preliminary draft or proof that is complete as to format and content and which indicates the number and distribution of copies to be prepared for each transaction must be submitted.]~~

~~[(ii) Stock forms. If an applicant purchases or plans to purchase stock forms from a supplier, the applicant must include a statement that includes the supplier's name and address and a list identifying the forms to be used, including the revision date of the form, if any.]~~

~~[(C) Entity documents.]~~

~~[(i) Partnerships. A partnership applicant must submit a complete and executed copy of the partnership agreement. This copy must be signed and dated by all partners. If the applicant is a limited partnership or a limited liability partnership, provide evidence of filing with the Office of the Texas Secretary of State.]~~

~~[(ii) Corporations. A corporate applicant, domestic or foreign, must provide the following documents:]~~

~~[(I) a complete copy of the certificate of formation or articles of incorporation, with any amendments;]~~

~~[(II) a certification from the secretary of the corporation identifying the current officers and directors as listed in the owners and principal parties section of the application;]~~

~~[(III) a certificate of good standing from the Texas Comptroller of Public Accounts;]~~

~~[(IV) if the registered agent is not the same as the one filed with the Office of the Texas Secretary of State, a certification from the secretary of the corporation identifying the registered agent;]~~

~~[(V) if requested, a copy of the relevant portions of the bylaws addressing the required number of directors and the required officer positions for the corporation; and]~~

~~[(VI) if requested, a copy of the minutes of corporate meetings that record the election of all current officers and directors as listed in the owners and principal parties section of the application.]~~

~~[(iii) Publicly held corporations. In addition to the items required for corporations, a publicly held corporation must file the most recent 10K or 10Q for the applicant or for the parent company.]~~

~~[(iv) Limited liability companies. A limited liability company applicant, domestic or foreign, must provide the following documents:]~~

~~[(I) a complete copy of the articles of organization;]~~

~~[(II) a certification from the secretary of the company identifying the current officers and directors as listed in the owners and principal parties section of the application;]~~

~~[(III) a certificate of good standing from the Texas Comptroller of Public Accounts;]~~

~~[(IV) if the registered agent is not the same as the one filed with the Office of the Texas Secretary of State, a~~

~~certification from the secretary of the corporation identifying the registered agent;]~~

~~[(V) if requested, a copy of the relevant portions of the operating agreement or regulations addressing responsibility for operations; and]~~

~~[(VI) if requested, a copy of the minutes of company meetings that record the election of all current officers and directors a listed in the owners and principal parties section of the application.]~~

~~[(v) Trusts. A copy of the relevant portions of the instrument that created the trust addressing management of the trust and operations of the applicant must be filed with the application.]~~

~~[(vi) Estates. A copy of the instrument establishing the estate must be filed with the application.]~~

~~[(vii) Foreign entities. In addition to the items required by this section, a foreign entity must provide:]~~

~~[(I) a certificate of authority to do business in Texas, if applicable; and]~~

~~[(II) a statement of where records of Texas loan transactions will be kept. If these records will be maintained at a location outside of Texas, the applicant must acknowledge responsibility for the travel costs associated with examinations in addition to the usual assessment fee or agree to make all the records available for examination in Texas.]~~

~~[(viii) Formation document alternative. As an alternative to the entity-specific formation document applicable to~~

~~the applicant's entity type (e.g., for a corporation, articles of incorporation), an applicant may submit a "certificate of formation" as defined in Texas Business Organizations Code, §1.002, if the certificate of formation provides the entity formation information required by this section for that entity type.]~~

~~[(D) Bond. The commissioner may require a bond under Texas Finance Code, §342.102, when the commissioner finds that this would serve the public interest. When a bond is required, the commissioner will give written notice to the applicant. Should a bond not be submitted within 40 calendar days of the date of the commissioner's notice, any pending application may be denied.]~~

~~[(3) Subsequent applications (branch offices). If the applicant is currently licensed and filing an application for a new office, the applicant must provide the information that is unique to the new location including the application for license, disclosure questions, owners and principal parties, and a new financial statement as provided in paragraph (1)(J) of this section. The responsible person at the new location must be listed. Other information required by this section need not be filed if the information on file with the OCCC is current and valid.]~~

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

(1) A company form including the name of the applicant entity, any assumed names or other trade names, contact information, registered agent, location of books and records, bank account information,

legal status, and responses to disclosure questions.

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

(3) A business operating plan describing the source of consumers, purpose of loans, size of loans, and source of working capital.

(4) A management chart showing the applicant's divisions, officers, and managers.

(5) An organizational chart if the applicant is owned by another entity or entities, or has subsidiaries or affiliated entities.

(6) A statement of experience detailing prior experience relevant to the license sought.

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

(8) An assumed name certificate for each assumed name that the applicant will use.

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

(10) Financial statement and supporting financial information complying with generally accepted accounting principles (GAAP). The OCCC may require a bank confirmation to confirm account balance information with financial institutions.

(A) If a financial statement is unaudited, then it should be dated no earlier than 60 days before the application date.

(B) If a financial statement is audited, then it should be dated no earlier than one year before the application date.

(11) Loan forms that the applicant intends to use, including disclosures and loan contracts.

(c) Supplemental information. The OCCC may require additional, clarifying, or supplemental information or documentation as necessary or appropriate to determine that an applicant meets the licensing requirements of Texas Finance Code, Chapter 342.

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

§83.303. Transfer of License; New License Application on Transfer of Ownership

(a) Purpose. This section describes the license application requirements when a licensed entity transfers ~~[its license or]~~ ownership of the entity. If a transfer of ownership occurs, the transferee must submit ~~[either a license transfer application or]~~ a new license application on transfer of ownership under this section.

(b) Definitions. The following words and terms, when used in this section, will have the following meanings:

(1) License transfer--A sale, assignment, or transfer of a regulated loan license.

(2) Permission to operate--A temporary authorization from the OCCC, allowing a transferee to operate under a transferor's license while final approval is pending for a license transfer application or a new license application on transfer of ownership.

(3) Transfer of ownership--Any purchase or acquisition of control of a substantial portion of the assets of a licensed entity (including acquisition by gift, devise, or descent) from the licensed entity to another entity, ~~[or a substantial portion of a licensed entity's assets,]~~ where a substantial change in management or control of the business occurs. The term does not include a change in the identities of the direct or indirect owners of a single licensed entity, as addressed in §83.306 of this title (relating to Required Notifications) ~~[proportionate ownership as defined in §83.304 of this title (relating to Change in Form or Proportionate Ownership)]~~ or a relocation of regulated transactions from one licensed location to another licensed location of the same licensee ~~[, as described by §83.308(e) of this title (relating to Relocation)]~~. Transfer of ownership includes the following:

(A) an existing owner of a sole proprietorship relinquishes that owner's entire interest in a license or an entirely new entity has obtained an ownership interest in a sole proprietorship license; and

~~[(B) any purchase or acquisition of control of a licensed general partnership, in which a partner relinquishes that owner's entire interest or a new general partner obtains an ownership interest;]~~

~~[(C) any change in ownership of a licensed limited partnership interest in which;]~~

~~[(i) a limited partner owning 10% or more relinquishes that owner's entire interest;]~~

~~[(ii) a new limited partner obtains an ownership interest of 10% or more;]~~

~~[(iii) a general partner relinquishes that owner's entire interest; or]~~

~~[(iv) a new general partner obtains an ownership interest (transfer of ownership occurs regardless of the percentage of ownership exchanged of the general partner);]~~

~~[(D) any change in ownership of a licensed corporation in which;]~~

~~[(i) a new stockholder obtains 10% or more of the outstanding voting stock in a privately held corporation;]~~

~~[(ii) an existing stockholder owning 10% or more relinquishes that owner's entire interest in a privately held corporation;]~~

~~[(iii) any purchase or acquisition of control of 51% or more of a company that is the parent or controlling stockholder of a licensed privately held corporation occurs; or]~~

~~[(iv) any stock ownership changes that result in a change of control (i.e., 51% or more) for a licensed publicly held corporation occur;]~~

~~[(E) any change in the membership interest of a licensed limited liability company:]~~

~~[(i) in which a new member obtains an ownership interest of 10% or more:]~~

~~[(ii) in which an existing member owning 10% or more relinquishes that member's entire interest; or]~~

~~[(iii) in which a purchase or acquisition of control of 51% or more of any company that is the parent or controlling member of a licensed limited liability company occurs:]~~

~~(B) [(F)]~~ any transfer of a substantial portion of the assets of a licensed entity under which a new entity controls business at a licensed location; and

~~[(G) any other purchase or acquisition of control of a licensed entity, or a substantial portion of a licensed entity's assets, where a substantial change in management or control of the business occurs.]~~

(4) Transferee--The entity that controls business at a licensed location after a transfer of ownership.

(5) Transferor--The licensed entity that controls business at a licensed location before a transfer of ownership.

(c) License transfer approval. No regulated loan license may be sold, transferred, or assigned without the written approval of the OCCC, as provided by Texas Finance Code, §342.163. To transfer a license, a transferor may request surrender of its license after the OCCC approves the

transferee's new license application on transfer of ownership. A license transfer is complete ~~[approved]~~ when the OCCC has approved the transferee's new license application and the transferor's license surrender ~~[issues its final written approval of a license transfer application].~~

(d) Timing. No later than 30 days after the event of a transfer of ownership, the transferee must file a complete ~~[license transfer application or]~~ new license application on transfer of ownership in accordance with subsection (e). A transferee may file an application before this date.

(e) Application requirements.

(1) Generally. This subsection describes the application requirements for ~~[a license transfer application or]~~ a new license application on transfer of ownership. A transferee must submit the application in a format prescribed by the OCCC. The OCCC may accept prescribed alternative formats to facilitate multistate uniformity of applications or in order to accept approved electronic submissions. The transferee must pay appropriate fees in connection with the application.

(2) Documentation of transfer of ownership. The application must include documentation evidencing the transfer of ownership. The documentation should include one or more of the following:

(A) a copy of the asset purchase agreement when only the assets have been purchased;

(B) a copy of the purchase agreement or other evidence relating to the acquisition of the equity interest of a licensee

that has been purchased or otherwise acquired;

(C) any document that transferred ownership by gift, devise, or descent, such as a probated will or a court order; or

(D) any other documentation evidencing the transfer event.

(3) Application information for new licensee. If the transferee does not hold a regulated loan license at the time of the application, then the application must include the information required for new license applications under §83.302 of this title (relating to Filing of New Application). The instructions in §83.302 of this title apply to these filings.

(4) Application information for transferee that holds a license. If the transferee holds a regulated loan license at the time of the application, then the application must include amendments to the transferee's original license application describing the information that is unique to the transfer event, including disclosure questions, owners and principal parties, and a new financial statement, as provided in §83.302 of this title. The instructions in §83.302 of this title apply to these filings. The responsible person at the new location must file a personal affidavit, personal questionnaire, and employment history, if not previously filed. Other information required by §83.302 of this title need not be filed if the information on file with the OCCC is current and valid.

(5) Request for permission to operate. The application may include a request for permission to operate. The request must be in writing and signed by the transferor and

transferee. The request must include all of the following:

(A) a statement by the transferor granting authority to the transferee to operate under the transferor's license while final approval of the application is pending;

(B) an acknowledgement that the transferor and transferee each accept responsibility to any consumer and to the OCCC for any acts performed under the license while the permission to operate is in effect; and

(C) if the application is a new license application on transfer of ownership, an acknowledgement that the transferor will immediately surrender or inactivate its license if the OCCC approves the application.

(f) Permission to operate. If the application described by subsection (e) includes a request for permission to operate and all required information, and the transferee has paid all fees required for the application, then the OCCC may issue a permission to operate to the transferee. A request for permission to operate may be denied even if the application contains all of the required information. The denial of a request for permission to operate does not create a right to a hearing. If the OCCC grants a permission to operate, the transferor must cease operating under the authority of the license. Two companies may not simultaneously operate under a single license. A permission to operate terminates if the OCCC denies an application described by subsection (e).

(g) Transferee's authority to engage in business. If a transferee has filed a complete application including a request for permission to operate as described by

subsection (e), by the deadline described by subsection (d), then the transferee may engage in business as a regulated lender. However, the transferee must immediately cease doing business if the OCCC denies the request for permission to operate or denies the application. If the OCCC denies the application, then the transferee has a right to a hearing on the denial, as provided by §83.307(d) of this title (relating to Processing of Application).

(h) Responsibility.

(1) Responsibility of transferor. Before the transferee begins performing regulated lender activity under a license, the transferor is responsible to any consumer and to the OCCC for all regulated lender activity performed under the license.

(2) Responsibility of transferor and transferee. If a transferee begins performing regulated lender activity under a license before the OCCC's final approval of an application described by subsection (e), then the transferor and transferee are each responsible to any consumer and to the OCCC for activity performed under the license during this period.

(3) Responsibility of transferee. After the OCCC's final approval of an application described by subsection (e), the transferee is responsible to any consumer and to the OCCC for all regulated lender activity performed under the license. The transferee is responsible for any transactions that it purchases from the transferor. In addition, if the transferee receives a license transfer, then the transferee's responsibility includes all activity performed under the license before the license transfer.

~~[§83.304. Change in Form or Proportionate Ownership]~~

~~[(a) Organizational form. When any licensee or parent of a licensee desires to change the organizational form of its business (e.g., from corporation to limited partnership) that results in the exact same individuals or entities still owning the business, the licensee must advise the OCCC in writing of the change within 14 calendar days by filing a license amendment and paying the required fees as provided in §83.310 of this title (relating to Fees). The licensee must also submit a copy of the relevant portions of the organizational document for the new entity (e.g., articles of conversion and partnership agreement) addressing the ownership and management of the new entity.]~~

~~[(b) Merger.]~~

~~[(1) Merger of licensee. If a licensee is a party to a merger that results in a new or different surviving entity other than the licensee, then the merger is a transfer of ownership, and the licensee must file a license transfer application or a new license application on transfer of ownership pursuant to §83.303 of this title (relating to Transfer of License; New License Application on Transfer of Ownership).]~~

~~[(2) Merger of parent entity. If a licensee's parent entity is a party to a merger that leads to the creation of a new entity or results in a different surviving parent entity, the licensee must advise the OCCC in writing of the change within 14 calendar days by filing a license amendment and paying the required fees as provided in §83.310 of this title.]~~

~~[(3) Merger of entity beyond parent entity level. Mergers or transfers of other entities with a beneficial interest beyond the parent entity level only require notification within 14 calendar days in accordance with the OCCC's instructions.]~~

~~[(c) Proportionate ownership.]~~

~~[(1) A change in proportionate ownership that results in the exact same owners still owning the business, and does not meet the requirements described in paragraph (2) of this subsection, does not require a transfer. Such a proportionate change in ownership does not require the filing of a license transfer application or a new license application on transfer of ownership, but does require notification when the cumulative ownership change to a single entity or individual amounts to 10% or greater. No later than 14 calendar days following the actual change, the licensee is required to notify the OCCC in writing of the change in proportionate ownership. This section does not apply to a publicly held corporation that has filed with the OCCC the most recent 10K or 10Q filing of the licensee or the publicly held parent corporation, although a license transfer application or a new license application on transfer of ownership may be required under §83.303 of this title.]~~

~~[(2) A proportionate change in which an owner that previously held under 10% obtains an ownership interest of 10% or more, requires a transfer under §83.303 of this title.]~~

~~[§83.305. Amendments to Pending Application]~~

~~[Upon request, each applicant must provide information supplemental to that~~

~~contained in the applicant's original application documents.]~~

§83.306. Required Notifications ~~[Updating Application and Contact Information]~~

(a) Advance change notice. No later than the date of the change (or an earlier date specified in the OCCC's written instructions), a licensee must notify the OCCC of a change to any of the following information provided in the original license application: [Applicant's updates to license application information. Before a license application is approved, an applicant must report to the OCCC any information that would require a materially different answer than that given in the original license application and that relates to the qualifications for license within 10 calendar days after the person has knowledge of the information.]

(1) legal name of entity;

(2) any assumed names of entity;

(3) legal status of entity (e.g., change in organizational form from partnership to corporation); or

(4) names of direct owners or indirect owners;

(5) names of affiliates or subsidiaries;

(6) names of any key individuals;

(7) main address; or

(8) address of any branch location.

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

~~[Licensee's updates to license application information. A licensee must report to the OCCC any information that would require a different answer than that given in the original license application within 30 calendar days after the licensee has knowledge of the information, if the information relates to any of the following:]~~

(1) any civil or regulatory actions against the licensee or key individuals that were not disclosed in the original application and would require a different answer than that given in the original license application [the names of principal parties];

(2) criminal history of the licensee or key individuals that was not disclosed in the original application;

(3) any bankruptcy of the licensee or a direct owner [actions by regulatory agencies]; or

(4) any breach of system security under Texas Business & Commerce Code, §521.053, affecting at least 250 residents of this state [court judgments].

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

§83.307. Processing of Application

(a) Initial review. A response to an incomplete application will ordinarily be

made within 14 calendar days of receipt stating that the application is incomplete and specifying the information required for acceptance.

(b) Complete application. An application is complete when:

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

(2) all fees have been paid; and

(3) all requests for additional information have been satisfied.

(c) Failure to complete application and deemed withdrawal. If a complete application has not been filed within 30 calendar days after notice of deficiency has been sent to the applicant, the application may be considered withdrawn [denied].

(d) Notice of intent to deny application. If an applicant files a complete license application but the OCCC does not find that the eligibility requirements for a license have been met, then the OCCC will send a notice of intent to deny the license application to the applicant.

(e) ~~[(d)]~~ Hearing. An [Whenever an application is denied, the] affected applicant has 30 calendar days from the date of the notice of intent to deny the license application [the application was denied] to request in writing a hearing to contest the denial. This hearing will be conducted pursuant to the Administrative Procedure Act, Texas Government Code, Chapter 2001, and the rules of procedure applicable under §9.1(a) of this title (relating to Application, Construction, and Definitions), before an administrative law judge who will recommend a decision to the commissioner.

The commissioner will then issue a final decision after review of the recommended decision.

~~[(e) Denial. If an application has been denied, the assessment fee will be refunded to the applicant. The investigation fee in §83.310 of this title (relating to Fees) will be forfeited.]~~

(f) Processing time.

(1) A license application will ordinarily be approved or denied within ~~[a maximum of]~~ 60 calendar days after the date of filing of a completed application.

(2) When a hearing is requested following an initial license application denial, the hearing will ordinarily be scheduled for a date [held] within 60 calendar days after a request for a hearing is made, unless the parties agree to an extension of time. A final decision approving or denying the license application will be made after receipt of the proposal for decision from the administrative law judge.

(3) Exceptions. More time may be taken where good cause exists, as defined by Texas Government Code, §2005.004, for exceeding the established time periods in paragraphs (1) and (2) of this subsection.

§83.308. Relocation

~~[(a) Filing requirements. A licensee may move the licensed office from the licensed location to any other location by paying the appropriate fees and giving notice of intended relocation to the commissioner not less than 30 calendar days prior to the anticipated moving date. Notification must be filed on the Amendment to Regulated Loan License or an approved electronic~~

~~submission as prescribed by the commissioner. The notice must include the contemplated new address of the licensed office, the approximate date of relocation, a copy of the notice to debtors, and the applicable fee as outlined in §83.310 of this title (relating to Fees).]~~

(a) ~~[(b)]~~ Notice to debtors. Written notice of a relocation of an office, or of transactions as outlined in subsection (c) of this section, must be mailed to all debtors of record at least five calendar days prior to the date of relocation. A licensee may send notice to a debtor by email in lieu of mail if the debtor has provided an email address to the licensee and has consented in writing to be contacted at the email address. Any licensee failing to give the required notice must waive all default charges on payments coming due from the date of relocation to 15 calendar days subsequent to the mailing of notices to debtors. Notices must identify the licensee, provide both old and new addresses, provide both old and new telephone numbers, and state the date relocation is effective. The notice to debtors can be waived or modified by the commissioner when it is in the public interest. A request for waiver or modification must be submitted in writing for approval. The commissioner may approve notification to debtors by signs in lieu of notification by mail, if in the commissioner's opinion, no debtors will be adversely affected.

(b) ~~[(c)]~~ Relocation of regulated transactions. If the licensee is only relocating or transferring regulated transactions from one licensed location to another licensed location, the licensee must comply with subsection (b) of this section and provide, if requested, a list of regulated transactions relocated or transferred. This list of relocated or transferred regulated transactions must

include the loan number and the full name of the debtor.

