

A.

Finance Commission

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FINANCE COMMISSION OF TEXAS

MEETING DATEDecember 12, 2025

MEETING LOCATION Finance 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 DATESFebruary 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. Fin. Code §11.106*

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FINANCE COMMISSION AGENDA

Friday, December 12, 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 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 October 24, 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' Fiscal Year 2026 Internal Auditor's Risk Assessment and Audit Plan

1. Department of Savings and Mortgage Lending

2. Texas Department of Banking

3. Office of Consumer Credit Commissioner

6. 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

7. 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

8. 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

9. 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

10. 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

B. 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, 458th District Court, Fort Bend County, Texas

C. 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 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

3. Discussion of and Possible Vote to Take Action on the Reappointment of Ray Boone as the Consumer Representative and the Appointment of Jerie Olson as the Insurance Industry Representative to the Guaranty Fund Advisory Council for the Period January 1, 2026, to December 31, 2027

D. 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 Readoption of 7 TAC, Part 5, Chapter 88, Concerning Debt Management Providers, Resulting from Rule Review***
4. Discussion of and Possible Vote to Take Action on the Adoption of Amendments in 7 TAC, Part 5, Chapter 83, Subchapter A, Concerning Rules for Regulated Lenders
5. Discussion of and Possible Vote to Take Action on the Adoption of Amendments in 7 TAC, Part 5, Chapter 89, Concerning Property Tax Lenders, Resulting from Rule Review
6. Discussion of and Possible Vote to Take Action on a Petition to Initiate Rulemaking to Amend 7 TAC, Part 5, Chapter 84, Concerning Motor Vehicle Installment Sales

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, October 24, 2025

The Finance Commission of Texas convened at 9:32 a.m., on October 24, 2025, with the following members present:

Finance Commission Members in Attendance:

Phillip Holt, Chairman	Kathleen Fields	Roselyn “Rosie” Morris
Laura Warren, Vice Chairman	Martin “Marty” Green	David Osborn
Bob Borochoff	Troy Lambden	Miguel Romano, Jr.
Hector Cerna	Sharon McCormick	

Commissioner Charles G. Cooper announced there was a quorum with 11 members present. *(0:56 on audio file).*

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
A. Finance Commission Matters		
1. Review and Approval of the Minutes of the August 15, 2025 Finance Committee Meeting	On Consent Agenda – Item A1 This item Approved on the Consent Agenda.	n/a
2. General Public Comment	No Action Required.	1:24 Start of Discussion
3. Consent Agenda – Items A1, C3-C5, and D3	Marty Green made a motion to Approve Consent Agenda items A1, C3-C5 and D3. Laura Warren seconded, and the motion passed.	1:55 Start of Discussion 2:12 Vote
4. Finance Commission Operations	No Action Required.	2:39 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 Fourth Quarter Investment Officer Reports 1. Texas Department of Banking 2. Office of Consumer Credit Commissioner 3. Department of Savings and Mortgage Lending	Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Agencies’ 2025 Fourth Quarter Investment Officer Reports passed.	3:11 Start of Discussion 3:20 Vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
<p>B. Discussion of and Possible Vote to Recommend that the Agencies' 2025 Fourth Quarter Financial Statements</p> <ol style="list-style-type: none"> 1. Texas Department of Banking 2. Office of Consumer Credit Commissioner 3. Department of Savings and Mortgage Lending 	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Agencies' 2025 Fourth Quarter Financial Statements passed.</p>	<p>3:31 Start of Discussion</p> <p>3:40 Vote</p>
<p>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</p>	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Final Selection of Organizations to Receive Grant Fund from the Texas Financial Education Endowment Fund passed.</p>	<p>3:52 Start of Discussion</p> <p>4:50 Vote</p>
<p>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</p>	<p>Coming upon Recommendation from the Audit Committee, no second is required and the motion to Approve the Charging Certain Expenses Against the Texas Financial Education Endowment for Grant Administration and Management passed.</p>	<p>4:58 Start of Discussion</p> <p>6:30 Vote</p>
<p>E. Discussion of and Possible Vote to Recommend that the Finance Commission Take Action on the Activities of the Texas Financial Education Endowment Fund</p>	<p>No Action Required.</p>	<p>n/a</p>
<p>6. Discussion of the Condition of the Texas State Banking System Report</p>	<p>No Action Required.</p>	<p>7:00 Start of Discussion</p>
<p>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</p>	<p>Laura Warren made a motion to Approve 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. Kathleen Fields seconded, and the motion passed.</p>	<p>32:01 Start of Discussion</p> <p>32:23 Vote</p>
<p>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</p>	<p>No Discussion.</p>	<p>n/a</p>

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
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	No Discussion.	n/a
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	No Discussion.	n/a
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	No Discussion.	n/a
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	No Discussion.	n/a
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	No Action Required.	34:48 Start of Discussion
2. Discussion of and Possible Vote to Take Action on Anticipated and Pending Litigation <i>Anthony Hrncir 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</i>	No Action Required.	n/a

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
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	No Action Required.	57:45 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 Adoption of Amendments in 7 TAC, Part 1, Chapter 2, Concerning Residential Mortgage Loan Originators Regulated by the Office of Consumer Credit Commissioner	On Consent Agenda – Item C3 This item Approved on the Consent Agenda	n/a
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	On Consent Agenda – Item C4 This item Approved on the Consent Agenda	n/a
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	On Consent Agenda – Item C5 This item Approved on the Consent Agenda	n/a
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	Marty Green made a motion to Approve the Proposal and Publication for Comment of Amendments in 7 TAC, Part 5, Chapter 83, Subchapter A, Concerning Rules for Regulated Lenders. Troy Lambden seconded, and the motion passed.	1:15:28 Start of Discussion 1:21:42 Vote
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	Laura Warren made a motion to Approve the Proposal and Publication for Comment of Amendments in 7 TAC, Part 5, Chapter 89, Concerning Property Tax Lenders, Resulting from Rule Review. Troy Lambden seconded, and the motion passed.	1:22:06 Start of Discussion 2:01:51 Vote

AGENDA ITEM	ACTION	LOCATION ON AUDIO FILE
D. Department of Savings and Mortgage Lending		
1. Industry Status and Departmental Operations: a) State Savings Bank Examinations and Supervision Division Activities; b) Mortgage Licensing Division Activities; c) Mortgage Examinations 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.	2:04:00 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 Adoption of Amendments in 7 TAC, Part 4, Chapter 55, Concerning Residential Mortgage Loan Originators	On Consent Agenda – Item D3 This item Approved on the Consent Agenda	n/a

There being no further business, Chairman Phillip Holt adjourned the meeting of the Finance Commission at 11:53 a.m. (2:19:00 on audio file).