§83.309. License Inactivation or Voluntary Surrender

(a) Inactivation of active license. A licensee may cease operating under a regulated loan license and choose to inactivate the license. A license may be inactivated by giving notice of the cessation of operations not less than 30 calendar days prior to the anticipated inactivation date. Notification must be provided by filing a license amendment or an approved electronic submission as prescribed by the OCCC. The notice must include the new mailing address for the license, the effective date of the inactivation, and the fee for amending the license. A licensee must continue to pay the yearly renewal fees for an inactive license as outlined in §83.310 of this title (relating to Fees), or the license will expire as described by §83.403 of this title (relating to License Term and Annual Renewal).

(b) Activation of inactive license. A licensee may activate an inactive license by giving notice of the intended activation not less than 30 calendar days prior to the anticipated activation date. Notification must be provided by filing a license amendment or an approved electronic submission as prescribed by the OCCC. The notice must include the contemplated new address of the licensed office, the approximate date of activation, and the fee for amending the license as outlined in §83.310 of this title.

(c) Voluntary surrender of license. Subject to §83.406(b) of this title (relating to Effect of Revocation, Suspension, or Surrender of License), a licensee may request voluntary [voluntarily] surrender of a license by providing the information required by the

OCCC's written instructions ~~[written notice of the cessation of operations, a request to surrender the license, and the license certificate]. A surrender is effective when the OCCC approves the surrender.~~ A voluntary surrender will result in cancellation of the license.

§83.311. Applications and Notices as Public Records

Once a license application or notice is filed with the OCCC, it becomes a "state record" under Texas Government Code, §441.180(11), and "public information" under Government Code, §552.002. Under Government Code, §441.190, §441.191 and §552.004, the original applications and notices must be preserved as "state records" and "public information" unless destroyed with the approval of the director and librarian of the State Archives and Library Commission under Government Code, §441.187. ~~[Under Government Code, §441.191, the OCCC may not return to the applicant or licensee any original documents associated with a regulated loan license application or notice.]~~ An individual may request copies of a state record under the authority of the Texas Public Information Act, Government Code, Chapter 552.

Division 4. License

~~[§83.402. License Display]~~

~~[Licenses must be prominently displayed in a licensee's office in a conspicuous location visible to the general public.]~~

§83.403. License Term, Renewal, and Expiration

(a) License term and renewal. A new license is effective from the date of its

issuance until December 31. A license must be renewed annually to remain effective. After renewal, a license is effective for a term of one year, from January 1 to December 31.

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

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

(d) [(e)] Notice of delinquency. If a licensee does not pay the annual assessment fee, the OCCC will send a notice of delinquency. Notice of delinquency is given when the OCCC sends the notice electronically through NMLS or by email to the primary company contact. [÷]

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

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

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

(1) December 31 of each year; or

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

(f) [(e)] Reinstatement. As provided by Texas Finance Code, §349.301 and §349.303(a), if a license was in good standing

when it expired, a person may reinstate the expired license not later than the 180th day after its expiration date by paying the annual assessment fee and a \$1,000 late filing fee.

§83.404. Denial, Suspension, or Revocation Based on Criminal History

(a) Criminal history record information. After an applicant submits a complete license application, including all required fingerprints, and pays the fees required by §83.310 of this title (relating to Fees), the OCCC will investigate the applicant and its principal parties. The OCCC will obtain criminal history record information through NMLS [from the Texas Department of Public Safety and the Federal Bureau of Investigation based on the applicant's fingerprint submission]. The OCCC will continue to receive information on new criminal activity reported after the license application has [fingerprints have] been initially processed.

(b) Disclosure of criminal history. The applicant must disclose all criminal history information required to file a complete application with the OCCC. Failure to provide any information required as part of the application or requested by the OCCC reflects negatively on the belief that the business will be operated lawfully and fairly. The OCCC may request additional criminal history information from the applicant, including the following:

(1) information about arrests, charges, indictments, and convictions of the applicant and its key individuals [principal parties];

(2) reliable documents or testimony necessary to make a determination under subsection (c) of this section, including

letters of recommendation from prosecution, law enforcement, and correctional authorities;

(3) proof that the applicant has maintained a record of steady employment, has supported the applicant's dependents, and has otherwise maintained a record of good conduct; and

(4) proof that all outstanding court costs, supervision fees, fines, and restitution as may have been ordered have been paid or are current.

(c) (No change.)

(d) Crimes related to character and fitness. The OCCC may deny a license application if the OCCC does not find that the financial responsibility, experience, character, and general fitness of the applicant are sufficient to command the confidence of the public and warrant the belief that the business will be operated lawfully and fairly, as provided by Texas Finance Code, §342.104(a)(1). In conducting its review of character and fitness, the OCCC will consider the criminal history of the applicant and its key individuals [~~principal parties~~]. If the applicant or a key individual [~~principal party~~] has been convicted of an offense described by subsections (c)(1) or (f)(1) of this section, this reflects negatively on an applicant's character and fitness. The OCCC may deny a license application based on other criminal history of the applicant or its key individuals [~~principal parties~~] if, when the application is considered as a whole, the agency does not find that the financial responsibility, experience, character, and general fitness of the applicant are sufficient to command the confidence of the public and warrant the belief that the business will be operated lawfully and fairly. The OCCC will,

however, consider the factors identified in subsection (c)(2) - (3) of this section in its review of character and fitness.

(e) - (f) (No change.)

Certification

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

Issued in Austin, Texas on October 24, 2025.

Matthew J. Nance
General Counsel
Office of Consumer Credit Commissioner

C. OFFICE OF CONSUMER CREDIT COMMISSIONER

7. Discussion of and Possible Vote to Take Action on the Proposal and Publication for Comment of Amendments in 7 TAC, Part 5, Chapter 89, Concerning Property Tax Lenders, Resulting from Rule Review

PURPOSE: The purpose of the proposed rule changes to 7 TAC Chapter 89 is to implement changes resulting from the commission's review of the subchapter under Texas Government Code, §2001.039.

RECOMMENDED ACTION: The OCCC requests that the Finance Commission approve the amendments to 7 TAC Chapter 89 for publication in the *Texas Register*.

RECOMMENDED MOTION: I move that the Finance Commission approve for publication and comment the amendments to 7 TAC Chapter 89.

Title 7, Texas Administrative Code
Part 5. Office of Consumer Credit Commissioner
Chapter 89. Property Tax Lenders

The Finance Commission of Texas (commission) proposes amendments to §89.206 (relating to Application for Exemption), §89.207 (relating to Files and Records Required), §89.301 (relating to Definitions), §89.302 (relating to Filing of New Application), §89.303 (relating to Transfer of License; New License Application on Transfer of Ownership), §89.306 (relating to Updating Application and Contact Information), §89.307 (relating to Processing of Application), §89.308 (relating to Relocation of Licensed Offices), §89.309 (relating to License Inactivation or Voluntary Surrender), §89.311 (relating to Applications and Notices as Public Records), §89.403 (relating to License Term, Renewal, and Expiration), and §89.405 (relating to Denial, Suspension, or Revocation Based on Criminal History); proposes the repeal of §89.304 (relating to Change in Form or Proportionate Ownership), §89.305 (relating to Amendments to Pending Application), and §89.402 (relating to License Display); and proposes new §89.806 (relating to Payoff Request from Borrower) in 7 TAC Chapter 89, concerning Property Tax Lenders.

The rules in 7 TAC Chapter 89 govern property tax loans. In general, the purpose of the proposed rule changes to 7 TAC Chapter 89 is to implement changes resulting from the commission's review of the chapter under Texas Government Code, §2001.039. Notice of the review of 7 TAC Chapter 89 was published in the *Texas Register* on May 31, 2024 (49 TexReg 3937). The commission received three informal comments and one official comment in response to that notice.

The OCCC distributed an early precomment draft of proposed changes to interested stakeholders for review, and then held a stakeholder meeting and webinar regarding the rule changes. The OCCC received four precomments from stakeholders, consisting of one precomment from an association of property tax lenders, two precomments from a law firm representing property tax lenders, and one precomment from a property tax lender. The OCCC appreciates the thoughtful input of stakeholders.

A proposed amendment to §89.206 would remove a requirement to provide an individual's Social Security number on the form for an individual's exemption from licensing. Under Texas Finance Code, §351.051(c), certain individuals are exempt from licensing as property tax lenders, including individuals making five or fewer property tax loans in any consecutive 12-month period from the individual's own funds. This proposed amendment would minimize sensitive personal information collected by the OCCC.

Proposed amendments to §89.207 would update recordkeeping requirements for property tax lenders. Currently, provisions throughout §89.207 refer to both paper and electronic recordkeeping systems. Proposed amendments throughout §89.207 would simplify and rearrange this language to refer to electronic recordkeeping systems before referring to paper systems, based on licensees' increasing use of electronic systems rather than paper systems. Currently, §89.207(3)(L) describes different sets of records to be maintained for judicial foreclosures and nonjudicial foreclosures.

Property tax lenders' ability to perform nonjudicial foreclosures was previously codified in Texas Tax Code, §32.06(c)(2), and was repealed in 2013 (SB 247 (2013)). Because the authority to perform nonjudicial foreclosures was repealed, the commission and the OCCC believe that it is no longer necessary to describe two different sets of documents, and that the rule should be simplified to describe one set of documents for foreclosures.

In a precomment, a law firm representing property tax lenders recommended revising the current requirements on recordkeeping for the notice to cure the default and the notice of intent to accelerate, to remove the phrase "including verification of delivery of the notice," which is currently used in §89.207(L)(i)(II)-(III), because service is complete under Texas Property Code, §51.002(e) when the notice is placed in the mail. In response to this suggestion, the proposed version of this provision at §89.207(L)(ii)-(iii) states that the record includes "any mail tracking or other verification of delivery of the notice," with the word "any" indicating that property tax lenders would be required to maintain the information if they obtain it.

Additional proposed amendments to §89.207 relate to data security recordkeeping. A proposed amendment at §89.207(9)(A) specifies that licensees must maintain written policies and procedures for an information security program to protect retail buyers' customer information, as required by the Federal Trade Commission's Safeguards Rule, 16 C.F.R. part 314. Another proposed amendment at §89.207(9)(B) specifies that if a licensee maintains customer information concerning 5,000 or more consumers, then the licensee must maintain a written incident response plan and written risk assessments,

as required by 16 C.F.R. §314.4. A proposed amendment at §89.207(10) specifies that licensees must maintain data breach notifications to consumers and to the Office of the Attorney General under Texas Business & Commerce Code, §521.053. Data security is a crucial issue. The OCCC's 2025-2029 strategic plan includes action items to "[p]romote cybersecurity awareness and best practices among regulated entities" and "[m]onitor cybersecurity incidents and remediation efforts reported by regulated entities." Recent data breaches affecting financial institutions highlight the urgent need for vigilance in this industry. The proposed data security recordkeeping amendments will help ensure that the OCCC can monitor this crucial issue.

Proposed amendments and repeals in §89.301 through §89.405 would implement the OCCC's transition to the NMLS system. The Nationwide Multistate Licensing System (NMLS) is an online platform used by state financial regulatory agencies to manage licenses, including license applications and renewals. NMLS was created in 2008. The federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 explains that the purposes of NMLS include increasing uniformity and reducing regulatory burden. SAFE Act, 12 USC §5101. Each state currently uses NMLS for licensing individual RMLOs, and states are increasingly using the system to license consumer finance companies. NMLS is managed by the Conference of State Bank Supervisors and is subject to ongoing modernization efforts and enhancements.

Under Texas Finance Code, §14.109, the OCCC is authorized to require use of NMLS for certain license and registration types, including property tax lender licenses under Texas Finance Code, Chapter 351. The

OCCC has begun a phased process of migrating license groups from ALECS (the OCCC's previous licensing platform) to NMLS. In 2025, licensed property tax lenders completed their transition to NMLS. The OCCC believes that moving to NMLS will improve the user experience of the licensing system and promote efficiency. This is particularly true for entities that hold licenses with the OCCC and with another state agency, because these entities will be able to manage multiple licenses through NMLS.

Proposed amendments to §89.301 would replace the term "principal party" with "key individual" to be consistent with the terminology in NMLS.

Proposed amendments to §89.302 would streamline license application requirements and refer to instructions that the OCCC has published through NMLS. Currently, §89.302 contains a detailed list of license application items, with requirements that differ based on the applicant's entity type (e.g., partnership, corporation, limited liability company). In addition to ensuring consistency with NMLS, the proposed amendments would significantly simplify §89.302, and ensure that an applicant can easily read and understand the rule. A proposed amendment at §89.302(c) explains that the OCCC may require additional, clarifying, or supplemental information to determine that the applicant meets statutory licensing requirements. A proposed amendment at §89.302(d) explains that an applicant must immediately amend a pending application if any information changes requiring a materially different response, replacing language that would be removed from §89.306(a), as explained later in this preamble.

Proposed amendments to §89.303 would streamline and simplify requirements for transfer of ownership and license transfer to ensure consistency with NMLS. In §89.303(b)(3), proposed amendments to the definition of "transfer of ownership" would limit the definition to focus on transfers from one company to another. Going forward in NMLS, the OCCC anticipates that changes to the identifies of a single company's owners will be handled through the advance change notice process, as explained later in this preamble in the discussion of proposed amendments to §89.306. A proposed amendment to §89.303(c) would explain that to transfer a license, a transferor may request surrender of its license after the OCCC approves the transferee's new license application on transfer of ownership. Other proposed amendments throughout §89.303 would ensure consistency with this revised transfer process.

The proposal would repeal §89.304, which currently requires licensees to notify the OCCC of changes to organizational form, mergers resulting in creation of a new or different surviving entity, and certain changes in proportionate ownership. Going forward in NMLS, the OCCC anticipates that these changes will be handled through the advance change notice process, as explained later in this preamble in the discussion of proposed amendments to §89.306. Therefore, §89.304 will no longer be necessary.

The proposal would repeal §89.305, which currently requires license applicants to provide supplemental information to the OCCC on request. Because of the proposed amendment at §89.302(c) explaining the OCCC may require additional information, §89.305 will no longer be necessary.

Proposed amendments to §89.306 would consolidate and simplify the types of required notifications that a licensee must provide to the OCCC when a change occurs. In §89.306(a), the proposed amendments would list advance change notices. NMLS uses the term "advance change notice" to refer to notifications that must be provided on or before the date of the change, in accordance with an agency's written instructions. As explained in the proposed amendments to §89.306(a), this includes changes to the legal name of the entity, the legal status of the entity, names of key individuals, branch location addresses, and other listed items. In §89.306(b), proposed amendments would list notifications that are required not later than 30 days after the licensee has knowledge of the information. These items include bankruptcies of the licensee or its direct owners, because a bankruptcy is a significant event that may impact the financial responsibilities of a licensee and its ability to address compliance issues. These items also include notifications of data breaches affecting at least 250 Texas residents, helping to ensure that the OCCC can effectively monitor the crucial issue of cybersecurity (as discussed earlier in the discussion of proposed amendments to §89.207).

Proposed amendments to §89.307 would revise license application processing requirements to be consistent with NMLS and with the statute at Texas Finance Code, §351.104. A proposed amendment at §89.307(d) would explain that a license application may be considered withdrawn if a complete application has not been filed within 30 days after a notice of deficiency has been sent to the applicant, consistent with how license applications are processed in NMLS. Under Texas Finance Code, §351.104(b), if the OCCC finds that a license applicant has not met the eligibility

requirements for a license, then the OCCC will notify the applicant. Under Texas Finance Code, §351.104(c), an applicant has 30 days after the date of the notification to request a hearing on the denial. Proposed amendments at §89.307(d) would specify that if the eligibility requirements for a license have not been met, the OCCC will send a notice of intent to deny the license application, as described by Texas Finance Code, §351.104(b). Proposed amendments at §89.307(e) would revise current language to specify that an affected applicant has 30 days from the date of the notice of intent to deny to request a hearing, as provided by Texas Finance Code, §351.104(c). A proposed amendment would remove current §89.307(e), regarding disposition of fees, because this language unnecessarily duplicates language in §89.310 (regarding Fees). Proposed amendments to §89.307(f) would clarify the 60-day target period to process a license application and the 60-day target period to set a requested hearing on an application denial, in accordance with Texas Finance Code, §351.104(c)-(d).

Proposed amendments to §89.308 would revise requirements for notice of relocation of licensed offices. The proposal would remove current §89.308(a), because the requirement to notify the OCCC of a branch office relocation will be moved to §89.306(a) as an advance change notice, as discussed earlier in this preamble. A proposed amendment to current §89.308(b) would explain that a licensee may send notice of a relocation to a debtor by email if the debtor has provided an email address and consented in writing to be contacted at the email address, in order to accommodate electronic communications.

Proposed amendments to §89.309 would revise requirements for license surrender.

The proposed amendment would explain that a licensee may surrender a license by providing the information required by the OCCC's written instruction, in accordance with Texas Finance Code, §351.160, and that a surrender is effective when the OCCC approves the surrender.

Proposed amendments to §89.311 would remove a sentence about the return of original documents filed with a license application. This sentence is no longer necessary because the OCCC no longer accepts original paper documents with a license application.

The proposal would repeal §89.402, which describes the requirement to display a license. This section is unnecessary because it duplicates the statutory license display requirement at Texas Finance Code, §351.152. Going forward, licensees may comply with the statutory license display requirement by printing out company license information from NMLS.

Proposed amendments to §89.403 would revise requirements for license renewal. A proposed amendment at §89.403(b) would explain that a licensee must maintain an active account in NMLS (or a designated successor system) in order to maintain and renew a license, and that renewal may be unavailable to a licensee that fails to maintain an active account. A proposed amendment at §89.403(d) would specify that the OCCC may send notice of delinquency of an annual assessment fee electronically through NMLS or by email to the primary company contact, removing current language that refers to a "master file" address under the OCCC's current system.

Proposed amendments to §89.405 would revise criminal history review requirements to explain that the OCCC will obtain criminal

history record information through NMLS and to use the term "key individual."

Proposed new §89.806 would describe requirements for property tax loan payoff requests authorized by a borrower. Currently, the rules in §89.801 through §89.805 describe requirements for payoff requests from another lienholder to a property tax lender, but these sections do not describe requirements for a payoff request that is authorized by a borrower. Property tax lenders have requested that the OCCC provide guidance and clear standards on this issue, in order to ensure that the payoff process functions properly, that borrowers are enabled to pay off their property tax loans in a reasonable amount of time, and that property tax lenders are able to safeguard borrowers' personal information. Consistent with the prohibition on prepayment penalties in Texas Tax Code, §32.065(d), and Texas Finance Code, §343.205 and §351.0021(a)(9), a borrower has a right to pay off a property tax loan early. Proposed new §89.806(a) would explain this right. Proposed new §89.806(b) would describe the payoff request process that should be used if a property tax lender obtains a borrower's authorization to pay off a property tax loan held by an existing property tax lender. This includes guidelines for the authorized property tax lender to obtain the borrower's written authorization and send the payoff request, as well as guidelines for the existing property tax lender to provide a payoff statement.

The OCCC received three precomments dealing with the proposed new payoff rule at §89.806. All three precomments expressed support for having clear guidelines on this issue, although stakeholders differed in suggestions for the timing of the payoff statement and technical requirements for the

borrower's authorization. Regarding the timing of the payoff statement, two precommenters suggested a seven-business-day period, while one precommenter suggested a three-day period. The commission and the OCCC believe that a seven-business-day period is appropriate and consistent with industry standards. This period is also consistent with the current seven-business-day requirement for payoff statements that property tax lenders provide to other lienholders under 7 TAC §89.802(i) (relating to Payoff Statements). For this reason, proposed §89.806(b)(3) contains a seven-business-day period for providing the payoff statement. Regarding technical requirements for the borrower's authorization, one precommenter suggested that the proof of authorization include a certificate of authenticity containing the signer's name, IP address, email address, and date and time of signing. Another precommenter suggested that concerns about the inability to verify payoff authorizations are "not genuine," and that payoff authorizations from a licensed lender should be presumed valid under a "safe harbor." Regarding technical requirements, the commission and the OCCC believe that concerns about validation are genuine, but want to ensure that the rule remains flexible enough to accommodate changing technology. The proposed amendments to §89.806 contain language explaining that lenders must maintain proof of electronic signatures "in accordance with standards for electronic signatures." The commission and the OCCC invite additional comments on standards that can accommodate changing technology, while also supporting borrowers' payoff rights and the safeguarding of borrowers' information.

Mirand Diamond, Director of Licensing, Finance and Human Resources, has

determined that for the first five-year period the proposed rule changes are in effect, there will be no fiscal implications for state or local government as a result of administering the rule changes.