Phillip Holt, Chairman
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

December 12, 2025

A. Finance Commission Matters

1. Review and Approval of the Minutes of the October 24, 2025 Finance Commission Meeting

D. Office of Consumer Credit Commissioner

3. Discussion of and Possible Vote on the Readoption of 7 TAC, Part 5, Chapter 88, Concerning Debt Management Providers, Resulting from Rule Review

B.

**Department of Savings and
Mortgage Lending**

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D. Department of Savings and Mortgage Lending

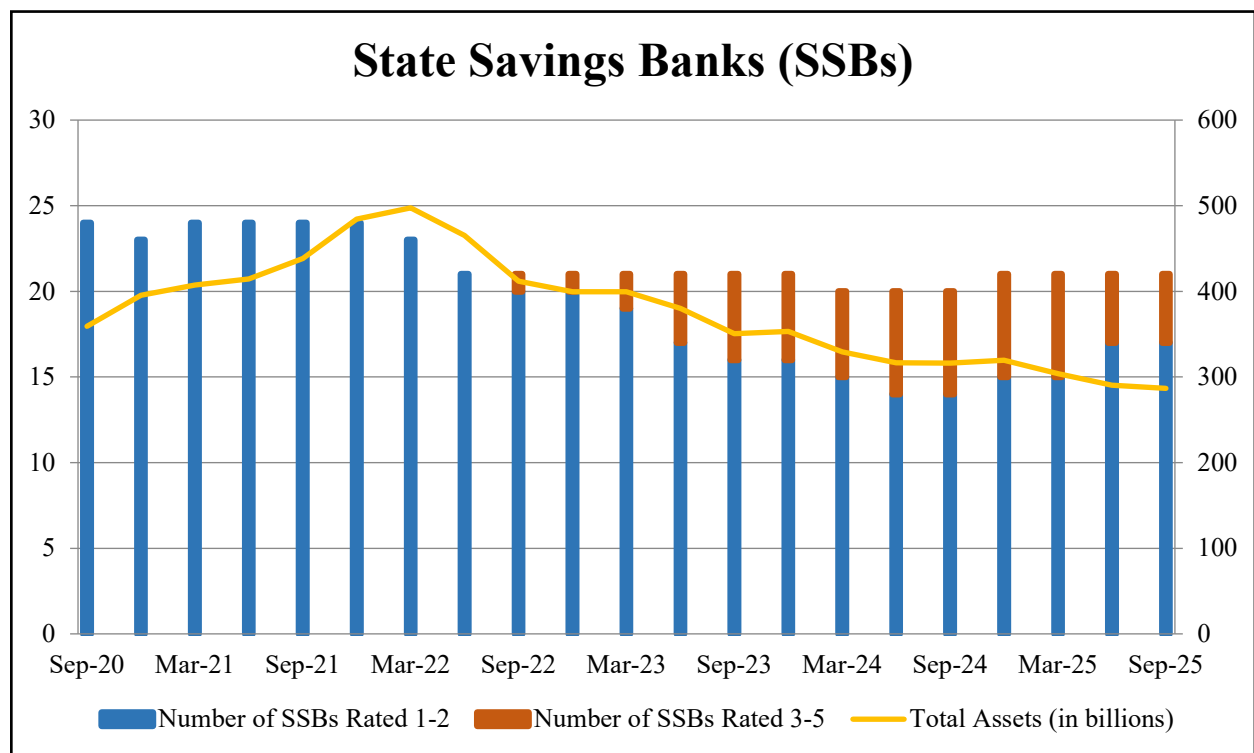
1. Industry Status and Departmental Operations

a) Thrift Regulation Division Activities

Industry Status

The Department continues to monitor various local, state, and national data sources to understand the risks facing the industry and individual savings banks.

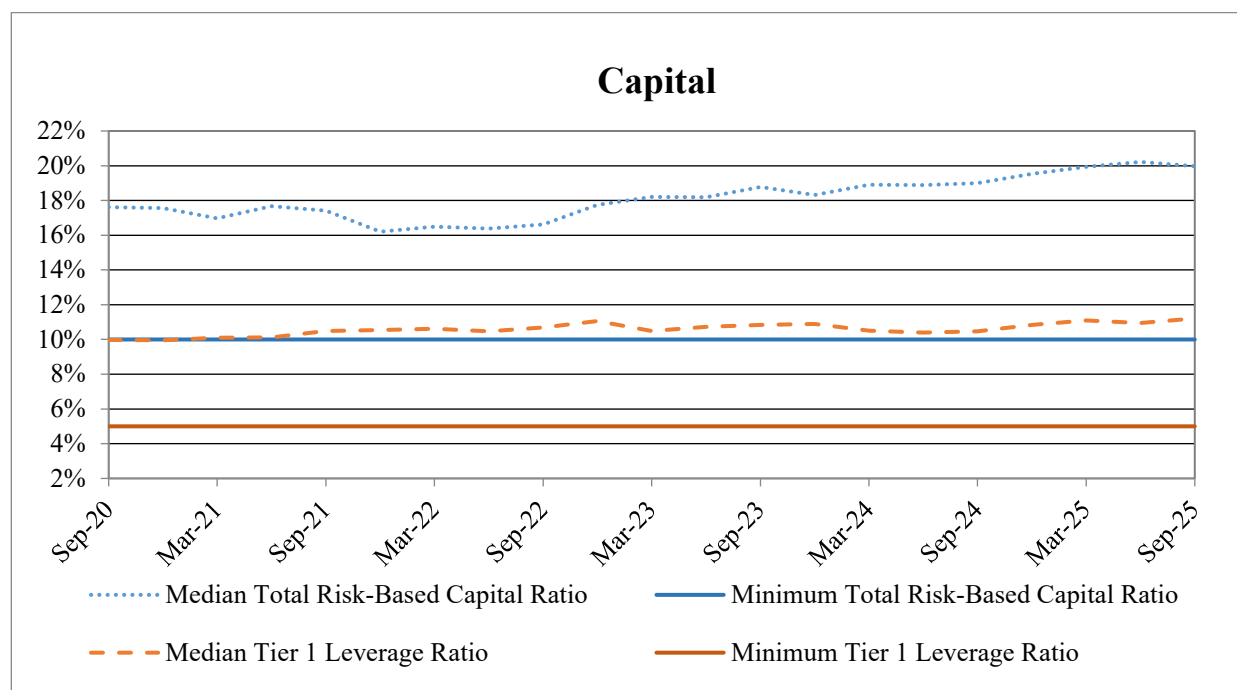
The Department conducts bank examinations to ensure confidence in the banking system using the Uniform Financial Institutions Rating System (UFIRS). Banks with a UFIRS rating of 1 or 2 are considered well-rated. The industry is comprised of 21 state savings banks with assets totaling \$286.7 billion as of September 30, 2025. The industry consists of 81% of banks being well-rated as of October 30, 2025, with three informal and two formal supervisory actions in place.



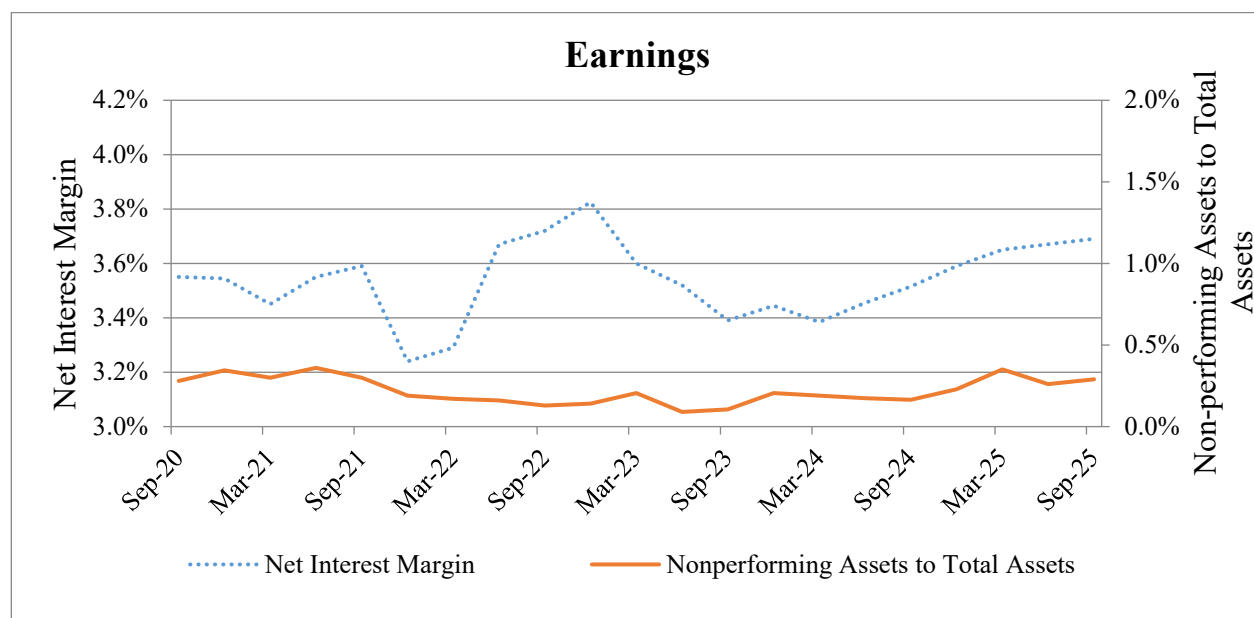
All SSBs are subject to quarterly offsite reviews. Those with the highest risk profiles receive enhanced scrutiny, as warranted, with targeted visitations, accelerated examinations, and/or corrective actions. Below are specific areas that the Department monitors in relation to changes in the state and national economic environment.

Bank capital performs several very important functions; absorbs losses, promotes public confidence, helps restrict excessive asset growth, and provides protection to the 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 September 30, 2025, all SSBs remain well above regulatory capital minimums. The portfolio

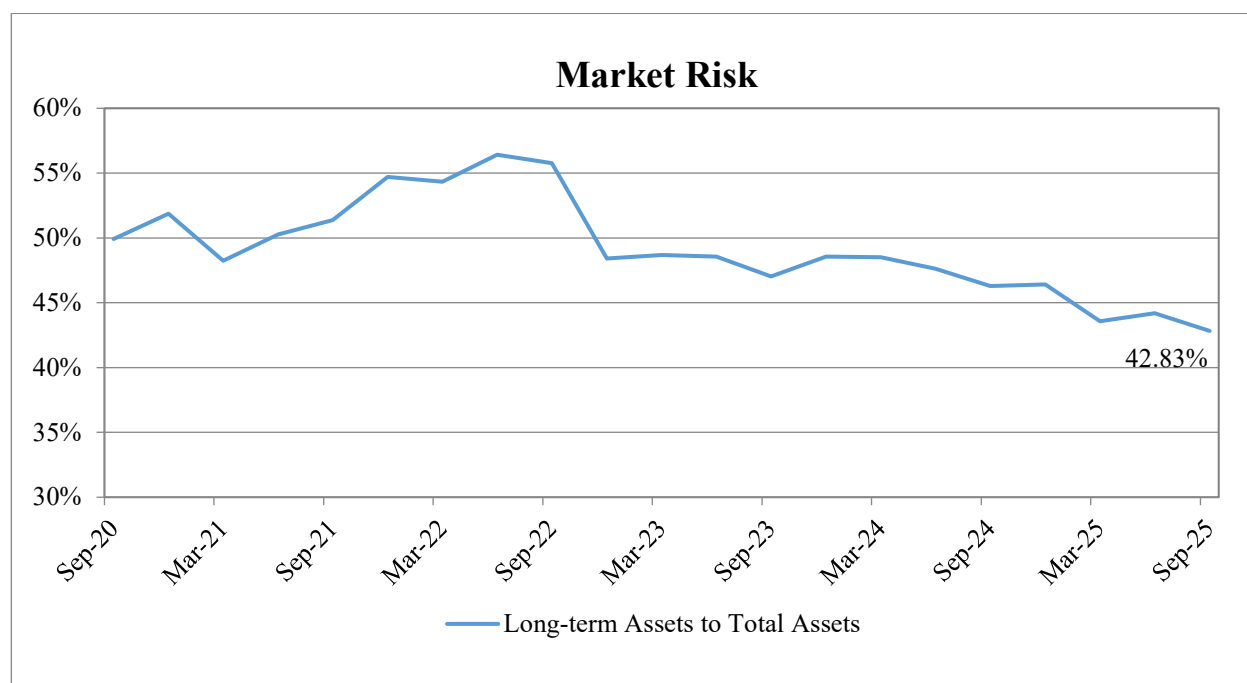
median total risk-based capital ratio and median leverage capital protection have remained generally consistent and are now 19.97% and 11.21%, respectively.