Christine Graham, Director of Consumer Protection, has determined that for each year of the first five years the proposed rule changes are in effect, the public benefits anticipated as a result of the changes will be that the commission's rules will be more easily understood by licensees required to comply with the rules. In particular, the rule changes governing the transition to the NMLS licensing system will better enable the OCCC use its existing authority under Texas Finance Code, §14.109, to use NMLS as a licensing system, resulting in an improved user experience, efficiency for multistate entities, and an improved ability for consumers to access data about business licenses. Transitioning to NMLS will help minimize the costs of updating the OCCC's legacy technological systems.

In general, the OCCC anticipates that any economic costs for persons required to comply with the proposed rule changes will be minimal. Following an NMLS transition period earlier in 2025, property tax lender licensees have transitioned to NMLS. During the NMLS transition period, the OCCC attempted to minimize costs by requiring existing licensees to provide only a core set of information and documents.

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

impacts on small businesses, as well as any alternative methods of achieving the purpose of the proposal while minimizing adverse impacts on small businesses, micro-businesses, and rural communities.

During the first five years the proposed rule changes will be in effect, the rules will not create or eliminate a government program. Implementation of the rule changes will not require the creation of new employee positions or the elimination of existing employee positions. Implementation of the rule changes will not require an increase or decrease in future legislative appropriations to the OCCC, because the OCCC is a self-directed, semi-independent agency that does not receive legislative appropriations. The proposal does not require an increase or decrease in fees paid to the OCCC. The proposal would create a new regulation at §89.806, regarding payoff statements by borrowers, in response to stakeholder requests. The proposal would both expand and limit current §89.207 and §89.306 by adding references to certain cybersecurity-related information and removing unnecessary rule text. The proposal would limit current §89.206, §89.302, §89.303, §89.308, and §89.311 by simplifying and streamlining current requirements. The proposal would repeal current §89.304, §89.305, and §89.402. The proposed rule changes do not increase or decrease the number of individuals subject to the rule's applicability. The agency does not anticipate that the proposed rule changes will have an effect on the state's economy.

Comments on the proposal may be submitted in writing to Matthew Nance, General Counsel, Office of Consumer Credit Commissioner, 2601 North Lamar Boulevard, Austin, Texas 78705 or by email to rule.comments@occc.texas.gov. The

commission invites any comments with information related to the cost, benefit, or effect of the proposed rule changes, including any applicable data, research, or analysis, from any person required to comply with the proposed rule changes or any other interested person. To be considered, a written comment must be received on or before the 30th day after the date the proposal is published in the *Texas Register*. After the 30th day after the proposal is published in the *Texas Register*, no further written comments will be considered or accepted by the commission.

The rule changes are proposed under Texas Finance Code, §351.007, which authorizes the commission to adopt rules to ensure compliance with Texas Finance Code, Chapter 351, and Texas Tax Code, §32.06 and §32.065. The rule changes are also proposed under Texas Finance Code, §14.109, which authorizes the OCCC to require that a person submit information through NMLS if the information is required under a rule adopted under Texas Finance Code, Chapter 351. In addition, Texas Finance Code, §11.304 authorizes the commission to adopt rules to ensure compliance with Texas Finance Code, Title 4.

The statutory provisions affected by the proposal are contained in Texas Finance Code, Chapter 351 and Texas Tax Code, Chapter 32.

Subchapter B. Authorized Activities

§89.206. Application for Exemption

(a) For an individual to apply for exemption from licensing under this chapter as a qualifying individual under Texas Finance Code, §351.051(c)(2), the individual

must provide a signed, dated, and notarized affidavit containing the following:

(1) the individual's name and address;

~~[(2) the individual's social security number;]~~

(2) ~~[(3)]~~ the anticipated date of the property tax loan;

(3) ~~[(4)]~~ a description of the property by legal description, and if applicable, street address; and

(4) ~~[(5)]~~ a sworn statement that the individual is someone who:

(A) is related to the property owner within the second degree of consanguinity or affinity, as determined under Texas Government Code, Chapter 573; or

(B) makes five or fewer property tax loans in any consecutive 12-month period from the individual's own funds.

(b) - (c) (No change.)

§89.207. Files and Records Required

Each licensee must maintain records with respect to each property tax loan made under Texas Finance Code, Chapter 351 and Texas Tax Code, §32.06 and §32.065, and make those records available for examination under Texas Finance Code, §351.008. The records required by this section may be maintained by using either an electronic recordkeeping system, a paper or manual recordkeeping system, ~~[electronic recordkeeping system, optically imaged recordkeeping system,]~~ or a combination of the preceding types of systems, unless otherwise specified by statute

or regulation. If federal law requirements for record retention are different from the provisions contained in this section, the federal law requirements prevail only to the extent of the conflict with the provisions of this section.

(1) - (2) (No change.)

(3) Property tax loan transaction file. A licensee must maintain an electronic or [a] paper ~~[or imaged]~~ copy of a property tax loan transaction file for each individual property tax loan or be able to produce the same information within a reasonable amount of time. The property tax loan transaction file must contain documents that show the licensee's compliance with applicable law, including Texas Finance Code, Chapter 351; Texas Tax Code, §32.06 and §32.065, and any applicable state and federal statutes and regulations. If a substantially equivalent electronic record for any of the following documents exists, a paper copy of the record does not have to be included in the property tax loan transaction file if the electronic record can be accessed upon request. The property tax loan transaction file must include copies of the following records or documents, unless otherwise specified:

(A) - (K) (No change.)

(L) For property tax loan transactions involving a foreclosure or attempted foreclosure, the following records ~~[required by Texas Tax Code, Chapters 32 and 33]:~~

(i) any records pertaining to the foreclosure, including records from the licensee's attorneys, the court, or the borrower or borrower's agent; [For transactions involving judicial foreclosures under Texas Tax Code, §32.06(c):]

~~[(I) any records pertaining to a judicial foreclosure including records from the licensee's attorneys, the court, or the borrower or borrower's agent;]~~

~~[(II) if sent by an attorney who is not an employee of the licensee, any notice to cure the default sent to the property owner and each holder of a recorded first lien on the property as specified by Texas Property Code, §51.002(d) including verification of delivery of the notice;]~~

~~[(III) if sent by an attorney who is not an employee of the licensee, any notice of intent to accelerate sent to the property owner and each holder of a recorded first lien on the property, including verification of delivery of the notice;]~~

~~[(IV) if sent by an attorney who is not an employee of the licensee, any notice of acceleration sent to the property owner and each holder of a recorded first lien on the property;]~~

~~[(V) any written documentation that confirms that the borrower has deferred their property tax on the property subject to the property tax loan as permitted under Texas Tax Code, §33.06, such as the Tax Deferral Affidavit for 65 or Over or Disabled Homeowner, Form 50-126 filed with the appraisal district, attorney, or court;]~~

~~[(VI) records relating to the distribution of excess proceeds as required by Texas Tax Code, §34.02 and §34.04;]~~

~~[(VII) the foreclosure deed upon sale of the property;]~~

~~[(VIII) if the property is purchased at the foreclosure sale by the licensee, copies of receipts or invoices substantiating any amounts reasonably spent by the purchaser in connection with the property as costs within the meaning of Texas Tax Code, §34.21(g);]~~

~~(ii) any notice to cure the default sent to the property owner and each holder of a recorded first lien on the property as specified by Texas Property Code, §51.002(d), including any mail tracking or other verification of delivery of the notice; [For transactions closed before May 29, 2013, involving nonjudicial foreclosures under Act of May 7, 1995, 74th Leg., R.S., ch. 131, §1, sec. 32.06(c)(2), 1995 Tex. Gen. Laws 957, as amended by Act of May 25, 2007, 80th Leg., R.S., ch. 1329, §1, sec. 32.06(c)(2), 2007 Tex. Gen. Laws 4484, 4485 (repealed 2013) (previously codified at Texas Tax Code, §32.06(c)(2));]~~

~~[(I) the notice to cure the default sent to the property owner and each holder of a recorded first lien on the property as required by Texas Property Code, §51.002(d) including verification of delivery of the notice;]~~

~~[(II) the notice of intent to accelerate sent to the property owner and each holder of a recorded first lien on the property, including verification of delivery of the notice;]~~

~~[(III) the notice of acceleration sent to the property owner and each holder of a recorded first lien on the property;]~~

~~[(IV) any written documentation that confirms that the borrower has deferred their property tax on~~

~~the property subject to the property tax loan as permitted under Texas Tax Code, §33.06, such as the Tax Deferral Affidavit for 65 or Over or Disabled Homeowner, Form 50-126 filed with the appraisal district, attorney, or court;]~~

~~[(V) the application for Order for Foreclosure under Texas Rules of Civil Procedure, Rule 736.1;]~~

~~[(VI) copies of any returns of citations issued under Texas Rules of Civil Procedure, Rule 736.3, showing the date and time the citation was placed in the custody of the U.S. Postal Service;]~~

~~[(VII) copies of any responses filed contesting the Application for Order for Foreclosure as described in Texas Rules of Civil Procedure, Rule 736.5;]~~

~~[(VIII) the motion and proposed order to obtain a default order, if any, under Texas Rules of Civil Procedure, Rule 736.7;]~~

~~[(IX) the order granting or denying the application for foreclosure as specified under Texas Rules of Civil Procedure, Rule 736.8;]~~

~~[(X) the notice provided to the recorded preexisting lienholder, at least, 60 days before the date of the proposed foreclosure;]~~

~~[(XI) the notice of sale as required by Texas Property Code, §51.002(b) including verification of delivery of the notice;]~~

~~[(XII) records relating to the distribution of excess proceeds as~~

~~required by Texas Tax Code, §34.021 and §34.04;]~~

~~[(XIII) the foreclosure deed upon sale of the property;]~~

~~[(XIV) if the property is purchased at the foreclosure sale by the licensee, copies of receipts or invoices substantiating any amounts reasonably spent by the purchaser in connection with the property as costs within the meaning of Texas Tax Code, §34.21(g);]~~

(iii) any notice of intent to accelerate sent to the property owner and each holder of a recorded first lien on the property, including any mail tracking or other verification of delivery of the notice;

(iv) any notice of acceleration sent to the property owner and each holder of a recorded first lien on the property;

(v) any written documentation that confirms that the borrower has deferred property tax on the property subject to the property tax loan as permitted under Texas Tax Code, §33.06, such as the Tax Deferral Affidavit for 65 or Over or Disabled Homeowner, Form 50-126 filed with the appraisal district, attorney, or court;

(vi) records relating to the distribution of excess proceeds as required by Texas Tax Code, §34.02 and §34.04;

(vii) the foreclosure deed upon sale of the property;

(viii) if the property is purchased at the foreclosure sale by the licensee, copies of receipts or invoices substantiating any amounts reasonably spent by the purchaser in connection with the

property as costs within the meaning of Texas Tax Code, §34.21(g);

(M) For property tax loans involving one or more electronic signatures, copies of any notices or disclosures provided in connection with the electronic signatures and proof of the signature in accordance with standards for electronic signatures.

(3) - (8) (No change.)

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

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

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

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

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

(B) any data breach notification provided to a government agency, including any notification provided to the Office of the Attorney General under Texas Business &

Commerce Code, §521.053, for a period of four years from the date of the notification.

(11) [(9)] Retention and availability of records. All books and records required by this section must be available for inspection at any time by OCCC staff, and must be retained for a period of four years from the date of the contract, two years from the date of the final entry made thereon by the licensee, whichever is later, or a different period of time if required by federal law. The records required by this section must be available or accessible at an office in the state designated by the licensee except when the property tax loan transactions are transferred under an agreement which gives the OCCC access to the documents. Documents may be maintained out of state if the licensee has in writing acknowledged responsibility for either making the records available within the state for examination or by acknowledging responsibility for additional examination costs associated with examinations conducted out of state.

Subchapter C. Application Procedures

§89.301. Definitions

Words and terms used in this chapter that are defined in Texas Finance Code, Chapter 351 have the same meanings as defined in Chapter 351. The following words and terms, when used in this chapter, will have the following meanings, unless the context clearly indicates otherwise.

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

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

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

(C) an individual designated as a key individual where necessary to fairly assess the applicant or licensee's financial responsibility, experience, character, general fitness, and sufficiency to command the confidence of the public and warrant the belief that the business will be operated lawfully and fairly.

(2) [(4)] Net assets--The total value of acceptable assets used or designated as readily available for use in the business, less liabilities, other than those liabilities secured by unacceptable assets. Unacceptable assets include, but are not limited to, goodwill, unpaid stock subscriptions, lines of credit, notes receivable from an owner, property subject to the claim of homestead or other property exemption, and encumbered real or personal property to the extent of the encumbrance. Generally, assets are available for use if they are readily convertible to cash within 10 business days.

(3) NMLS--The Nationwide Multistate Licensing System. ~~[(2) Parent entity A direct owner of a licensee or applicant.]~~

~~[(3) Principal party An adult individual with a substantial relationship to~~

~~the proposed lending business of the applicant. The following individuals are principal parties:]~~

~~[(A) a proprietor;]~~

~~[(B) general partners;]~~

~~[(C) officers of privately held corporations, to include the chief executive officer or president, the chief operating officer or vice president of operations, the chief financial officer or treasurer, and those with substantial responsibility for lending operations or compliance with Texas Finance Code, Chapter 351;]~~

~~[(D) directors of privately held corporations;]~~

~~[(E) individuals associated with publicly held corporations designated by the applicant as follows:]~~

~~[(i) officers as provided by subparagraph (C) of this paragraph (as if the corporation was privately held); or]~~

~~[(ii) three officers or similar employees with significant involvement in the corporation's activities governed by Texas Finance Code, Chapter 351. One of the persons designated must be responsible for assembling and providing the information required on behalf of the applicant and must sign the application for the applicant;]~~

~~[(F) voting members of a limited liability company;]~~

~~[(G) trustees and executors; and]~~

~~[(H) individuals designated as principal parties where necessary to fairly assess the applicant's financial responsibility,~~

~~experience, character, general fitness, and sufficiency to command the confidence of the public and warrant the belief that the business will be operated lawfully and fairly as required by the commissioner.]~~

§89.302. Filing of New Application

(a) NMLS. In order to submit a property tax lender license application, an applicant must submit a complete, accurate, and truthful license application through NMLS (or a successor system designated by the OCCC), using the current form prescribed by the OCCC. An application is complete when it conforms to the OCCC's written instructions and necessary fees have been paid. The OCCC has made application checklists available through NMLS, outlining the necessary information for a license application.~~[An application for issuance of a new license must be submitted in a format prescribed by the OCCC at the date of filing and in accordance with the OCCC's instructions. The OCCC may accept the use of prescribed alternative formats in order to accept approved electronic submissions. Appropriate fees must be filed with the application, and the application must include the following:]~~

~~[(1) Required application information. All questions must be answered.]~~

~~[(A) Application for license.]~~

~~[(i) Location information. A physical street address must be listed for the applicant's proposed lending address, or if the applicant will have no such location, a statement to that effect must be provided. For applicants with a proposed location in Texas, a post office box or a mail box location at a private mail receiving service generally may~~

~~not be used. If the address has not yet been determined or if the application is for an inactive license, then the application must so indicate.]~~

~~[(ii) Responsible person. The person responsible for the day-to-day operations of the applicant's proposed offices must be named.]~~

~~[(iii) Registered agent. The registered agent must be provided by each applicant. The registered agent is the person or entity to whom any legal notice may be delivered. The agent must be a Texas resident and list an address for legal service. If the registered agent is a natural person, the address must be a different address than the licensed location address. If the applicant is a corporation or a limited liability company, the registered agent should be the one on file with the Office of the Texas Secretary of State. If the registered agent is not the same as the agent filed with the Office of the Texas Secretary of State, then the applicant must submit a certification from the secretary of the company identifying the registered agent.]~~

~~[(iv) Owners and principal parties.]~~

~~[(I) Proprietorships. The applicant must disclose the name of any individual holding an ownership interest in the business and the name of any individual responsible for operating the business. If requested, the applicant must also disclose the names of the spouses of these individuals.]~~

~~[(II) General partnerships. Each partner must be listed and the percentage of ownership stated. If a general partner is wholly or partially owned by a legal~~

entity and not a natural person, a narrative or diagram must be included that lists the names and titles of all meeting the definition of "managerial official," as contained in Texas Business Organizations Code, §1.002, and a description of the ownership of each legal entity must be provided. General partnerships that register as limited liability partnerships should provide the same information as that required for general partnerships.]

~~[(III) Limited partnerships. Each partner, general and limited, fulfilling the requirements of items (a) (c) of this subclause must be listed and the percentage of ownership stated.]~~

~~[(a) General partners. The applicant should provide the complete ownership, regardless of percentage owned, for all general partners. If a general partner is wholly or partially owned by a legal entity and not a natural person, a narrative or diagram must be included that lists the names and titles of all meeting the definition of "managerial official," as contained in Texas Business Organizations Code, §1.002, and a description of the ownership of each legal entity must be provided.]~~

~~[(b) Limited partners. The applicant should provide a complete list of all limited partners owning 10% or more of the partnership.]~~

~~[(c) Limited partnerships that register as limited liability partnerships. The applicant should provide the same information as that required for limited partnerships.]~~

~~[(IV) Corporations. Each officer and director must be named. Each shareholder holding 10% or more of the~~

~~voting stock must be named if the corporation is privately held. If a parent corporation is the sole or part owner of the proposed business, a narrative or diagram must be included that describes each level of ownership of 10% or greater.]~~

~~[(V) Limited liability companies. Each "manager," "officer," and "member" owning 10% or more of the company, as those terms are defined in Texas Business Organizations Code, §1.002, and each agent owning 10% or more of the company must be listed. If a member is a legal entity and not a natural person, a narrative or diagram must be included that describes each level of ownership of 10% or greater.]~~

~~[(VI) Trusts or estates. Each trustee or executor, as appropriate, must be listed.]~~

~~[(VII) All entity types. If a parent entity is a different type of legal business entity than the applicant, the parent entity's owners and principal parties should be disclosed according to the parent's entity type.]~~

~~[(B) Disclosure questions. All applicable questions must be answered. Questions requiring a "yes" answer must be accompanied by an explanatory statement and any appropriate documentation requested.]~~

~~[(C) Personal information.]~~

~~[(i) Personal affidavit. Each individual meeting the definition of "principal party" as defined in §89.301 of this title (relating to Definitions) or who is a person responsible for day-to-day operations~~

~~must provide a personal affidavit. All requested information must be provided.]~~

~~[(ii) Personal questionnaire. Each individual meeting the definition of "principal party" as defined in §89.301 of this title or who is a person responsible for day-to-day operations must provide a personal questionnaire. Each question must be answered. If any question, except question 1, is answered "yes," an explanation must be provided.]~~

~~[(iii) Employment history. Each individual meeting the definition of "principal party" as defined in §89.301 of this title or who is a person responsible for day-to-day operations must provide an employment history. Each principal party should provide a continuous 10-year history, accounting for time spent as a student, unemployed, or retired. The employment history must also include the individual's association with the entity applying for the license.]~~

~~[(D) Additional requirements.]~~

~~[(i) Statement of experience. Each applicant should provide a statement setting forth the details of the applicant's prior experience in the lending or credit granting business. If the applicant or its principal parties do not have significant experience in the same type of credit business as planned for the prospective licensee, the applicant must provide a written statement explaining the applicant's relevant business experience or education, why the commissioner should find that the applicant has the requisite experience, and how the applicant plans to obtain the necessary knowledge to operate lawfully and fairly.]~~

~~[(ii) Business operating plan. Each applicant must provide a brief narrative explaining the type of lending operation that is planned. This narrative should discuss each of the following topics:]~~

~~[(I) the source of customers;]~~

~~[(II) the purpose(s) of loans;]~~

~~[(III) the size of loans;]~~

~~[(IV) the source of working capital for planned operations;]~~

~~[(V) whether the applicant will only be arranging or negotiating loans for another lender or financing entity;]~~

~~[(VI) if the applicant will only be arranging or negotiating loans for another lender or financing entity, the licensee must also provide:]~~

~~[(a) a list of the lenders for whom the applicant will be arranging or negotiating loans;]~~

~~[(b) whether the loans will be collected at the location where the loans are made; and]~~

~~[(c) if the loans will not be collected at the location where the loans are made, the identification of the person or firm that will be servicing the loans, including the location at which the loans will be serviced, and a detailed description of the process to be utilized in collections.]~~

~~[(iii) Statement of records. Each applicant must provide a statement of where records of Texas transactions will be~~

~~maintained. If these records will be maintained at a location outside of Texas, the applicant must acknowledge responsibility for the travel cost associated with examinations in addition to the assessment fees or agree to make all records available for examination in Texas.]~~

~~[(E) Consent form. Each applicant must submit a consent form signed by an authorized individual. Electronic signatures will be accepted in a manner approved by the commissioner. The following are authorized individuals:]~~

~~[(i) If the applicant is a proprietor, each owner must sign.]~~

~~[(ii) If the applicant is a partnership, each general partner must sign.]~~

~~[(iii) If the applicant is a corporation, an authorized officer must sign.]~~

~~[(iv) If the applicant is a limited liability company, an authorized member or manager must sign.]~~

~~[(v) If the applicant is a trust or estate, the trustee or executor, as appropriate, must sign.]~~

~~[(2) Other required filings:]~~

~~[(A) Fingerprints:]~~

~~[(i) For all persons meeting the definition of "principal party" as defined in §89.301 of this title, a complete set of legible fingerprints must be provided. All fingerprints should be submitted in a format prescribed by the OCCC and approved by the Texas Department of Public Safety and the Federal Bureau of Investigation.]~~

~~[(ii) For limited partnerships, if the owners and principal parties under paragraph (1)(A)(iv)(III)(a) of this section does not produce a natural person, the applicant must provide a complete set of legible fingerprints for individuals who are associated with the general partner as principal parties.]~~

~~[(iii) For entities with complex ownership structures that result in the identification of individuals to be fingerprinted who do not have a substantial relationship to the proposed applicant, the applicant may submit a request to fingerprint three officers or similar employees with significant involvement in the proposed business. The request should describe the relationship and significant involvement of the individuals in the proposed business. The agency may approve the request, seek alternative appropriate individuals, or deny the request.]~~

~~[(iv) For individuals who have previously been licensed by the OCCC and principal parties of entities currently licensed, fingerprints are generally not required if the fingerprints are on record with the OCCC, are less than 10 years old, and have been processed by both the Texas Department of Public Safety and the Federal Bureau of Investigation. Upon request, individuals and principal parties previously licensed by the OCCC may be required to submit a new set of fingerprints in order to complete the OCCC's records.]~~

~~[(v) For individuals who have previously submitted fingerprints to another state agency (e.g., Texas Department of Savings and Mortgage Lending), fingerprints are still required to be submitted to the OCCC, as per Texas Finance Code, §14.152. Fingerprints cannot be disclosed to others,~~

~~except as authorized by Texas Government Code, §560.002.;~~

~~[(B) Loan forms. The applicant must provide information regarding all loan forms it intends to use.]~~

~~[(i) Custom forms. If a custom loan form is to be prepared, a preliminary draft or proof that is complete as to format and content and which indicates the number and distribution of copies to be prepared for each transaction must be submitted.]~~

~~[(ii) Stock forms. If an applicant purchases or plans to purchase stock forms from a supplier, the applicant must include a statement that includes the supplier's name and address and a list identifying the forms to be used, including the revision date of the form, if any.]~~

~~[(C) Entity documents:]~~

~~[(i) Partnerships. A partnership applicant must submit a complete and executed copy of the partnership agreement. This copy must be signed and dated by all partners. If the applicant is a limited partnership or a limited liability partnership, provide evidence of filing with the Office of the Texas Secretary of State.]~~

~~[(ii) Corporations. A corporate applicant, domestic or foreign, must provide the following documents:]~~

~~[(I) a complete copy of the certificate of formation or articles of incorporation, with any amendments;]~~

~~[(II) a certification from the secretary of the corporation identifying the current officers and directors as listed in~~

~~the owners and principal parties section of the application for license form;]~~

~~[(III) if the registered agent is not the same as the one on file with the Office of the Texas Secretary of State, a certification from the secretary of the corporation identifying the registered agent;]~~

~~[(IV) if requested, a copy of the relevant portions of the bylaws addressing the required number of directors and the required officer positions for the corporation;]~~

~~[(V) if requested, a copy of the minutes of corporate meetings that record the election of all current officers and directors as listed in the owners and principal parties section of the application for license form;]~~

~~[(VI) if requested, a certificate of good standing from the Texas Comptroller of Public Accounts.]~~

~~[(iii) Publicly held corporations. In addition to the items required for corporations, a publicly held must file the most recent 10K or 10Q for the applicant or for the parent company.]~~

~~[(iv) Limited liability companies. A limited liability company applicant, domestic or foreign, must provide the following documents:]~~

~~[(I) a complete copy of the articles of organization;]~~

~~[(II) a certification from the secretary of the company identifying the current officers and directors as listed in the owners and principal parties section of the application for license form;]~~

~~[(III) if the registered agent is not the same as the one on file with the Office of the Texas Secretary of State, a certification from the secretary of the company identifying the registered agent;]~~

~~[(IV) if requested, a copy of the relevant portions of the operating agreement or regulations addressing responsibility for operations;]~~

~~[(V) if requested, a copy of the minutes of company meetings that record the election of all current officers and directors as listed in the owners and principal parties section of the application for license form;]~~

~~[(VI) if requested, a certificate of good standing from the Texas Comptroller of Public Accounts.]~~

~~[(v) Trusts. A copy of the relevant portions of the instrument that created the trust addressing management of the trust and operations of the applicant must be filed with the application.]~~

~~[(vi) Estates. A copy of the instrument establishing the estate must be filed with the application.]~~

~~[(vii) Foreign entities. In addition to the items required by this section, a foreign entity must provide a certificate of authority to do business in Texas, if applicable.]~~

~~[-(viii) Formation document alternative. As an alternative to the entity-specific formation document applicable to the applicant's entity type (e.g., for a corporation, articles of incorporation), an applicant may submit a "certificate of~~

~~formation" as defined in Texas Business Organizations Code, §1.002, if the certificate of formation provides the entity formation information required by this section for that entity type.]~~

~~[(D) Financial statement and supporting financial information.]~~

~~[(i) All entity types. The financial statement must be dated no earlier than 90 days prior to the date of application. Applicants may also submit audited financial statements dated within one year prior to the application date in lieu of completing the supporting financial information. All financial statements must be certified as true, correct, and complete, and must comply with generally accepted accounting principles (GAAP).]~~

~~[(ii) Sole proprietorships. Sole proprietors must complete all sections of the personal financial statement and the supporting financial information, or provide a personal financial statement that contains all of the same information requested by the personal financial statement and the supporting financial information. The personal financial statement and supporting financial information must be as of the same date.]~~

~~[(iii) Partnerships. A balance sheet for the partnership itself as well as each general partner must be submitted. In addition, the information requested in the supporting financial information must be submitted for the partnership itself and each general partner. All of the balance sheets and supporting financial information documents for the partnership and all general partners must be as of the same date.]~~

~~[(iv) Corporations and limited liability companies. Corporations and limited liability companies must file a balance sheet. The information requested in the supporting financial information must be submitted. The balance sheet and supporting financial information must be as of the same date. Financial statements are generally not required of related parties, but may be required if the commissioner believes they are relevant. The financial information for the corporate or limited liability company applicant should contain no personal financial information.]~~

~~[(v) Trusts and estates. Trusts and estates must file a balance sheet. The information requested in the supporting financial information must be submitted. The balance sheet and supporting financial information must be as of the same date. Financial statements are generally not required of related parties, but may be required if the commissioner believes they are relevant. The financial information for the trust or estate applicant should contain no personal financial information.]~~

~~[(E) Assumed name certificates. For any applicant that does business under an "assumed name" as that term is defined in Texas Business and Commerce Code, §71.002, an assumed name certificate must be filed as provided in this subparagraph.]~~

~~[(i) Unincorporated applicants. Unincorporated applicants using or planning to use an assumed name must file an assumed name certificate with the county clerk of the county where the proposed business is located in compliance with Texas Business and Commerce Code, Chapter 71, as amended. An applicant must provide a copy of the assumed name certificate that~~

~~shows the filing stamp of the county clerk or, alternatively, a certified copy.]~~

~~[(ii) Incorporated applicants. Incorporated applicants using or planning to use an assumed name must file an assumed name certificate in compliance with Texas Business and Commerce Code, Chapter 71, as amended. Evidence of the filing bearing the filing stamp of the Office of the Texas Secretary of State must be submitted or, alternatively, a certified copy.]~~

~~[(F) Bond. The commissioner may require a bond under Texas Finance Code, §351.102 when the commissioner finds that it would serve the public interest. When a bond is required, the commissioner will give written notice to the applicant. Should a bond not be submitted within 40 calendar days of the date of the commissioner's notice, any pending application may be denied.]~~

~~[(3) Subsequent applications (branch offices). If the applicant is currently licensed and filing an application for a new office, the applicant must provide the information that is unique to the new location, including the application for license, disclosure questions, owners and principal parties, and a new financial statement as provided in paragraph (2)(D) of this section. The person responsible for the day to day operations of the applicant's proposed new location must file a personal affidavit, personal questionnaire, and employment history, if not previously filed. Other information required by this section need not be filed if the information on file with the OCCC is current and valid.]~~

(b) Company license application. A company license application will include the following information and any other

information listed in the OCCC's written instructions:

(1) A company form including the name of the applicant entity, any assumed names or other trade names, contact information, registered agent, location of books and records, bank account information, legal status, and responses to disclosure questions.

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

(3) A business operating plan describing the source of consumers, purpose of loans, size of loans, and source of working capital.

(4) A management chart showing the applicant's divisions, officers, and managers.

(5) An organizational chart if the applicant is owned by another entity or entities, or has subsidiaries or affiliated entities.

(6) A statement of experience detailing prior experience relevant to the license sought.

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

(8) An assumed name certificate for each assumed name that the applicant will use.

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

(10) Financial statement and supporting financial information complying with generally accepted accounting principles (GAAP). The OCCC may require a bank confirmation to confirm account balance information with financial institutions.

(A) If a financial statement is unaudited, then it should be dated no earlier than 60 days before the application date.

(B) If a financial statement is audited, then it should be dated no earlier than one year before the application date.

(11) Loan forms that the applicant intends to use, including disclosures and loan contracts.

(c) Supplemental information. The OCCC may require additional, clarifying, or supplemental information or documentation as necessary or appropriate to determine that an applicant meets the licensing requirements of Texas Finance Code, Chapter 351.

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

§89.303. Transfer of License; New License Application on Transfer of Ownership

(a) Purpose. This section describes the license application requirements when a licensed entity transfers ~~[its license or]~~ ownership of the entity. If a transfer of ownership occurs, the transferee must submit ~~[either a license transfer application or]~~ a new license application on transfer of ownership under this section.

(b) Definitions. The following words and terms, when used in this section, will have the following meanings:

(1) License transfer--A sale, assignment, or transfer of a property tax lender license.

(2) Permission to operate--A temporary authorization from the OCCC, allowing a transferee to operate under a transferor's license while final approval is pending for a license transfer application or a new license application on transfer of ownership.

(3) Transfer of ownership--Any purchase or acquisition of control of a substantial portion of the assets of a licensed entity (including acquisition by gift, devise, or descent) from the licensed entity to another entity, [or a substantial portion of a licensed entity's assets,] where a substantial change in management or control of the business occurs. The term does not include a change in the identities of the direct or indirect owners of a single licensed entity, as addressed in §89.306 of this title (relating to Required Notifications) [proportionate ownership as defined in §89.304 of this title (relating to Change in Form or Proportionate Ownership)]. Transfer of ownership includes the following:

(A) an existing owner of a sole proprietorship relinquishes that owner's entire interest in a license or an entirely new entity has obtained an ownership interest in a sole proprietorship license; and

~~[(B) any purchase or acquisition of control of a licensed general partnership, in which a partner relinquishes that owner's~~

~~entire interest or a new general partner obtains an ownership interest;]~~

~~[(C) any change in ownership of a licensed limited partnership interest in which:]~~

~~[(i) a limited partner owning 10% or more relinquishes that owner's entire interest;]~~

~~[(ii) a new limited partner obtains an ownership interest of 10% or more;]~~

~~[(iii) a general partner relinquishes that owner's entire interest; or]~~

~~[(iv) a new general partner obtains an ownership interest (transfer of ownership occurs regardless of the percentage of ownership exchanged of the general partner);]~~

~~[(D) any change in ownership of a licensed corporation in which:]~~

~~[(i) a new stockholder obtains 10% or more of the outstanding voting stock in a privately held corporation;]~~

~~[(ii) an existing stockholder owning 10% or more relinquishes that owner's entire interest in a privately held corporation;]~~

~~[(iii) any purchase or acquisition of control of 51% or more of a company that is the parent or controlling stockholder of a licensed privately held corporation occurs; or]~~

~~[(iv) any stock ownership changes that result in a change of control (i.e.,~~

~~51% or more) for a licensed publicly held corporation occurs;~~

~~[(E) any change in the membership interest of a licensed limited liability company:]~~

~~[(i) in which a new member obtains an ownership interest of 10% or more;]~~

~~[(ii) in which an existing member owning 10% or more relinquishes that member's entire interest; or]~~

~~[(iii) in which a purchase or acquisition of control of 51% or more of any company that is the parent or controlling member of a licensed limited liability company occurs;]~~

~~(B) [(F)] any transfer of a substantial portion of the assets of a licensed entity under which a new entity controls business at a licensed location, [; and]~~

~~[(G) any other purchase or acquisition of control of a licensed entity, or a substantial portion of a licensed entity's assets, where a substantial change in management or control of the business occurs.]~~

(4) Transferee--The entity that controls business at a licensed location after a transfer of ownership.

(5) Transferor--The licensed entity that controls business at a licensed location before a transfer of ownership.

(c) License transfer approval. No property tax lender license may be sold, transferred, or assigned without the written approval of the OCCC, as provided by Texas

Finance Code, §351.163. To transfer a license, a transferor may request surrender of its license after the OCCC approves the transferee's new license application on transfer of ownership. A license transfer is complete ~~[approved]~~ when the OCCC has approved the transferee's new license application and the transferor's license surrender ~~[issues its final written approval of a license transfer application].~~

(d) Timing. No later than 30 days after the event of a transfer of ownership, the transferee must file a complete ~~[license transfer application or]~~ new license application on transfer of ownership in accordance with subsection (e). A transferee may file an application before this date.

(e) Application requirements.

(1) Generally. This subsection describes the application requirements for ~~[a license transfer application or]~~ a new license application on transfer of ownership. A transferee must submit the application in a format prescribed by the OCCC. The OCCC may accept prescribed alternative formats to facilitate multistate uniformity of applications or in order to accept approved electronic submissions. The transferee must pay appropriate fees in connection with the application.

(2) Documentation of transfer of ownership. The application must include documentation evidencing the transfer of ownership. The documentation should include one or more of the following:

(A) a copy of the asset purchase agreement when only the assets have been purchased;

(B) a copy of the purchase agreement or other evidence relating to the acquisition of the equity interest of a licensee that has been purchased or otherwise acquired;

(C) any document that transferred ownership by gift, devise, or descent, such as a probated will or a court order; or

(D) any other documentation evidencing the transfer event.

(3) Application information for new licensee. If the transferee does not hold a property tax lender license at the time of the application, then the application must include the information required for new license applications under §89.302 of this title (relating to Filing of New Application). The instructions in §89.302 of this title apply to these filings.

(4) Application information for transferee that holds a license. If the transferee holds a property tax lender license at the time of the application, then the application must include amendments to the transferee's original license application describing the information that is unique to the transfer event, including disclosure questions, key individuals [~~owners and principal parties~~], and a new financial statement, as provided in §89.302 of this title. The instructions in §89.302 of this title apply to these filings. The responsible person at the new location must file a personal affidavit, personal questionnaire, and employment history, if not previously filed. Other information required by §89.302 of this title need not be filed if the information on file with the OCCC is current and valid.

(5) Request for permission to operate. The application may include a request for permission to operate. The request must be in writing and signed by the transferor and transferee. The request must include all of the following:

(A) a statement by the transferor granting authority to the transferee to operate under the transferor's license while final approval of the application is pending;

(B) an acknowledgement that the transferor and transferee each accept responsibility to any consumer and to the OCCC for any acts performed under the license while the permission to operate is in effect; and

(C) if the application is a new license application on transfer of ownership, an acknowledgement that the transferor will immediately surrender or inactivate its license if the OCCC approves the application.

(f) Permission to operate. If the application described by subsection (e) includes a request for permission to operate and all required information, and the transferee has paid all fees required for the application, then the OCCC may issue a permission to operate to the transferee. A request for permission to operate may be denied even if the application contains all of the required information. The denial of a request for permission to operate does not create a right to a hearing. If the OCCC grants a permission to operate, the transferor must cease operating under the authority of the license. Two companies may not simultaneously operate under a single license. A permission to operate terminates if the OCCC denies an application described by subsection (e).

(g) Transferee's authority to engage in business. If a transferee has filed a complete application including a request for permission to operate as described by subsection (e), by the deadline described by subsection (d), then the transferee may engage in business as a property tax lender. However, the transferee must immediately cease doing business if the OCCC denies the request for permission to operate or denies the application. If the OCCC denies the application, then the transferee has a right to a hearing on the denial, as provided by §89.307(d) of this title (relating to Processing of Application).

(h) Responsibility.

(1) Responsibility of transferor. Before the transferee begins performing property tax lending activity under a license, the transferor is responsible to any consumer and to the OCCC for all property tax lending activity performed under the license.

(2) Responsibility of transferor and transferee. If a transferee begins performing property tax lending activity under a license before the OCCC's final approval of an application described by subsection (e), then the transferor and transferee are each responsible to any consumer and to the OCCC for activity performed under the license during this period.

(3) Responsibility of transferee. After the OCCC's final approval of an application described by subsection (e) of this section, the transferee is responsible to any consumer and to the OCCC for all property tax lending activity performed under the license. The transferee is responsible for any transactions that it purchases from the transferor. In addition, if the transferee receives a license transfer, then the transferee's responsibility

includes all activity performed under the license before the license transfer.

~~[§89.304. Change in Form or Proportionate Ownership]~~

~~[(a) Organizational form. When any licensee or parent of a licensee desires to change the organizational form of its business (e.g., from corporation to limited partnership), the licensee must advise the commissioner in writing of the change within 14 calendar days by filing a license amendment and paying the required fees as provided in §89.310 of this title (relating to Fees). In addition, the licensee must submit a copy of the relevant portions of the organizational document for the new entity (e.g., articles of conversion and partnership agreement) addressing the ownership and management of the new entity.]~~

~~[(b) Merger.]~~

~~[(1) If a licensee is a party to a merger that results in a new or different surviving entity other than the licensee, then the merger is a transfer of ownership, and the licensee must file a license transfer application or a new license application on transfer of ownership pursuant to §89.303 of this title (relating to Transfer of License; New License Application on Transfer of Ownership).]~~

~~[(2) If a licensee's parent entity is a party to a merger that leads to the creation of a new entity or results in a different surviving parent entity, the licensee must advise the OCCC of the change in writing within 14 calendar days after the change, by filing a license amendment and paying the required fees as provided in §89.310. Mergers or transfers of other entities with a beneficial interest beyond the parent entity level only~~

~~require notification within 14 calendar days in accordance with the OCCC's instructions.]~~

~~[(c) Proportionate ownership.]~~

~~[(1) A change in proportionate ownership that results in the exact same owners still owning the business, and does not meet the requirements described in paragraph (2) of this subsection, does not require a transfer. Such a proportionate change in ownership does not require the filing of a transfer application, but does require notification when the cumulative ownership change to a single entity or individual amounts to 10% or greater. No later than 14 calendar days following the actual change, the licensee is required to notify the OCCC in writing of the change in proportionate ownership by filing a license amendment and paying the required fees as provided in §89.310 of this title. This subsection does not apply to a publicly held corporation that has filed with the OCCC the most recent 10K or 10Q filing of the licensee or the publicly held parent corporation, although a license transfer application or a new license application on transfer of ownership may be required under §89.303 of this title.]~~

~~[(2) A proportionate change in which an owner that previously held under 10% obtains an ownership interest of 10% or more, requires a license transfer application or a new license application on transfer for ownership under §89.303 of this title.]~~

~~[§89.305. Amendments to Pending Application]~~

~~[Upon request, each applicant must provide information supplemental to that contained in the applicant's original application documents.]~~

§89.306. Required Notifications ~~[Updating Application and Contact Information]~~

(a) Advance change notice. No later than the date of the change (or an earlier date specified in the OCCC's written instructions), a licensee must notify the OCCC of a change to any of the following information provided in the original license application: ~~[Applicant's updates to license application information. Before a license application is approved, an applicant must report to the OCCC any information that would require a materially different answer than that given in the original license application and that relates to the qualifications for license within 14 calendar days after the person has knowledge of the information.]~~

(1) legal name of entity;

(2) any assumed names of entity;

(3) legal status of entity (e.g., change in organizational form from partnership to corporation); or

(4) names of direct owners or indirect owners;

(5) names of affiliates or subsidiaries;

(6) names of any key individuals;

(7) main address; or

(8) address of any branch location.