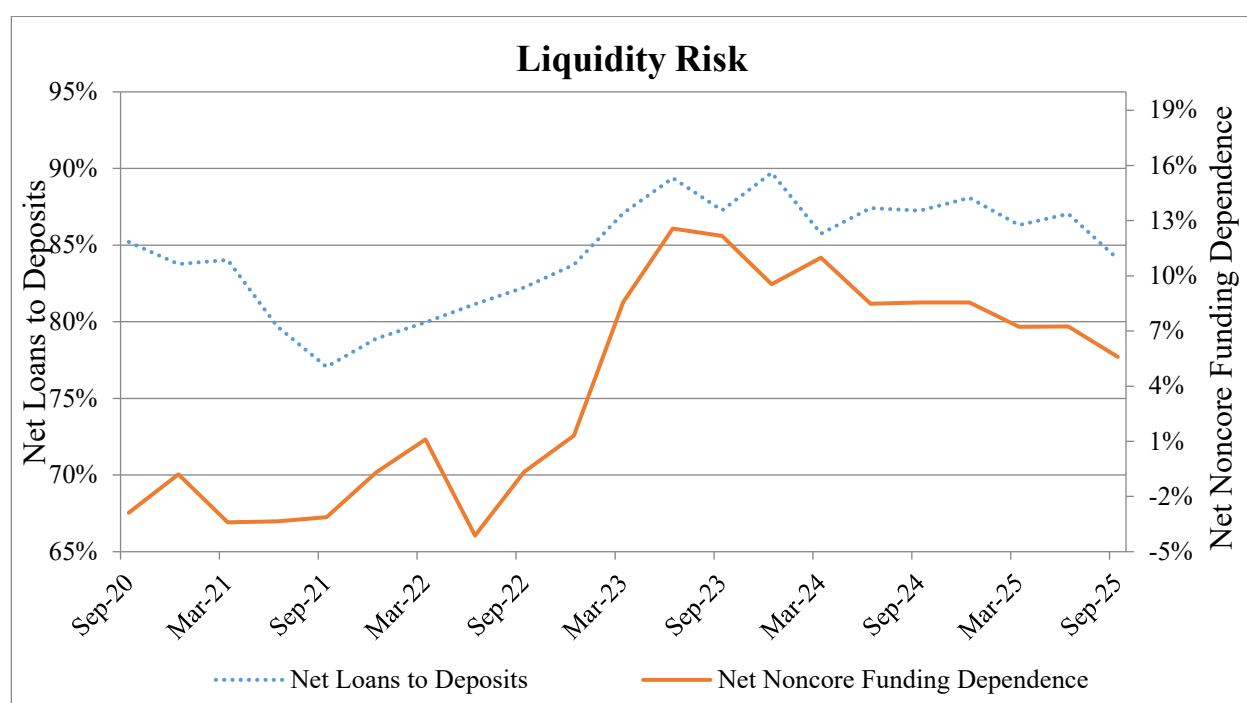
Earnings is the initial safeguard against the risk of engaging in the banking business, and is the first line of defense against capital depletion resulting from shrinkage in asset value. Earnings performance should allow the bank to remain competitive by providing the resources required to implement management's strategic initiatives. The net interest or profit margin is 3.69%. Non-performing asset levels remain low at 0.29% 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 September 30, 2025, long-term assets to total assets ratio increased slightly to 42.83%.



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 5.60%. The loan-to-deposit ratio, a measure of the use of deposits to fund lending activities, is 84.10%.



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.

On October 22, 2025, Cornerstone Capital Bank, SSB, Houston, Texas, filed an application to acquire Peoples Bank, Lubbock, Texas. The application is pending review.

Outreach and Training

On October 2, 2025, SML held its 18th Annual Thrift Industry Day that included topics of interest to the industry. The agenda for the event is shown below.