(b) Other required notifications. No later than 30 days after the licensee has knowledge of the information, a licensee must report the following information to the OCCC: ~~[Licensee's updates to license application information. A licensee must report to the~~

~~OCCC any information that would require a different answer than that given in the original license application within 30 calendar days after the licensee has knowledge of the information, if the information relates to any of the following:]~~

(1) any civil or regulatory actions against the licensee or key individuals that were not disclosed in the original application and would require a different answer than that given in the original license application ~~[the names of principal parties]~~;

(2) criminal history of the licensee or key individuals that was not disclosed in the original application;

(3) any bankruptcy of the licensee or a direct owner ~~[actions by regulatory agencies]~~; or

(4) any breach of system security under Texas Business & Commerce Code, §521.053, affecting at least 250 residents of this state ~~[court judgments]~~.

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

§89.307. Processing of Application

(a) Initial review. A response to an incomplete application will ordinarily be made within 14 calendar days of receipt stating that the application is incomplete and

specifying the information required for acceptance.

(b) Complete application. An application is complete when:

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

(2) all fees have been paid; and

(3) all requests for additional information have been satisfied.

(c) Failure to complete application and deemed withdrawal. If a complete application has not been filed within 30 calendar days after notice of deficiency has been sent to the applicant, the application may be considered withdrawn ~~[denied]~~.

(d) Notice of intent to deny application. If an applicant files a complete license application but the OCCC does not find that the eligibility requirements for a license have been met, then the OCCC will send a notice of intent to deny the license application to the applicant.

(e) [(d)] Hearing. An ~~[Whenever an application is denied, the]~~ affected applicant has 30 calendar days from the date of the notice of intent to deny the license application ~~[the application was denied]~~ to request in writing a hearing to contest the denial. This hearing will be conducted pursuant to the Administrative Procedure Act, Texas Government Code, Chapter 2001, and the rules of procedure applicable under §9.1(a) of this title (relating to Application, Construction, and Definitions), before an administrative law judge who will recommend a decision to the commissioner. The commissioner will then issue a final

decision after review of the recommended decision.

~~[(e) Denial. If an application has been denied, the assessment fee will be refunded to the applicant. The investigation fee and the fingerprint processing fee in §89.310 of this title (relating to Fees) will be forfeited.]~~

(f) Processing time.

(1) A license application will ordinarily be approved or denied within ~~[a maximum of]~~ 60 calendar days after the date of filing of a completed application.

(2) When a hearing is requested following an initial license application denial, the hearing will ordinarily be scheduled for a date [held] within 60 calendar days after a request for a hearing is made, unless the parties agree to an extension of time. A final decision approving or denying the license application will be made after receipt of the proposal for decision from the administrative law judge.

(3) Exceptions. More time may be taken where good cause exists, as defined by Texas Government Code, §2005.004, for exceeding the established time periods in paragraphs (1) and (2) of this subsection.

§89.308. Notice to Debtors of Relocation of Licensed Offices

~~[(a) Notice to commissioner. A licensee may move the licensed office from the licensed location to any other location by paying the appropriate fees and giving notice of intended relocation to the commissioner not less than 30 calendar days prior to the anticipated moving date. Notification must be provided by filing a license amendment or an approved electronic submission as~~

~~prescribed by the commissioner. The notice must include the contemplated new address of the licensed office, the approximate date of relocation, a copy of the notice to debtors, and the applicable fee as outlined in §89.310 of this title (relating to Fees).]~~

~~[(b) Notice to debtors.]~~ Written notice of a relocation of an office must be mailed to all debtors of record at least five calendar days prior to the date of relocation. A licensee may send notice to a debtor by email in lieu of mail if the debtor has provided an email address to the licensee and has consented in writing to be contacted at the email address. Any licensee failing to give the required notice must waive all default charges on payments coming due from the date of relocation to 15 calendar days subsequent to the mailing of notices to debtors. Notices must identify the licensee, provide both old and new addresses, provide both old and new telephone numbers, and state the date relocation is effective. The notice to debtors can be waived or modified by the commissioner when it is in the public interest. A request for waiver or modification must be submitted in writing for approval. The commissioner may approve notification to debtors by signs in lieu of notification by mail, if in the commissioner's opinion, no debtors will be adversely affected.

§89.309. License Inactivation or Voluntary Surrender

(a) Inactivation of active license. A licensee may cease operating under a license and choose to inactivate the license. A license may be inactivated by giving notice of the cessation of operations not less than 30 calendar days prior to the anticipated inactivation date. Notification must be provided by filing a license amendment or an approved electronic submission as prescribed

by the OCCC. The notice must include the new mailing address for the license, the effective date of the inactivation, and the fee for amending the license. A licensee must continue to pay the yearly renewal fees for an inactive license as outlined in §89.310 of this title (relating to Fees), or the license will expire as described by §89.403 of this title (relating to License Term, Renewal, and Expiration).

(b) Activation of inactive license. A licensee may activate an inactive license by giving notice of the intended activation not less than 30 calendar days prior to the anticipated activation date. Notification must be provided by filing a license amendment or an approved electronic submission as prescribed by the OCCC. The notice must include the contemplated new address of the licensed office, the approximate date of activation, and the fee for amending the license as outlined in §89.310 of this title.

(c) Voluntary surrender of license. Subject to §89.407(b) of this title (relating to Effect of Revocation, Suspension, or Surrender of License), a licensee may request voluntary [voluntarily]-surrender of a license by providing the information required by the OCCC's written instructions [written notice of the cessation of operations, a request to surrender the license, and by submitting the license certificate]. A surrender is effective when the OCCC approves the surrender. A voluntary surrender will result in cancellation of the license.

§89.311. Applications and Notices as Public Records

Once a license application or notice is filed with the OCCC, it becomes a "state record" under Texas Government Code, §441.180(11), and "public information"

under Government Code, §552.002. Under Government Code, §§441.190, 441.191 and 552.004, the original applications and notices must be preserved as "state records" and "public information" unless destroyed with the approval of the director and librarian of the State Archives and Library Commission under Government Code, §441.187. ~~[Under Government Code, §441.191, the OCCC may not return any original documents associated with a property tax lender license application or notice to the applicant or licensee.]~~ An individual may request copies of a state record under the authority of the Texas Public Information Act, Government Code, Chapter 552.

~~[§89.402. License Display]~~

~~[Licenses must be prominently displayed in a licensee's office in a conspicuous location visible to the general public.]~~

§89.403. License Term, Renewal, and Expiration

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

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

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

(d) ~~[(e)]~~ Notice of delinquency. If a licensee does not pay the annual assessment fee, the OCCC will send a notice of delinquency. Notice of delinquency is given when the OCCC sends the notice electronically through NMLS or by email to the primary company contact. [÷]

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

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

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

(1) December 31 of each year; or

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

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

§89.405. Denial, Suspension, or Revocation Based on Criminal History

(a) Criminal history record information. After an applicant submits a complete license application, including all required fingerprints, and pays the fees required by §89.310 of this title (relating to Fees), the OCCC will investigate the applicant and its key individuals ~~[principal parties]~~. The OCCC will obtain criminal history record

information through NMLS ~~[from the Texas Department of Public Safety and the Federal Bureau of Investigation based on the applicant's fingerprint submission]~~. The OCCC will continue to receive information on new criminal activity reported after the license application has ~~[fingerprints have]~~ been initially processed.

(b) Disclosure of criminal history. The applicant must disclose all criminal history information required to file a complete application with the OCCC. Failure to provide any information required as part of the application or requested by the OCCC reflects negatively on the belief that the business will be operated lawfully and fairly. The OCCC may request additional criminal history information from the applicant, including the following:

(1) information about arrests, charges, indictments, and convictions of the applicant and its key individuals ~~[principal parties]~~;

(2) reliable documents or testimony necessary to make a determination under subsection (c) of this section, including letters of recommendation from prosecution, law enforcement, and correctional authorities;

(3) proof that the applicant has maintained a record of steady employment, has supported the applicant's dependents, and has otherwise maintained a record of good conduct; and

(4) proof that all outstanding court costs, supervision fees, fines, and restitution as may have been ordered have been paid or are current.

(c) (No change.)

(d) Crimes related to character and fitness. The OCCC may deny a license application if the OCCC does not find that the financial responsibility, experience, character, and general fitness of the applicant are sufficient to command the confidence of the public and warrant the belief that the business will be operated lawfully and fairly, as provided by Texas Finance Code, §351.104(a)(1). In conducting its review of character and fitness, the OCCC will consider the criminal history of the applicant and its key individuals [~~principal parties~~]. If the applicant or a key individual [~~principal party~~] has been convicted of an offense described by subsections (c)(1) or (f)(1) of this section, this reflects negatively on an applicant's character and fitness. The OCCC may deny a license application based on other criminal history of the applicant or its key individuals [~~principal parties~~] if, when the application is considered as a whole, the agency does not find that the financial responsibility, experience, character, and general fitness of the applicant are sufficient to command the confidence of the public and warrant the belief that the business will be operated lawfully and fairly. The OCCC will, however, consider the factors identified in subsection (c)(2) and (3) of this section in its review of character and fitness.

(e) - (f) (No change.)

Subchapter H. Payoff Statements

§89.806. Payoff Request from Borrower

(a) Generally. A borrower has a right to pay off a property tax loan early, consistent with the prohibition on prepayment penalties in Texas Tax Code, § 32.065(d), and Texas Finance Code, §343.205 and §351.0021(a)(9). A property tax lender may

not "lock out" a borrower or prevent a borrower from paying off the loan early. The borrower's right to pay off the loan early includes the right to authorize another person to pay off the property tax loan.

(b) Payoff request process. If a property tax lender obtains a borrower's authorization to pay off a property tax loan held by an existing property tax lender, then the parties should take these steps.

(1) The authorized property tax lender should obtain a signed written statement from the borrower authorizing the lender to pay off the property tax loan. If the signature is electronic, then the lender must maintain proof of the signature in accordance with standards for electronic signatures.

(2) The authorized property tax lender should send a request for a payoff statement to the existing property tax lender. The request should include the borrower's statement and proof of any electronic signature. The request should include the borrower's name, the authorized person's name, a description of the property, and reasonable instructions for where to send the payoff statement.

(3) If the request includes the information necessary to complete a payoff statement, then the existing property tax lender should respond with a payoff statement to the authorized property tax lender within seven business days after the existing property tax lender receives the complete request. The payoff statement should include accurate payoff information, and the borrower and the authorized lender should be able to rely on it for a reasonable period of time. The payoff statement should include reasonable instructions for paying off the property tax loan. If the authorized

property tax lender's request does not include the information described by paragraph (2) of this subsection, then the existing property tax lender should notify the authorized property tax lender of the deficiency within a reasonable period of time.

(4) The authorized property tax lender may pay off the existing property tax loan as described in the payoff statement.

(5) Once the property tax lender has received the payoff amount, the property tax lender must promptly assign the property tax loan to the authorized person or release the property tax lender's lien on the property.

Certification

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

Issued in Austin, Texas on October 24, 2025.

Matthew J. Nance
General Counsel
Office of Consumer Credit Commissioner

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D.

**Department of Savings and
Mortgage Lending**

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D. Department of Savings and Mortgage Lending

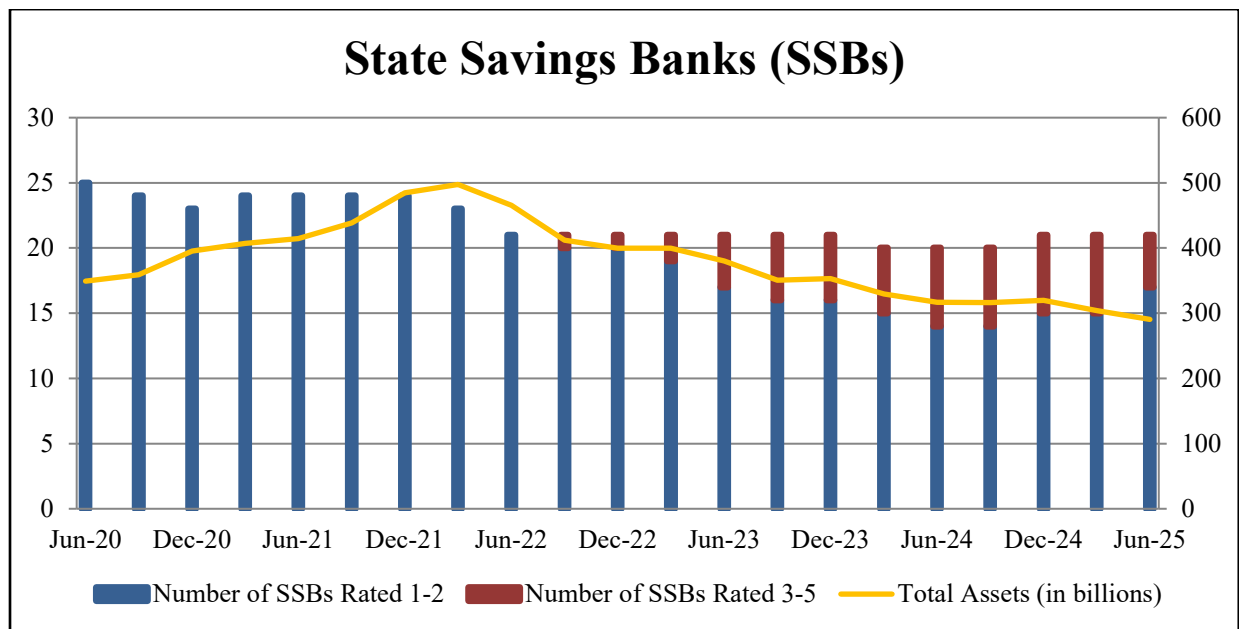
1. Industry Status and Departmental Operations

a) Thrift Regulation Division Activities

Industry Status

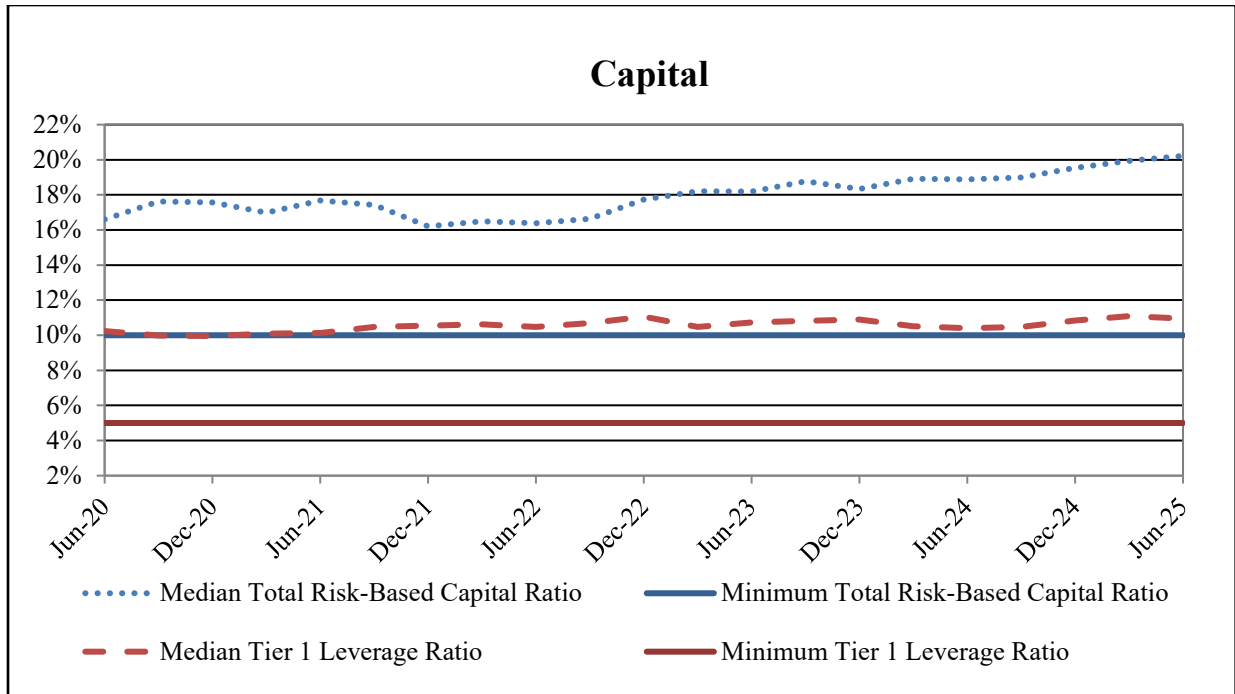
SML continues to monitor various local, state, and national data sources to understand the risks facing the industry and individual savings banks.

SML conducts bank examinations to ensure confidence in the banking system using the Uniform Financial Institutions Rating System (UFIRS). Banks with a UFIRS rating of 1 or 2 are considered well-rated. The industry comprises 21 state savings banks with assets totaling \$290.5 billion as of June 30, 2025. As of August 31, 2025, 81% of banks were well-rated, with four informal and two formal supervisory actions in place.

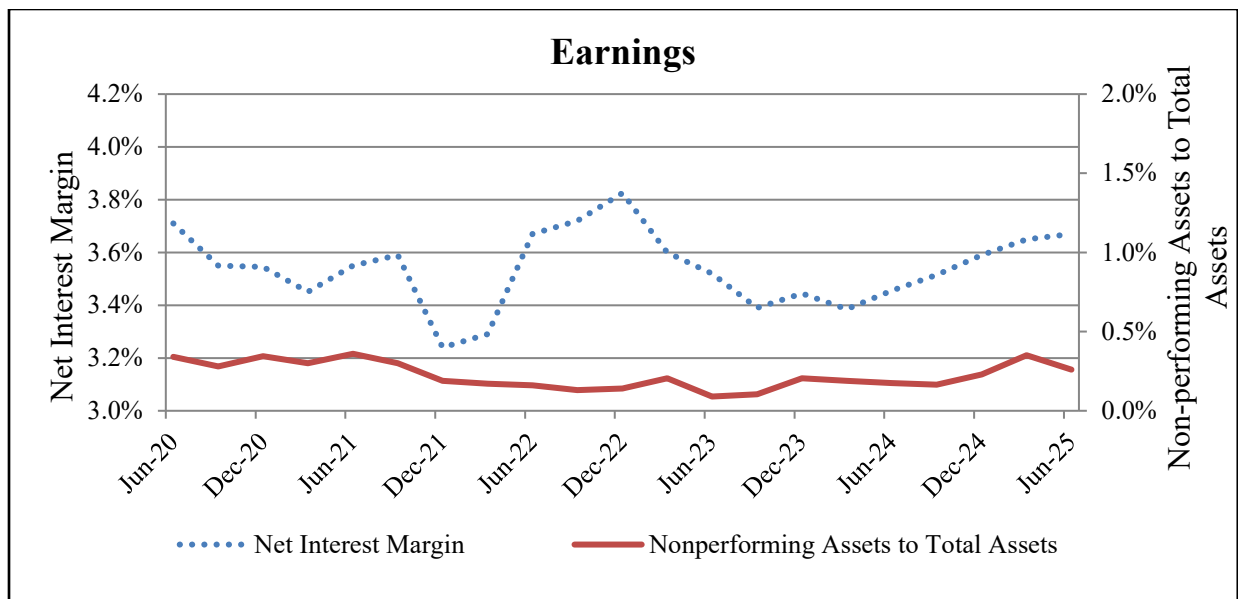


All SSBs are subject to quarterly off-site reviews. Those with the highest risk profiles receive enhanced scrutiny, as warranted, with targeted visitations, accelerated examinations, and/or corrective actions. Below are specific areas that SML monitors in relation to changes in the state and national economic environment.

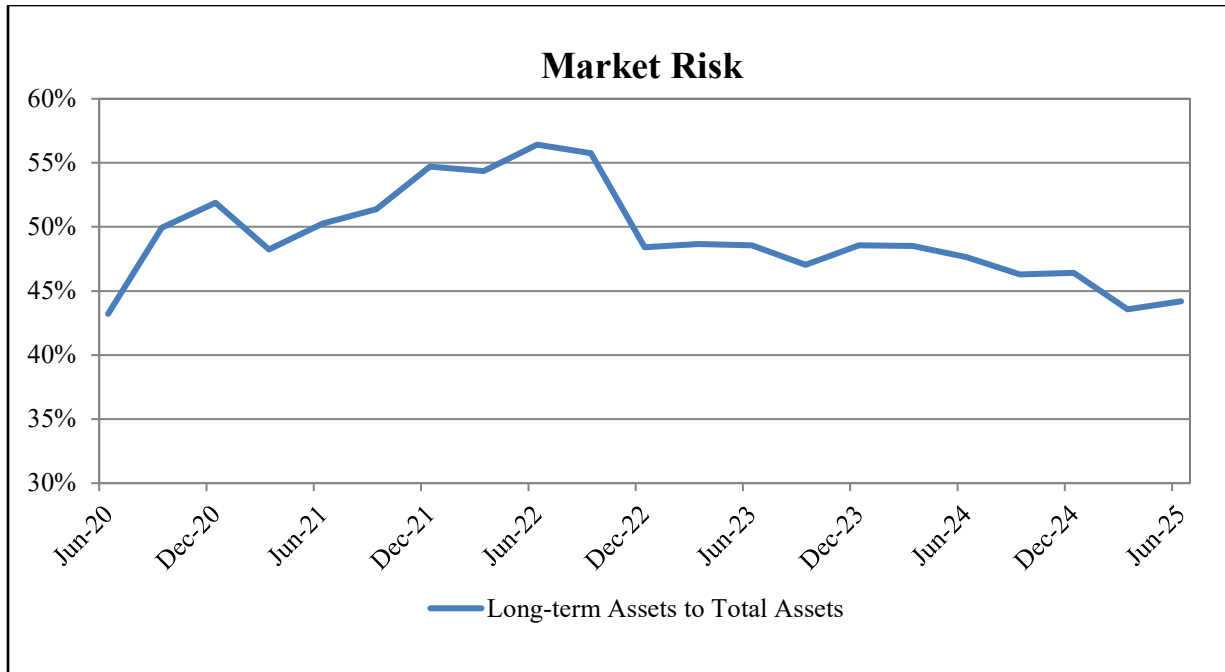
Bank capital performs several very important functions, including absorbing losses, promoting public confidence, helping restrict excessive asset growth, and protecting depositors. Regulatory capital standards are designed to strengthen the quality and quantity of bank capital and promote a stronger financial industry that is more resilient to economic stress. As of June 30, 2025, all SSBs remain well above regulatory capital minimums. The portfolio median total risk-based capital ratio and median leverage capital protection have remained generally consistent and are now 20.22% and 10.94%, respectively.



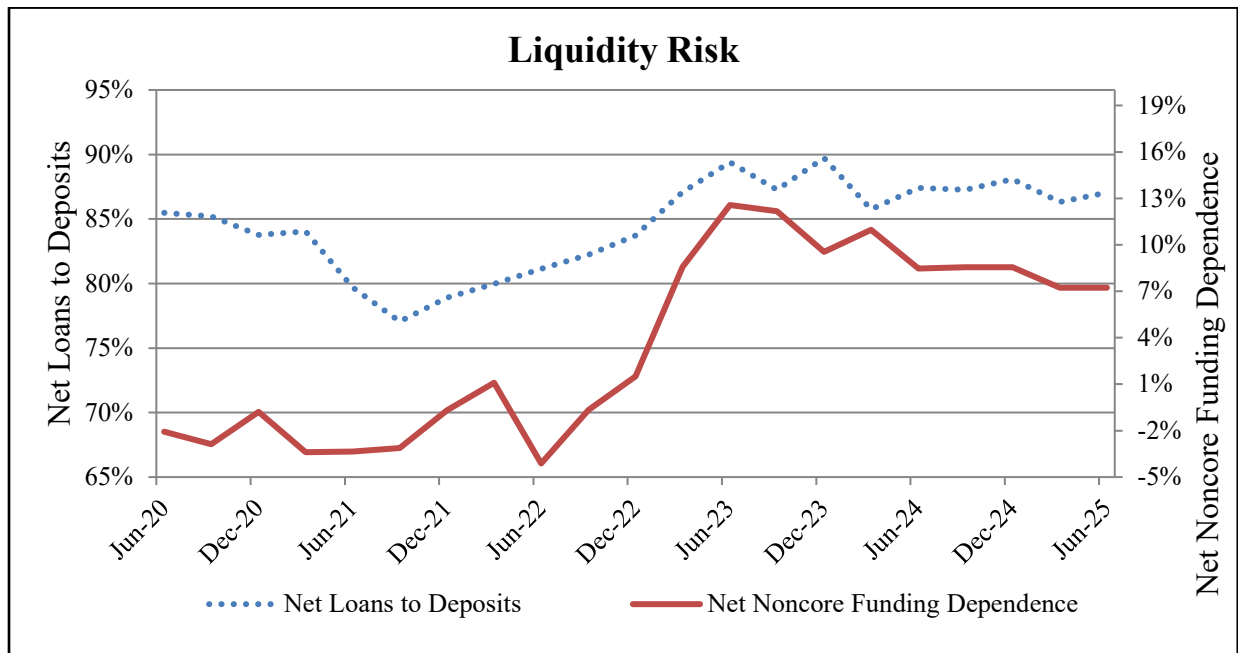
Earnings are the initial safeguard against the risk of engaging in the banking business, and the first line of defense against capital depletion resulting from shrinkage in asset value. Earnings performance should allow the bank to remain competitive by providing the resources required to implement management's strategic initiatives. The net interest or profit margin is 3.67%. Non-performing asset levels remain low at 0.26% of total assets.



Market risk primarily reflects exposures to changing interest rates over time. Long-term asset exposure can be an indicator of the degree of market risk taken by a state savings bank. As of June 30, 2025, long-term assets to total assets ratio increased slightly to 44.19%.



Liquidity risk reflects the bank’s ability to fund assets and meet financial obligations under various scenarios, including adverse conditions. Liquidity risk is increasing. The Net Noncore Funding Dependence (NNCFD) Ratio, a measure of the funding of long-term assets using short-term funding strategies, is 7.24%. The loan-to-deposit ratio, a measure of the use of deposits to fund lending activities, is 87.05%.



Thrift Examination Activity Report

On-site examinations and visitations are being conducted based on a risk priority schedule.

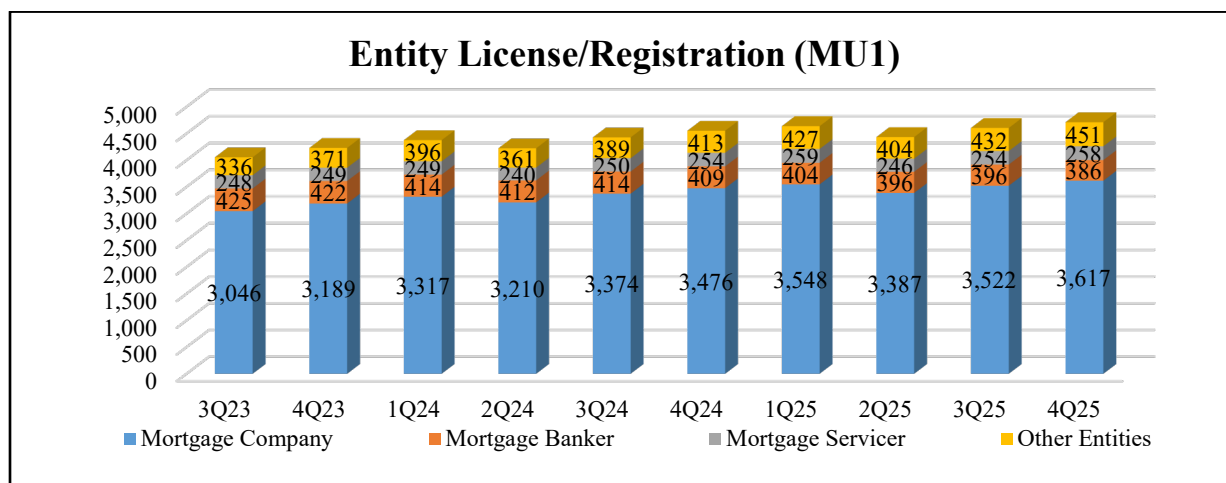
Thrift Supervision Activity Report

The Thrift Supervision section continues to receive and process various requests for approval, including branch, subsidiary, and holding company applications.

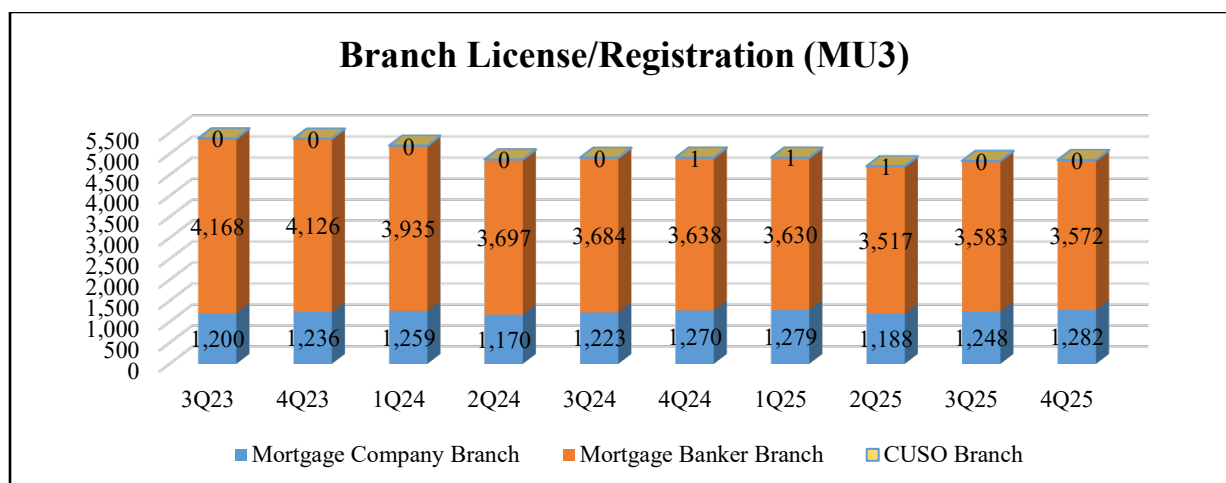
b) Mortgage Regulation Division Activities

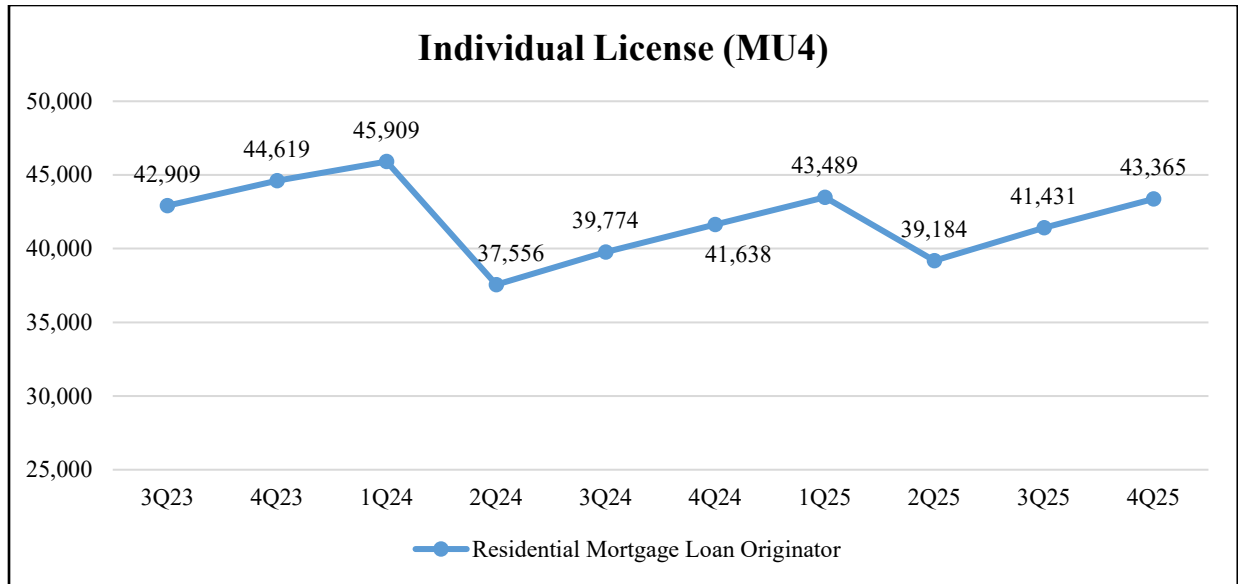
SML continues to monitor various local, state, and national sources to identify issues impacting the mortgage industry, including interest rate changes, housing supply and demand, availability and affordability of homeowner's and flood insurance, the mortgage-backed securities (MBSs) market, and trends in homeownership.

The charts below reflect historical information regarding the number of licenses and registrations in approved status.



Other entities include Auxiliary Mortgage Loan Activity Company, Credit Union Subsidiary Organization (CUSO), Financial Services Company, and Independent Contractor Processor/Underwriter Company.

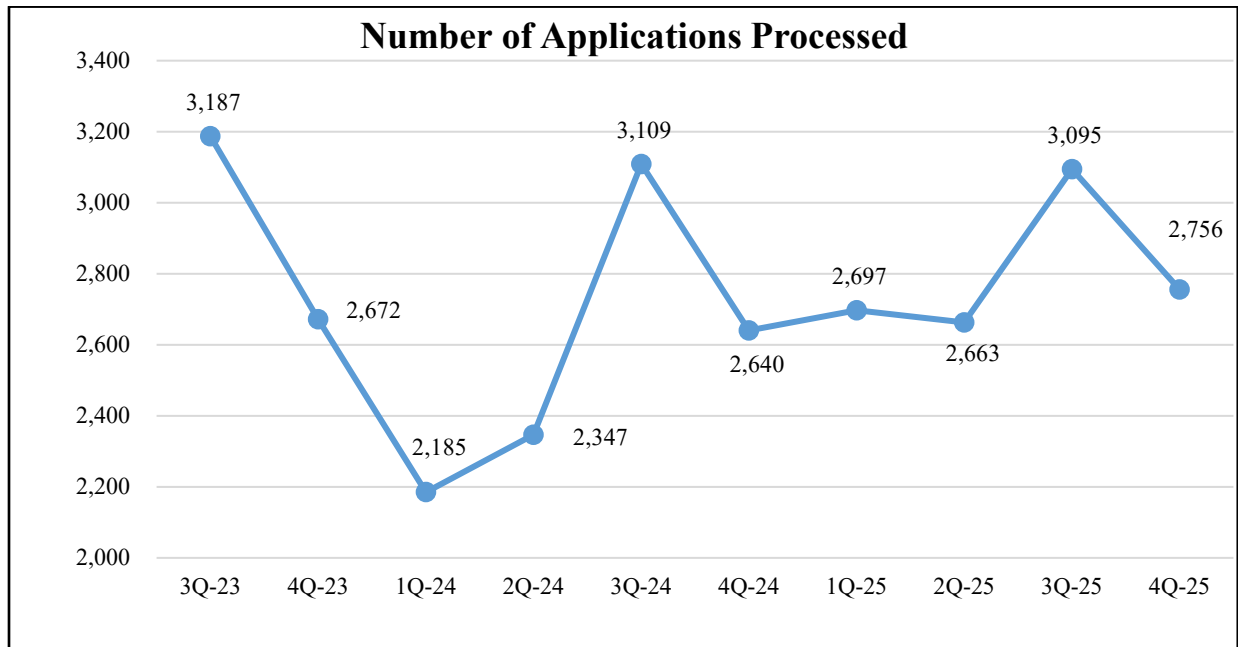




The most notable point of the three graphs shown above is the growth rate of 4% year-over-year for licensed mortgage companies and residential mortgage loan originators.

Licensing Activity Report

For the fourth quarter of FY2025, the Mortgage Licensing section processed 2,756 applications and approved 2,366 applications, including 156 mortgage entities, 273 branch offices, and 1,937 residential mortgage loan originators. The remaining 390 applications were either withdrawn by the applicant or denied by SML.

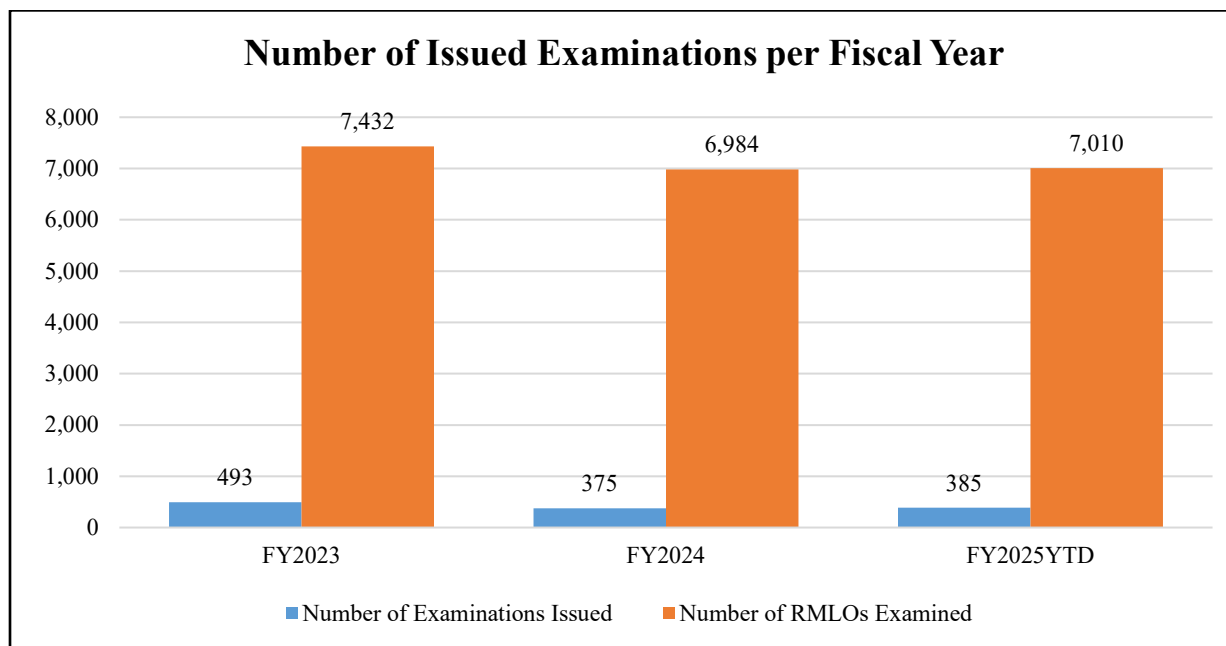


As observed in the chart above, the number of applications processed for FY2025 (entire fiscal year) has increased by 9% from the previous fiscal year with most of the growth occurring in the residential mortgage loan originator applications.

Mortgage Examination Activity Report

For the fourth quarter of FY2025, the Mortgage Examination section issued 90 examinations covering 2,008 individual licensees. Compared to the same reporting period in FY2024, the overall number of examinations issued (90 versus 89) is relatively stable; however, the number of individual licensees examined (2,008 versus 959) increased by 109.38%.

The chart below shows the number of origination examinations issued and the corresponding number of licensed residential mortgage loan originators (RMLOs) employed by the licensee/registrant for those examinations for the last three fiscal years.



In addition to the 385 mortgage origination examinations, SML accepted two mortgage servicing examinations.

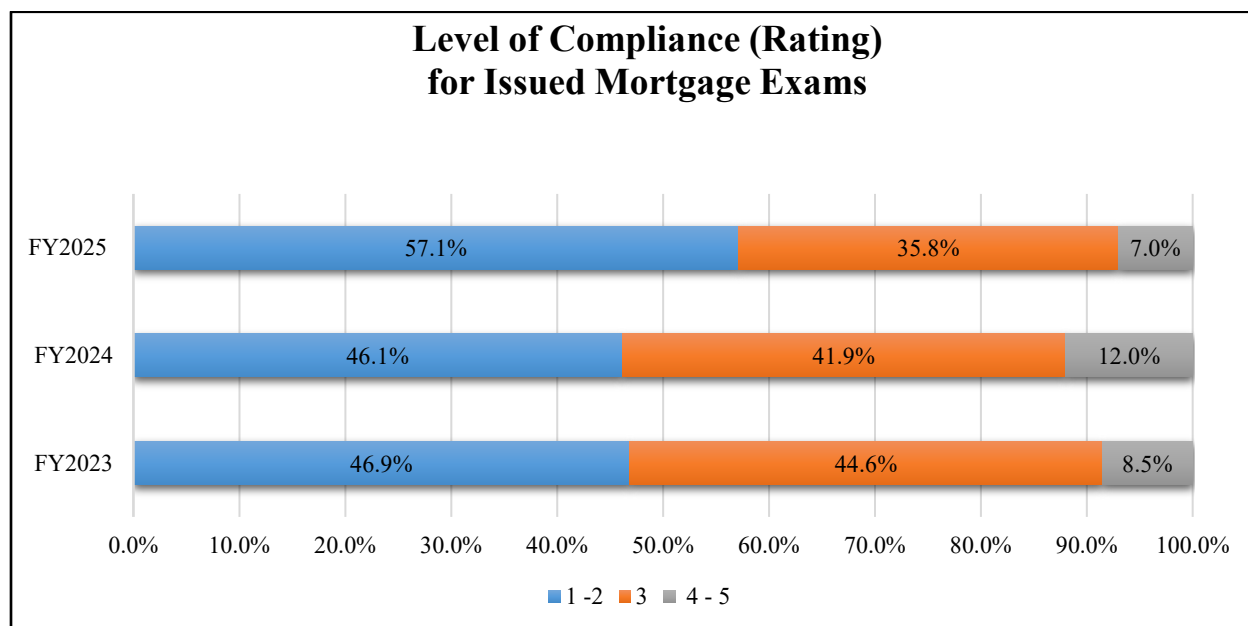
The overall production of the number of examinations issued was impacted by SML's participation in one-company-one-examination (OCOE) origination examinations and the training of newly hired examiners.