18th Annual Thrift Industry Day

Thursday, October 2, 2025

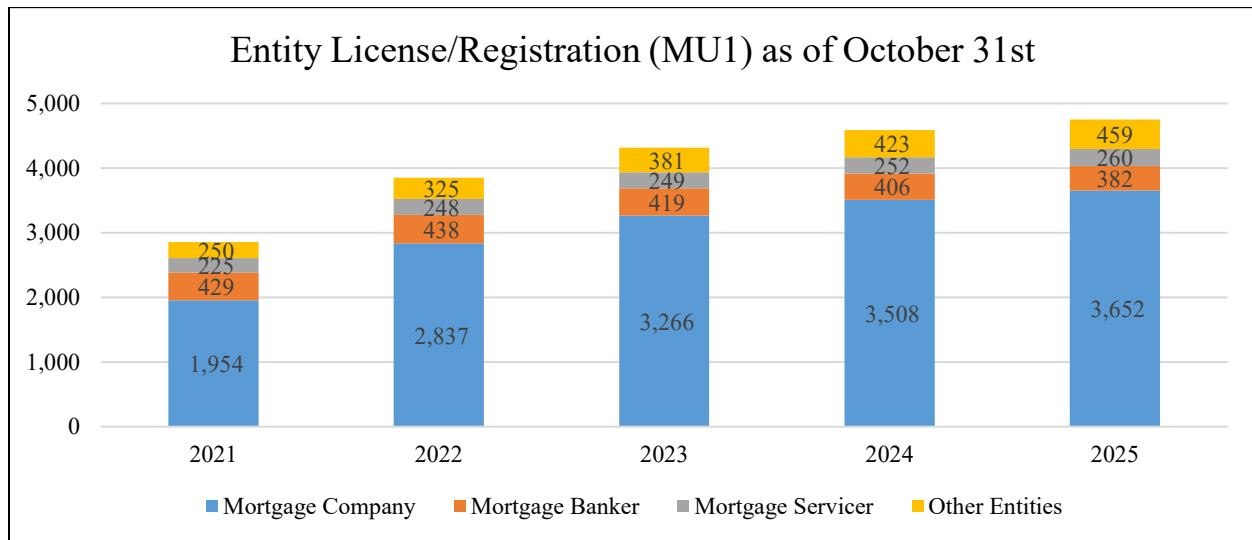
- 12:30 pm – 1:00 pm **Registration**
Meet & greet
- 1:00 pm – 1:10 pm **Welcome and Opening Comments**
Hector Retta, *Commissioner*
Department of Savings and Mortgage Lending
- 1:10 pm – 2:10 pm **Where Do We Go From Here: Expect Volatility in Q4, Strong Economy in H1 2026, and Structural Housing Headwinds**
Jill Cetina, *Executive Professor & Associate Director of Commercial Banking Program*
Mays Business School at Texas A&M
- 2:10 pm – 2:30 pm **Break**
- 2:30 pm – 4:00 pm **Panel Discussion: AI & Digital Assets**
Stephanie Weber, *Industry Leader for State and Local Government*
Appian
Rich Perez, *Vice President of Innovation and Digital Strategy*
Texas Bankers Association (TBA)
Stephany Trotti, *Deputy Commissioner/ Director of Thrift Regulation*
Department of Savings and Mortgage Lending
- 4:00 pm – 4:10 pm **Break**
- 4:10 pm – 4:20 pm **Consumer Compliance**
Bill Poe, *Supervisory Compliance Examiner*
Department of Savings and Mortgage Lending
- 4:20 pm – 4:40 pm **Legal and Legislative Update**
Iain Berry, *General Counsel*
Department of Savings and Mortgage Lending
- 4:40 pm – 4:55 pm **Hot Topics**
Stephany Trotti, *Deputy Commissioner/ Director of Thrift Regulation*
Department of Savings and Mortgage Lending
- 4:55 pm – 5:00 pm **Adjournment**

b) Mortgage Regulation Division Activities

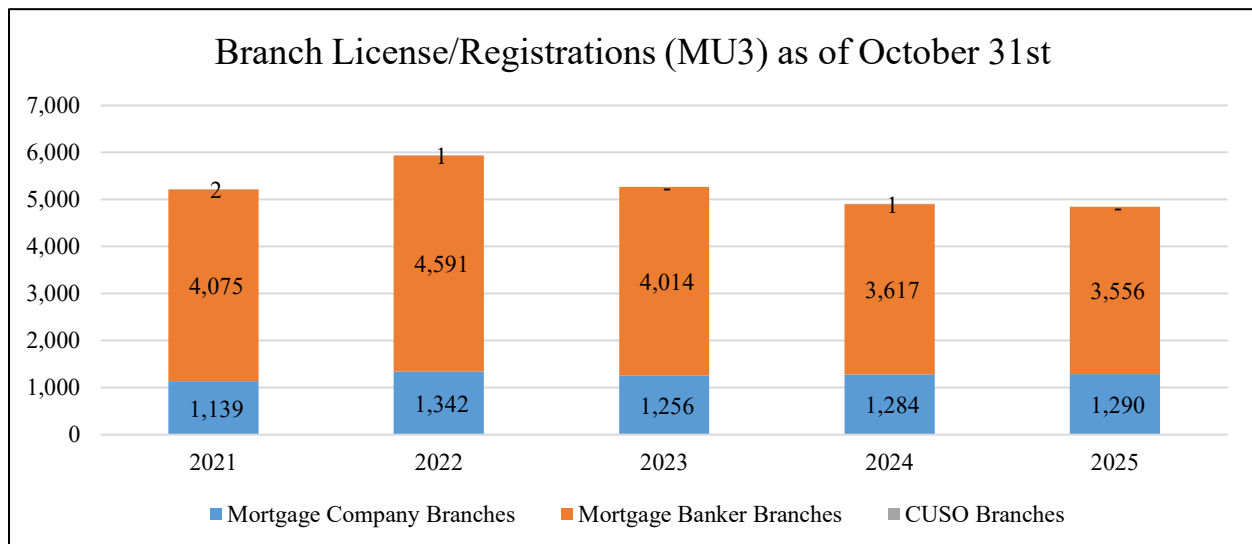
Industry Status

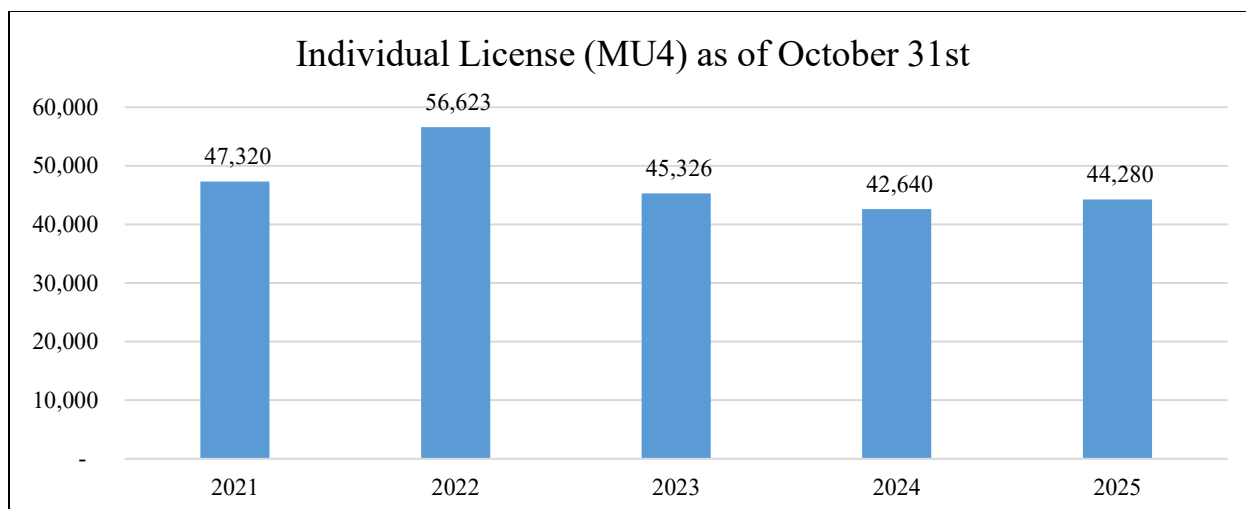
SML continues to monitor various local, state, and national sources to identify issues impacting the mortgage industry, including interest rate changes, housing supply and demand, availability and affordability of homeowner's and flood insurance, mortgage-backed securities (MBSs) market, and trends in homeownership.