For FY2025, SML has been actively engaged in networked supervision of the mortgage industry by:

- participating in two multi-state mortgage company (MMC) and OCOE origination examinations;
- participating in two origination and servicing examinations with other state regulatory agencies; and
- accepting two MMC servicing examinations

For FY2026, SML is participating in at least three OCOE origination examinations that will be completed and issued in this fiscal year.

The chart below contains the breakdown of mortgage examination results by compliance rating for the past three fiscal years. As shown in the chart below, the stratification of examination ratings for FY2025 reflected an increase in the percentage of 1 and 2-rated examination reports and a lower percentage of 4 and 5-rated examination reports compared to FY2024. Examination ratings of 1, 2, or 3 are considered acceptable levels of compliance. While the acceptable level of compliance exceeded expectations, it was closer aligned to FY2022.



During the fourth quarter of FY2025, one 5-rated examination report was issued. The 5-rated examination report reflected significant areas of non-compliance, including:

- Failure to Produce Records Upon Request
- Failure to Comply with Remote Work Rules
- Failure to File Timely Mortgage Call Report
- Failure to Provide Required Information in an Advertisement
- Failure to Comply with Information Security Program Requirements

The most common violations identified in the examinations included unlicensed independent loan processors, unlicensed residential mortgage loan originators, inadequate recordkeeping, failure to maintain adequate policies and procedures (e.g., Anti-Money Laundering Programs, Identity Theft Prevention Programs, Information Security Programs, and Remote Work Policies), non-compliant social media advertisements, and non-compliant Conditional Pre-Qualification/Conditional Approval Letters.

Outreach and Training

During the week of August 4, 2025, Commissioner Retta, Director of Mortgage Regulation William Purce, Chief Mortgage Examiner Ellena Meier, Manager of Licensing Chris Osuna, and Senior Review Examiner Justin Accola attended the American Association of Residential Mortgage Regulators' (AARMR) 35th Annual Conference & Training. As part of the conference, Commissioner Retta provided the opening remarks, and Director Purce was appointed to the AARMR Board of Directors.

From August 15-17, 2025, Director of Mortgage Regulation William Purce, General Counsel Iain Berry, and Chief Mortgage Examiner Ellena Meier attended the CSBS Regulatory Summit that included various supervision and legal topics affecting the banking, mortgage, and money services businesses.

c) Operations Division Activities

Accounting, Budget, and Financial Reporting

Staff has closed out fiscal year 2025. In compliance with Government Code, Section 2101.011, and in accordance with the requirements established by the Comptroller of Public Accounts, SML has prepared and submitted the Annual Financial Report for fiscal year 2025 to oversight agencies.

Pursuant to Government Code, Section 661.902(d), SML has reported information to the Comptroller of Public Accounts on emergency leave granted to employees during the prior fiscal year.

Audit

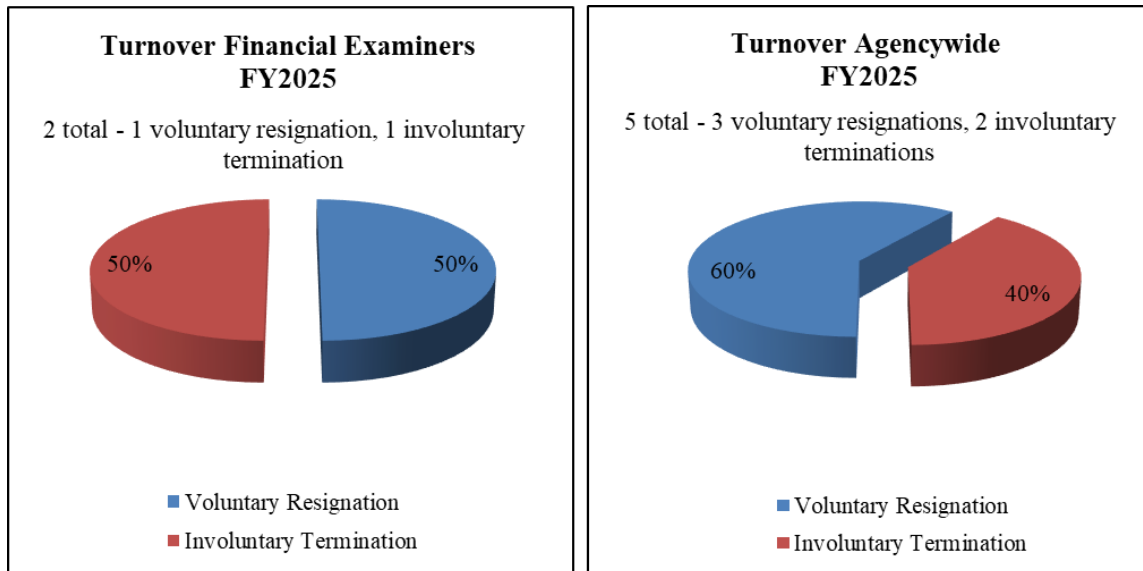
SML submitted the requested information for the annual Risk Assessment conducted by Garza/Gonzales and Associates.

Human Resources

As of August 31, 2025, SML was staffed at 70 regular full-time employees. Since last reported, three new hires joined SML – a Cybersecurity Analyst in August, a Licensing Investigator in September, and an Executive Assistant in October. There were three separations for the same period – one retirement, one voluntary resignation, and one involuntary separation.

Staffing Charts as of August 31, 2025





Below is the status of SML's vacancies:

Vacancy Status	
Cybersecurity Analyst III	Recruit – Position Filled
Investigator I – Mortgage Licensing	
Executive Assistant III	
Financial Examiner VI/VII – Thrift Supervision	Recruit – Selection Process
Financial Examiner V – Thrift Examinations - 2	
Financial Examiner I-II -Thrift Examinations (Information Technology)	Evaluating needs, preparing job postings
Attorney II	
Human Resources Specialist	
Program Specialist I – Thrift Regulation	

Outreach and Training

The quarterly agency-wide meeting and training is planned for November 2025.

Department of Savings and Mortgage Lending
Actual Performance for Output Measures

Strategy/Measure	2025 Target	2025 Actual	2025 YTD	Percent of Annual Target		Comparable Historical Data for the same quarter ending time period				
						FY2024	FY2023	FY2022	FY2021	FY2020
01-01 <u>Thrift Safety and Soundness</u>										
01-01-01 Number of State Chartered Savings Institution Examinations Performed										
Quarter 1	17	6	6	35.29%	*					
Quarter 2	17	8	14	82.35%	*					
Quarter 3	17	3	17	100.00%	*					
Quarter 4	17	7	24	141.18%	*	18	15	18	16	20
<i>*SML examines state-chartered savings banks jointly with the FDIC and FRB, based on a priority schedule. The results for this measure may fluctuate between quarters due to the timing of individual examinations.</i>										
02-01 <u>Mortgage Regulation</u>										
02-01-01 Number of Applications Processed										
Quarter 1	9,350	2,697	2,697	28.84%						
Quarter 2	9,350	2,663	5,360	57.33%	*					
Quarter 3	9,350	3,095	8,455	90.43%	*					
Quarter 4	9,350	2,756	11,211	119.90%	*	10,281	11,927	24,808	20,373	10,801
<i>*Heavier than normal application volume</i>										
02-01-02 Number of Examination Reports Issued										
Quarter 1	400	83	83	20.75%						
Quarter 2	400	99	182	45.50%						
Quarter 3	400	115	297	74.25%						
Quarter 4	400	90	387	96.75%		375	493	N/A	N/A	N/A
03-01 <u>Consumer Responsiveness</u>										
03-01-01 Number of Complaints Closed										
Quarter 1	1,400	237	237	16.93%	*					
Quarter 2	1,400	346	583	41.64%	*					
Quarter 3	1,400	375	958	68.43%	*					
Quarter 4	1,400	365	1,323	94.50%	*	1,327	1,374	1,506	1,264	1,024
<i>*The volume of complaints received was lower than anticipated, resulting in fewer complaints closed.</i>										

** Varies by 5% or more from the target*

Department of Savings and Mortgage Lending
Actual Performance for Outcome Measures
Key: Annual Reporting

Strategy/Measure		2025 Target	2025 Actual	2025 YTD	Percent of Annual Target	
01-01	<u>Thrift Safety and Soundness</u>					
01-01-01	Percentage of State Chartered Savings Institutions Receiving Examination within the Required Timeframes	100%	100%	100%	100.00%	
01-01-02	Percentage of Savings Institutions Classified Safe and Sound	80%	81%	81%	101.25%	
02-01	<u>Mortgage Regulation</u>					
02-01-01	Percentage of Satisfactory Levels of Compliance Reported Through Examination <i>*Newly licensed mortgage companies were more compliant than anticipated.</i>	85%	93%	93%	109.41%	*
02-01-02	Percentage of Examinations Initiated withing Established Timeframes <i>*The overall timeliness of examinations was impacted by employee turnover, training of newly hired examiners, and increase in the number of licensed mortgage companies; however, examiners initiated examinations ontime greater than expectation.</i>	20%	45%	45%	225.00%	*
02-01-03	Percentage of Applications Processed within Establsished Timeframes	85%	84%	84%	99.19%	
03-01	<u>Consumer Responsiveness</u>					
03-01-01	Percentage of Complaints Closed within Ten Business Days of Receipt of Complete Information	99%	99%	99%	99.56%	
03-01-02	Percentage of Written Complaints Closed within 120 Days	95%	99%	99%	104.06%	
04-01	<u>Agency Administration</u>					
04-01-01	Percentage of Employees Separated from the Agency <i>*SML experienced lower than projected turnover.</i>	10%	7%	7%	74.00%	*
04-01-02	Percentage of Actual Expenditures to Budgeted Expenditures	95%	97%	97%	101.89%	

** Varies by 5% or more from the target*

Department of Savings and Mortgage Lending
Actual Performance for Explanatory Measures
Key: Annual Reporting

	Strategy/Measure	2025 Target	2025 Actual	2025 YTD	Percent of Annual Target
01-01	<u>Thrift Safety and Soundness</u>				
01-01-01	Number of State-Chartered Savings Institutions	20	21	21	105.00%
01-01-02	Dollar Amount of Assets under Regulation (in Billions)	\$281.10	\$290.50	\$290.50	103.34%

Department of Savings and Mortgage Lending
Actual Performance for Non-Key Measures
Non-Key: Annual Reporting

		2025 Target	2025 Actual	2025 YTD	Percent of Annual Target	
	<u>Thrift Safety and Soundness</u>					
01-01	Outcome Measure					
01-01-03	Percentage of State Chartered Savings Institution Applications Processed within Statutory Timeframes	100%	100%	100%	100.00%	
	Output Measure					
01-01-02	Number of State Chartered Savings Institution Applications Processed <i>*Application activity has been higher than originally anticipated.</i>	10	14	14	140.00%	*
	Efficiency Measures					
01-01-01	Assets Examined Per Examiner Day (in Millions)	\$122.30	\$150.40	\$ 150.40	122.98%	*
01-01-02	Average Time (Business Days) to Complete Analysis of Quarterly Financial Data	7	7	7	100.00%	
02-01	<u>Mortgage Regulation</u>					
	Efficiency Measure					
02-01-01	Average Cost Per Application Processed <i>*High volume of applications and vacancies in the licensing section casue the measure to be lower than the target.</i>	\$130	\$123	\$123	94.88%	*
	Explanatory Measures					
02-01-01	Total Number of Licensees/Registrants in an Approved Status <i>*The number of licensed originators exceeded estimations.</i>	50,000	52,931	52,931	105.86%	*
02-01-02	Number of Licensees Examined <i>*The number of licensed originators employed with the largest mortgage companies and mortgage bankers examined exceeded the original estimations.</i>	5,000	7,010	7,010	140.20%	*
03-01	<u>Consumer Responsiveness</u>					
	Efficiency Measure					
03-01-01	Average Direct Cost Per Complaint Closed <i>*Lower than anticipated volume of complaints cause this measure to be higher than the target.</i>	\$300.00	\$320.81	\$320.81	106.94%	*

* Varies by 5% or more from the target

d) Strategic Projects, Initiatives, and Information Resources

Strategic Projects and Initiatives

The 2025-2026 Mortgage Grant Fund (MGF) cycle is in progress. For more information, see the MGF Activities Report presented to the FC Audit Committee.

SML is working on its Records Retention Recertification due to the Texas State Library and Archives Commission on the last working day of October 2025.

Information Resources

The planning phase for an IT-related legacy modernization project continues, focusing on readiness and legacy modernization.

We are actively advancing our cybersecurity posture through a series of strategic initiatives. We are currently undergoing testing across select environments, reinforcing our commitment to minimizing risk. These efforts are part of a broader push to strengthen our infrastructure and safeguard organizational assets against evolving threats.

Risk Management

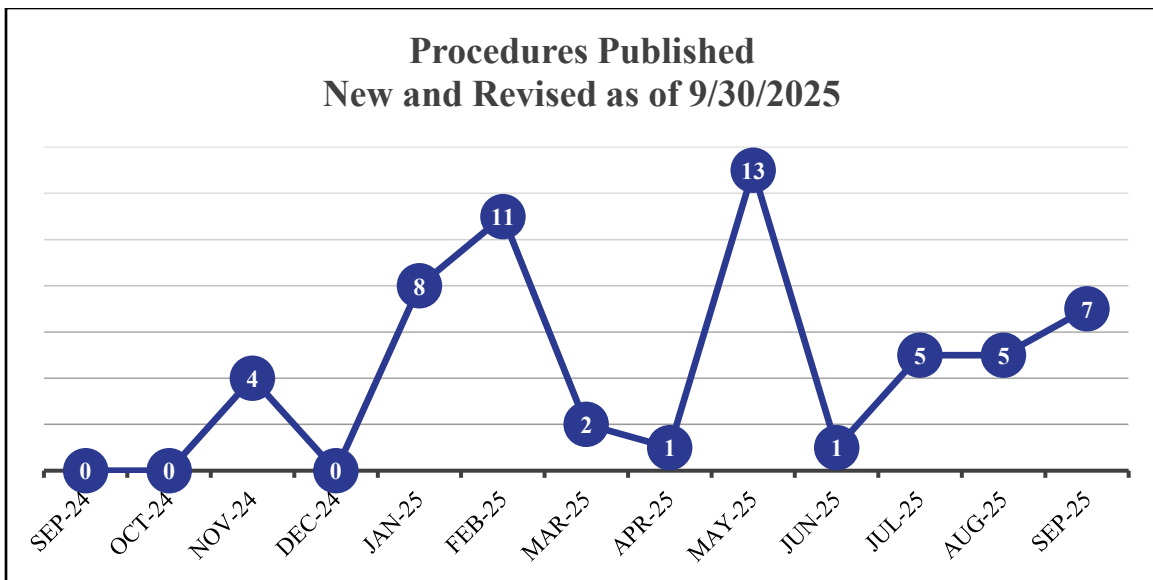
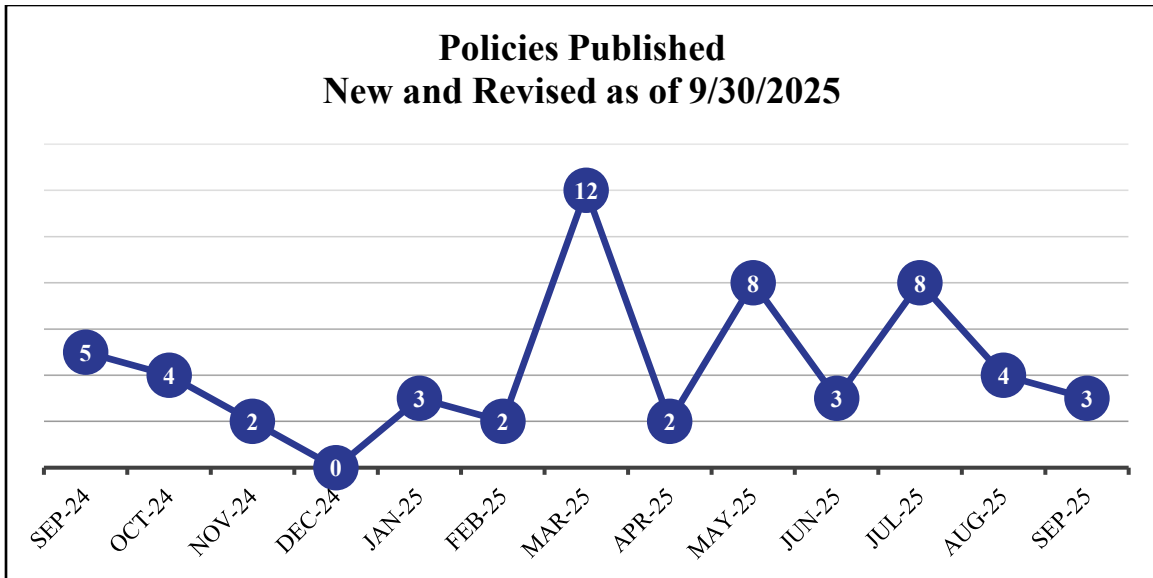
From a risk management perspective, operations continue to run smoothly and in alignment with established protocols. There have been no incidents or matters of substantive concern.

Over the coming months, we will review our continuity planning framework and conduct a formal exercise to validate its effectiveness. This exercise is scheduled to be completed and submitted to the State Office of Risk Management (SORM) no later than January 31, 2026.

Policy and Procedure Updates

SML has revised its Procurement and Contract Management Handbook, associated policy, and procedures.

SML continues to build on its established foundation of agency policies and procedures through ongoing updates and enhancements. The charts below reflect the volume of policies and procedures that have been fully approved and published in the agency's policy management database, shown by month over the past year.



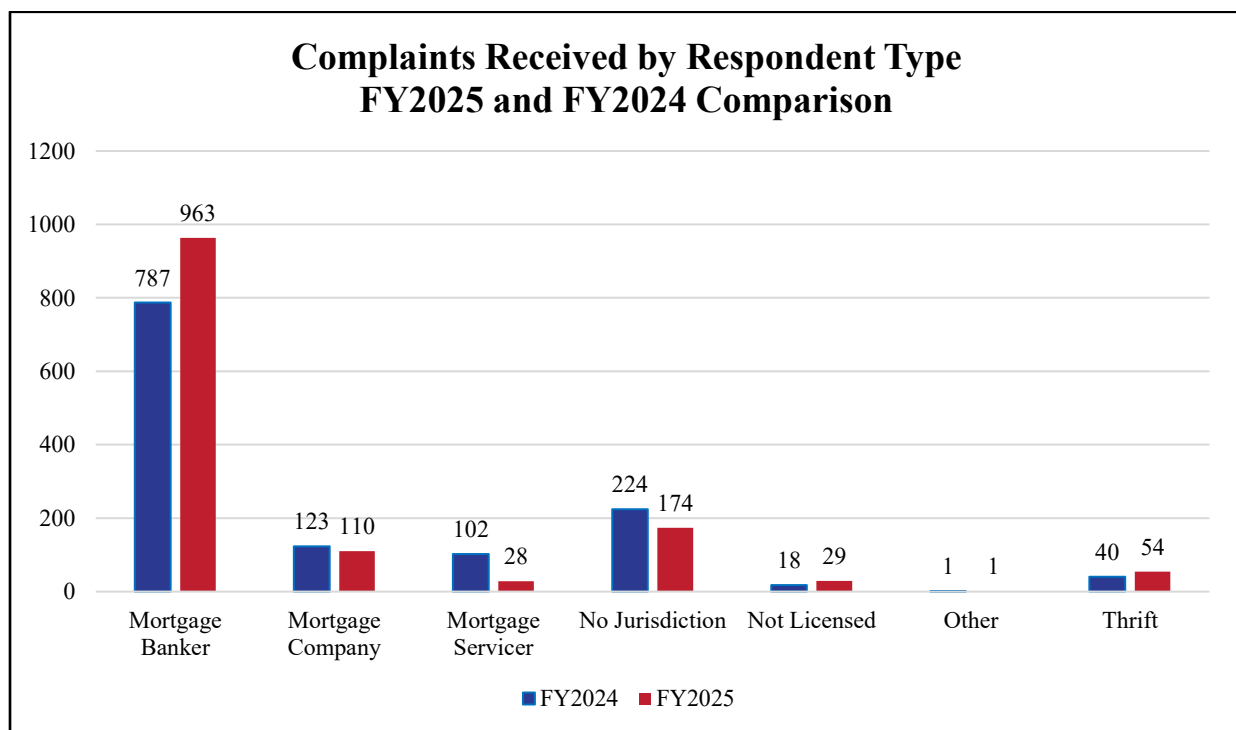
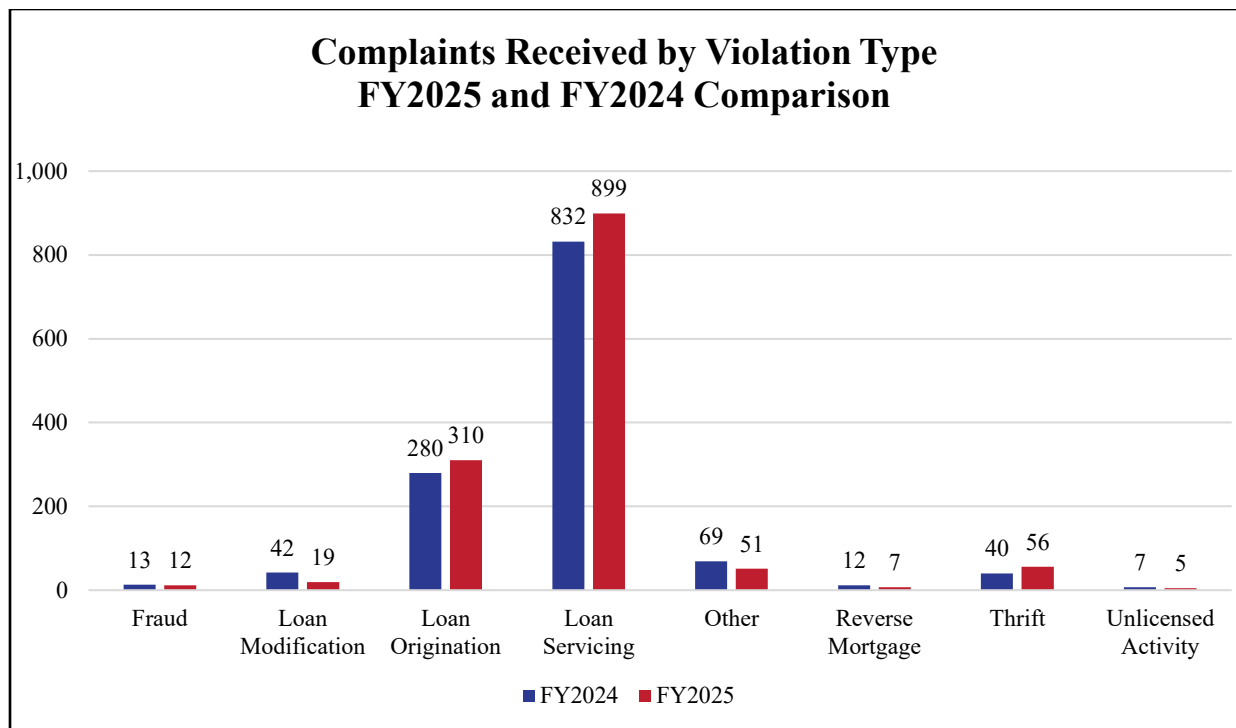
Outreach and Training

Staff remain actively engaged in ongoing training initiatives focused on cybersecurity, artificial intelligence, continuity planning, and role-specific skill development.

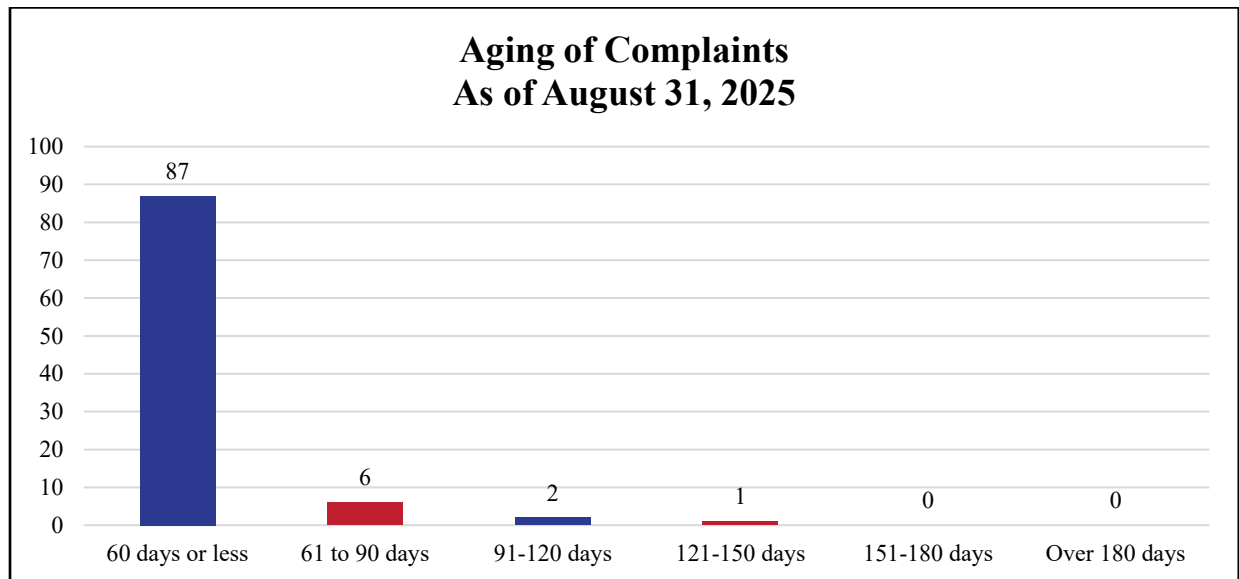
e) Legal Division Activities, including Consumer Complaints and Gift Reporting

Consumer Complaints Activity Report

Complaints Received – In FY2025, SML received 1,359 complaints, compared to 1,295 received in FY2024, a 4.94% increase.



Aging of Open Complaints – As of August 31, 2025, there were 96 open complaint files. Complaint aging is acceptable, with 99% of complaints open 120 days or less.



Closed Complaints

Closed Complaints	FY2025			
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr
Servicing Complaints				
Number of Servicing Complaints Closed	125	200	274	263
Average Number of Days to Close a Complaint	24	15	19	25
Percentage of Complaints Closed Within 120 Days	98%	100%	100%	99%
Non-Servicing Complaints				
Number of Non-Servicing Complaints Closed	112	146	101	102
Average Number of Days to Close a Complaint	23	16	18	18
Percentage of Complaints Closed Within 120 Days	94%	99%	98%	98%
Total	237	346	375	365

Legal and Enforcement Activity Report

Mortgage Enforcement Actions	FY2025			
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr
Advisory Letter	4	6	11	13
Agreed Order	0	0	0	1
Order of Suspension	0	3	0	5
Order to Cease and Desist	1	2	4	1
Order to Take Affirmative Action	9	3	5	0
Order of Revocation	0	0	1	0
Proposed Suspension of License	0	3	3	18
Total	14	17	24	38

Recovery Claims

Recovery Claim Applications Received	FY2025			
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr
	1	0	5	0

Status of Pending Recovery Claim Applications as of August 31, 2025	
Pending Investigation	3
Pending Preliminary Determination Letter	2
Preliminary Determination Letter Issued, Pending Opportunity to Appeal	2
On Appeal	0
Open to Facilitate Resolution by the Parties	1
Total	8

Closed Recovery Claim Files	FY2025			
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr
Granted	1	0	0	1
Denied	0	1	3	7
Resolved by the Parties	0	1	0	1
Claim Withdrawn	1	0	0	0
Total	2	2	3	9

Contested Cases at the State Office of Administrative Hearings (SOAH)

SML v. HomeStart Capital LLC (Docket No. 450-25-02013)

In this proceeding, SML seeks an administrative penalty against HomeStart Capital, LLC (NMLS ID 329177), a licensed mortgage company, for failure to file accurate mortgage call reports. On September 29, 2025, the case was docketed at SOAH.

Litigation

Hector Retta, Commissioner of the Department of Savings and Mortgage Lending v. Millard Smith d/b/a Processing Solutions, and Melkeisha Smith (Cause No. 25-DCV-330862, in the 458th District Court, Fort Bend County, Texas)

In this lawsuit, SML seeks injunctive relief and payment of administrative penalties against Millard Smith, d/b/a Processing Solutions, and Melkeisha Smith. On June 17, 2025, SML, represented by the Office of the Attorney General, filed its Original Petition and Application for Temporary and Permanent Injunction. On July 1, 2025, citation was issued. On July 10, 2025, citation was reissued to Melkeisha Smith to correct clerical errors.

Public Information Requests

Public Information Requests	FY2025			
	1 st Qtr	2 nd Qtr	3 rd Qtr	4 th Qtr
Requests Received	27	38	43	48

SML Future Rule Activity		
Rule	Rulemaking Action	Projected Date for Presentation
Chapter 75, Savings Banks	Proposed Rule Changes Resulting from Rule Review	FY2026

Gift Reporting

During August 5-7, 2025, Commissioner Hector Retta, Senior Mortgage Examiner Ellena Meier, and Senior Review Examiner Justin Accola attended the American Association of Residential Mortgage Regulators (AARMR) 35th Annual Regulatory Conference. Registration fees totaling \$2,895 were waived, and lodging expenses totaling \$1,096.30 were paid by AARMR.

f) Legislative Activities

The first special session of the 89th Legislature convened on July 21, 2025, and adjourned on August 15, 2025. The second special session convened on August 15, 2025, and adjourned on September 4, 2025. No legislation was enacted that will significantly impact SML or its regulated industries.

2. Discussion of and Possible Action Regarding Anticipated and Pending Litigation

Anticipated Litigation

None

Pending Litigation

Hector Retta, Commissioner of the Department of Savings and Mortgage Lending v. Millard Smith d/b/a Processing Solutions, and Melkeisha Smith (Cause No. 25-DCV-330862, in the 458th District Court, Fort Bend County, Texas)

3. **Discussion of and Possible Vote to Take Action on the Adoption of Amendments in 7 TAC, Part 4, Chapter 55, Concerning Residential Mortgage Loan Originators**

PURPOSE: The primary purpose of the amendments in 7 TAC Chapter 55 is to implement House Bill 5629 and Senate Bill 1818, enacted during the 89th Legislature, Regular Session. An explanation of and justification for the rules is contained in the proposed preamble for the rule adoption.

RECOMMENDED ACTION: SML recommends that the Finance Commission approve adoption of the amendments in 7 TAC Chapter 55.

RECOMMENDED MOTION: I move that the Finance Commission approve adoption of the amendments in 7 TAC Chapter 55.

TITLE 7. BANKING AND SECURITIES**PART 4. DEPARTMENT OF SAVINGS AND MORTGAGE LENDING****CHAPTER 55. RESIDENTIAL MORTGAGE LOAN ORIGINATORS****SUBCHAPTER B. LICENSING****7 TAC §55.110**

The Finance Commission of Texas (commission), on behalf of the Department of Savings and Mortgage Lending (SML), adopts amendments to 7 TAC §55.110, concerning Licensing of Military Service Members, Military Veterans, and Military Spouses. The commission's proposal was published in the August 29, 2025, issue of the *Texas Register* (50 TexReg 5515). The rule is adopted without changes to the published text and will not be republished.

Explanation of and Justification for the Rule

Preexisting §55.110 specifies licensing requirements for military service members, military veterans, and military spouses applying for an individual residential mortgage loan originator (originator) license, in accordance with Occupations Code Chapter 55.

Changes Concerning Implementation of HB5629 and SB1818

House Bill 5629 (HB5629) and Senate Bill 1818 (SB1818) were enacted during the 89th Legislature, Regular Session (2025) and became effective September 1, 2025. HB5629 and SB1818 amend Occupations Code Chapter 55. The adopted rule is designed to implement the requirements of HB5629 and SB422. The adopted rule: in subsection (b), adds a new definition for "in good standing" by adopting by reference the definition in Occupations Code

§55.0042; in subsection (d)(3), provides that within 10 business days after the date SML receives a complete license application and written request for military licensing review from a qualifying applicant, SML will approve the application and issue a license to the applicant, issue a provisional license to the applicant pending a final decision on the application, or notify the applicant that the license held by the individual in another state is not similar in scope of practice to an originator license issued by SML, if applicable; in subsection (d)(4), provides that, if a provisional license is issued, SML will make a final decision on the application within 120 days after the date the provisional license is issued; in subsection (d)(5), provides that, if an applicant holds a license in good standing in another state that is similar in scope of practice to an originator license issued by SML, the applicant will be assigned a license status in NMLS that confers temporary authority to act as an originator in accordance with Finance Code §180.0511 and 7 TAC §55.109 (relating to Temporary Authority); and, in subsection (e), clarifies that recognition of a license held in another state is based on whether the license is similar in scope of practice to an originator license issued by SML.

Other Modernization and Update Changes

The adopted rule makes changes to modernize and update the rule, including: adding and replacing language for clarity and readability; removing unnecessary or duplicative provisions; and updating terminology.

Summary of Public Comments

Publication of the commission's proposal set a deadline of 30 days to receive public comments. No comments were received.

Statutory Authority

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The rule is adopted under the authority of: Government Code §2001.004(1), requiring a state agency to adopt rules of practice stating the nature and requirements of all available formal and informal procedures; Finance Code §157.0023, authorizing the commission to adopt rules necessary to implement or fulfill the purposes of Finance Code Chapter 157, the Mortgage Banker Registration and Residential Mortgage Loan Originator License Act, and as required to carry out the intentions of the Federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (12 U.S.C. §§5101-5117); and Finance Code §180.004(b), authorizing the commission to implement rules necessary to comply with Finance Code Chapter 180, the Texas Secure and Fair Enforcement for Mortgage Licensing Act of 2009. The rule is also adopted under the authority of, and to implement, Occupations Code Chapter 55.

The adopted rule affects the statutes in Finance Code Chapters 157 and 180.

§55.110. Licensing of Military Service Members, Military Veterans, and Military Spouses.

(a) Purpose. This section specifies licensing requirements for military service members, military veterans, and military spouses, in accordance with Occupations Code Chapter 55.

(b) Definitions. In this section: ~~the terms "military service member," "military spouse," and "military veteran" have the meanings assigned by Occupations Code §55.001.~~

(1) The terms "military service member," "military spouse," and "military veteran" have the meanings assigned by Occupations Code §55.001.

(2) The term "in good standing" has the meaning assigned by Occupations Code §55.0042.

(c) Late Renewal (Reinstatement) for Military Service Members (Occupations Code §55.002). An

~~[As provided by Occupations Code §55.002, an] individual is exempt from any increased fee or other penalty for failing to renew an ~~[his or her]~~ originator license in a timely manner if the individual establishes to the satisfaction of SML ~~[the Commissioner]~~ that he or she failed to timely renew the license because the individual was serving as a military service member. A military service member who fails to timely renew his or her originator license must seek reinstatement of the license within the time period specified by Finance Code §157.016; otherwise, the individual must obtain a new license, including complying with the current requirements and procedures ~~[then in existence]~~ for obtaining an original license (see §55.103 of this title (relating to Renewal of the License)).~~

(d) Expedited Review and Processing (Occupations Code §55.004 and §55.005) and Recognition of an Out-of-State License (Occupations Code §55.0041). ~~[Occupations Code §55.005 provides that a military service member, military veteran, or military spouse is entitled to expedited review and processing of his or her application for an originator license. A military service member, military veteran, or military spouse seeking expedited review of his or her application must, after applying for the license in NMLS, make a written request for expedited review using the current form prescribed by SML and posted on its website (sml.texas.gov), including providing the supporting documentation specified in the form, to enable SML to verify the individual's status as a military service member, military veteran, or military spouse. SML, within 30 days after the date it receives a complete application and request for expedited review from a qualifying applicant who is a military service member, military veteran, or military spouse, will process the application, and, provided the applicant is otherwise eligible to receive the license, issue a license to the applicant, if the applicant:]~~

(1) This subsection applies to a qualifying applicant who is a military service member, military veteran, or military spouse, if the applicant: [is licensed as an originator in another jurisdiction with substantially equivalent licensing requirements; or]

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(A) holds a current license in good standing in another state that is similar in scope of practice to an originator license issued by SML; or

(B) was licensed by SML as an originator within the 5 years preceding the application date.

(2) A military service member, military veteran, or military spouse seeking expedited review under Occupations Code §55.004 and §55.005 or recognition of an out-of-state license under Occupations Code §55.0041 must apply for the license in NMLS. After applying for the license in NMLS, the applicant must make a written request for military licensing review using the current form prescribed by SML and posted on its website (sml.texas.gov), and provide the supporting documentation specified in the form to enable SML to verify the individual's military status and evaluate the individual's qualifications under this subsection. [was licensed as an originator in Texas within the 5 years preceding the date of the application.]

(3) Within 10 business days after the date SML receives a complete license application and written request for military licensing review from a qualifying applicant under this subsection, SML will:

(A) approve the application and issue a license to the applicant;

(B) issue a provisional license to the applicant pending a final decision on the application; or

(C) notify the applicant that the license held by the individual in another state is not similar in scope of practice to an originator license issued by SML, if applicable.

(4) If a provisional license is issued under paragraph (3)(B) of this subsection, SML will make a final decision on the application within 120 days after the date the provisional license is issued.

(5) If the applicant holds a current license in good standing in another state that is similar in scope

of practice to an originator license issued by SML, the applicant will be assigned a license status in NMLS that confers temporary authority to act as an originator in accordance with Finance Code §180.0511 and §55.109 of this title (relating to Temporary Authority), and subject to those requirements.

~~[(e) Temporary Authority for Military Service Member or Military Spouse. Occupations Code §55.0041 provides that a military service member or military spouse may engage in a business or occupation for which a license is required without obtaining the license if the military service member or military spouse is currently licensed in good standing in another jurisdiction with substantially equivalent licensing requirements. However, federal law imposes specific, comprehensive requirements governing when and under what circumstances an individual licensed to act as an originator in another jurisdiction may act under temporary authority in this state (the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (federal SAFE Act), 12 U.S.C. §5117 (relating to Employment Transition of Loan Originators)). Occupations Code §55.0041(e) further requires that a military service member or military spouse "comply with all other laws and regulations applicable to the business or occupation." As a result, a military service member or military spouse seeking to avail himself or herself of the temporary authority conferred by Occupations Code §55.0041 must apply for and seek temporary authority in accordance with Finance Code §180.0511 and §55.109 of this title (relating to Temporary Authority).]~~

(e) Scope of Practice [(f) Substantial Equivalency]. For purposes of this section and Occupations Code Chapter 55 [§55.004], an originator license issued by a licensing authority in another state has a similar scope of practice to an originator license issued by SML [in another jurisdiction is substantially equivalent to a Texas originator license] if it is issued in accordance with the requirements of the federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 [federal SAFE Act] (12 U.S.C. §5501-

5117). SML will verify a license issued in another jurisdiction in NMLS.

(f) [(g)] Credit for Military Experience (Occupations Code §55.007). ~~[As provided by Occupations Code §55.007, with respect to an applicant who is a military service member or military veteran,]~~ SML will credit an applicant who is a military service member or military veteran with verified military service, training, or education toward the requirements for an originator license by considering the service, training, or education as part of the applicant's employment history. The following items cannot be substituted for military service, training, or education:

(1) the pre-licensing education and coursework specified by Finance Code §180.056 and §55.108(a) of this title (relating to Required Education);

(2) the pre-licensing examination specified by Finance Code §180.057 and §55.108(a) of this title; and

(3) continuing education and coursework specified by Finance Code §180.060 and §55.108(d) of this title.

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Iain A. Berry
General Counsel
Department of Savings and Mortgage Lending