The charts below reflect historical information regarding the number of licenses and registrations in an approved status as of October 31st for the respective years shown.



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 continued growth rate of 4% year-over-year for licensed mortgage companies and residential mortgage loan originators.

Licensing Activity Report

From September 1, 2025, to October 31, 2025, the Mortgage Licensing section processed 1,424 applications and approved 1,204 applications, including 86 mortgage entities, 158 branch offices, and 960 residential mortgage loan originators. The remaining 220 applications were either withdrawn by the applicant or denied by the Department. According to NMLS Data Analytics, the Mortgage Licensing section processed 14,725 license amendments, 349 credit report reviews, 2,523 sponsorship removals, and 3,257 sponsorship requests from September 1, 2025, to October 31, 2025.

Mortgage Examination Activity Report

From September 1, 2025, to October 31, 2025, the Mortgage Examination section issued 49 mortgage origination examinations covering 457 individual licensees. Compared to the same reporting period in FY2024, the overall number of examinations issued (49 versus 50) and the number of individuals examined (457 versus 628) decreased by approximately 2% and 27%, respectively.

For FY2026, SML is participating in at least three One-Company-One Examination (OCOE) origination examinations that will be completed and issued in this fiscal year.

For the first two months of the first quarter of FY2026, SML issued one 5-rated examination report. The 5-rated examination report reflected significant areas of non-compliance, including:

- Improper Association with an Unlicensed Entity
- Failure to File Accurate and Timely Mortgage Call Report
- Failure to Provide Required Information in an Advertisement
- Failure to Deliver Properly Completed Texas Mortgage Company Disclosure
- Failure to Maintain Complete Loan File Documentation
- Prohibition on False, Misleading or Deceptive Practices and Improper Dealings
- Failure to Provide Required Information in Conditional Pre-Qualification Letter
- Failure to Document Delivery of Notice of Penalties Statement

- Failure to Properly Execute Wrap Mortgage Disclosure
- Failure to Evidence Delivery of Wrap Mortgage Disclosure to Pre-Existing Lienholders
- Collection of Time-Restricted Fees
- Failure to Document Delivery of Properly Completed Loan Estimate
- Failure to Document Delivery of Properly Completed Written List of Providers
- Consummation of Loan Before Required Waiting Period
- Failure to Disclose Fees within Permitted Tolerances
- Failure to Deliver Properly Completed Closing Disclosure
- Prohibited Payments to Loan Originators by Persons Other than Consumer
- Failure to Document Delivery of Homeownership Counseling Organizations List
- Payment of Referral Fees
- Failure to Document Delivery of Properly Completed Adverse Action Notice
- Failure to Comply with Information Security Program Requirements
- Failure to Document Delivery of Properly Completed Initial Privacy Notice

The most common violations identified in the other 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

Director of Mortgage Regulation William Purce has been appointed to serve on the SRR Board of Managers for a two-year term. The State Regulatory Registry (SRR) Board of Managers is the entity that makes decisions regarding the development and operation of the NMLS and the State Examination System (SES). The SRR Board of Managers' actions ensure that state regulators have a unified platform for licensing and examination, as well as the collection and aggregation of industry data.

On September 9th and 16th, 2025, Senior Review Examiner Justin Accola attended the National Test Maintenance Committee meetings held remotely. The National Test Maintenance Committee is responsible for maintaining the National Test with Uniform State Content that is administrated to applicants for a residential mortgage originator loan license.

On September 23 – 25, 2025, Manager of Licensing Chris Osuna attended the Mortgage Testing and Education Board (MTEB) meeting held in Washington D.C. MTEB serves to oversee and regulate the SAFE MLO Test and education requirements for residential mortgage loan originators.

On October 6 – 8, 2025, the majority of the Mortgage Examination staff attended the virtual training program provided by the American Association of Residential Mortgage Regulators (AARMR) that focused on Responsible Artificial Intelligence (AI) in the Mortgage Industry. The program deepened examiner awareness of how AI is transforming mortgage operations, while equipping examiners with the critical insight needed to evaluate risk, compliance, and ethical use.

On November 3, 2025, SML held its 13th Annual Mortgage Industry Day that included topics of interest to the industry. The agenda for the event is shown below.

1:00 pm – 1:15 pm	<u>Welcome and Opening Comments</u> William Purce, <i>Director of Mortgage Regulation</i>
1:15 pm – 2:15 pm	<u>Macro and Real Estate Update</u> Speaker: Yanling Mayer, P.D., <i>Research Economist</i> Texas Real Estate Research Center at Texas A&M University
2:15 pm – 3:15 pm	<u>Artificial Intelligence and Blockchain in the Mortgage Industry</u> Moderator: William Purce, <i>Director of Mortgage Regulation</i> Panelist: Michael Stidham, <i>Director, Regulatory Affairs</i> , Rocket Mortgage
3:15 pm – 3:45 pm	<u>Mortgage Fraud and Data Breaches</u> William Purce, <i>Director of Mortgage Regulation</i>
3:45 pm – 4:05 pm	<u>Common Examination Findings</u> Ellena Meier, <i>Chief Mortgage Examiner</i>
4:05 pm – 4:20 pm	<u>Licensing Update and Issues</u> Chris Osuna, <i>Manager of Licensing</i>
4:20 pm to 4:30 pm	<u>Open Forum and Closing Comments</u> William Purce, <i>Director of Mortgage Regulation</i>

c) Operations Division Activities

Accounting, Budget, and Financial Reporting

Staff are preparing to close out the first quarter of fiscal year 2026.

As a self-directed semi-independent agency, the Department of Savings and Mortgage Lending submitted annual financial information required under Finance Code, Section 16.005(c), for fiscal year 2025 to oversight agencies and members of the legislature.

The Annual Report by State Agencies was submitted to the State Office of Risk Management (SORM), as required. The report contains information on risk management expenditures, insurance purchases, and non-workers' compensation losses. Pursuant to Texas Labor Code, Section 412.053, SORM captures costs associated with agency risk management programs and compiles the administrative costs of risk management.

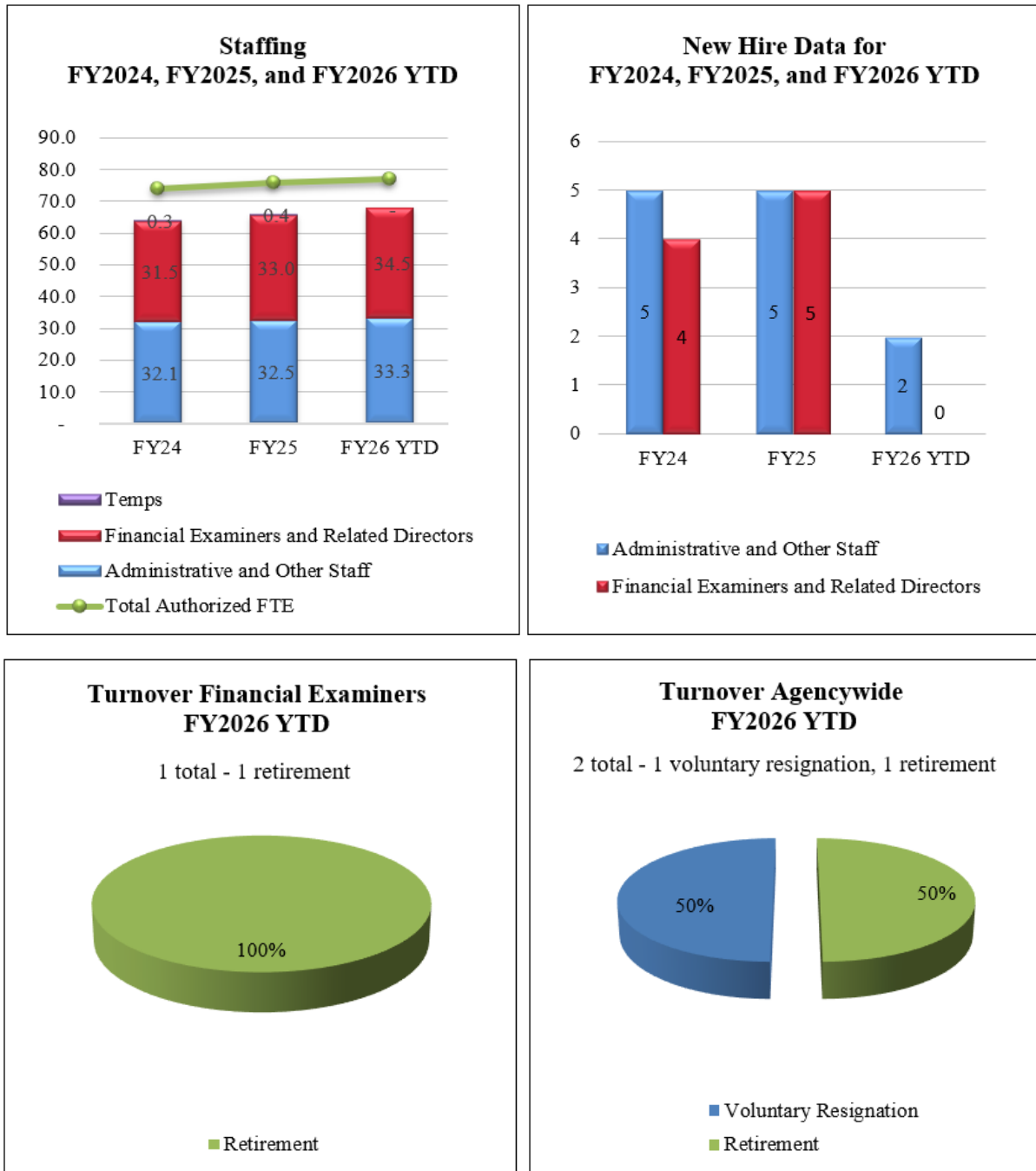
Audit

Garza/Gonzales and Associates conducted the annual Risk Assessment. The report is located elsewhere in the packet.

Human Resources

As of November 30, 2025, SML was staffed at 69 regular full-time employees. During the first quarter of FY26, SML had two new hires and two separations.

Staffing Charts as of November 30, 2025



Below is the status of SML's vacancies:

Vacancy Status	
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	

Activities

CAPPS Recruit is transitioning from Oracle's Taleo to PeopleSoft's Candidate Gateway and Talent Acquisition Manager. Human Resources staff are working with the Comptroller's CAPPS team to transition SML's configuration in preparation for testing the new product. The new CAPPS Recruit is scheduled to go live on July 26, 2026.

Survey of Employee Engagement (SEE) – The Department's biennial survey closed on November 7, 2025, with a response rate of 98.5% and an overall score of 422.

Outreach and Training

The quarterly agency-wide meeting and training was conducted on November 20, 2025.

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 submitted its Records Retention Recertification to the Texas State Library and Archives Commission (TSLAC) on October 14, 2025. It is pending TSLAC review.

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 initiative to enhance our infrastructure and protect organizational assets against emerging 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.

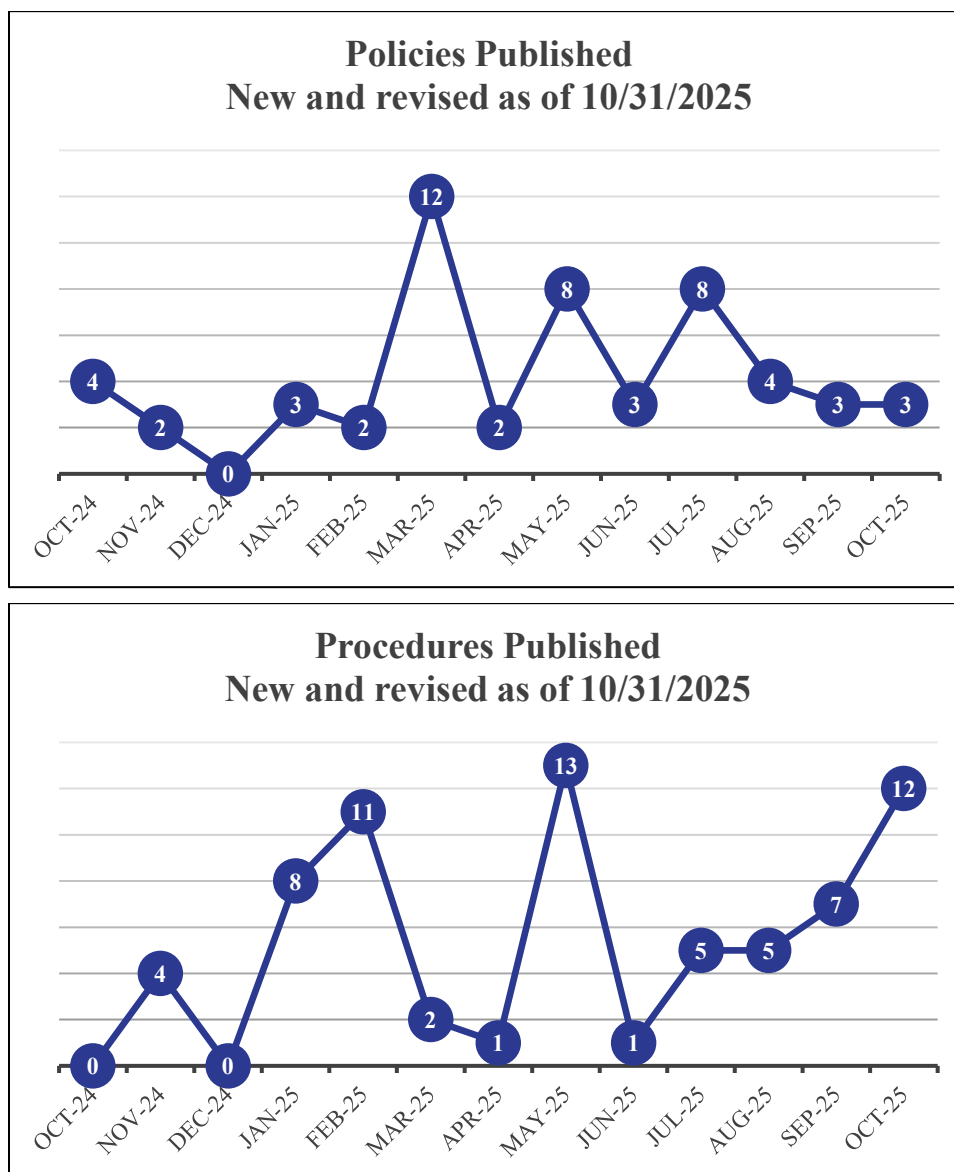
We are in the process of revising the policy and procedures associated with our Continuity Program, updating our Continuity Plan, and over the next three months will plan and conduct a

formal exercise to validate its effectiveness. The exercise is scheduled to be completed and submitted to SORM by January 31, 2026.

Policy and Procedure Updates

The Strategic Projects and Initiatives Section is revising SML's policies, procedures, and related documents for agency drivers, the Records Management Program, and the Continuity Program.

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.



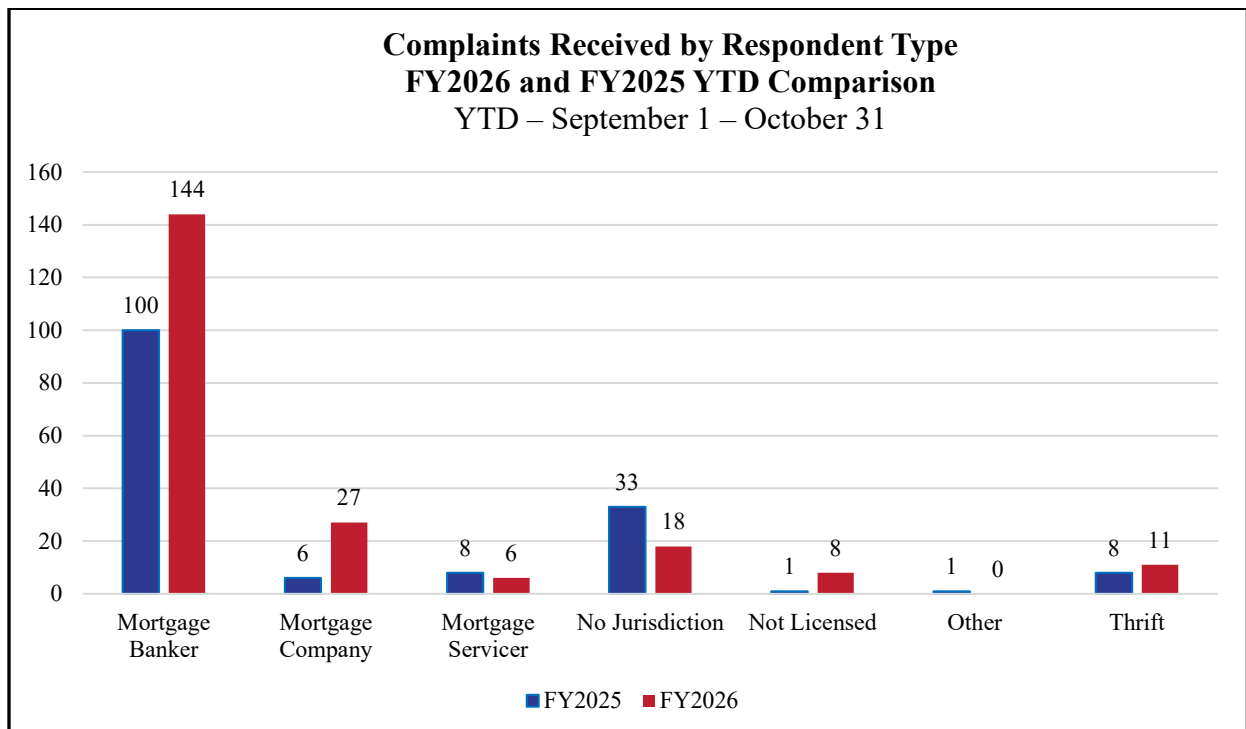
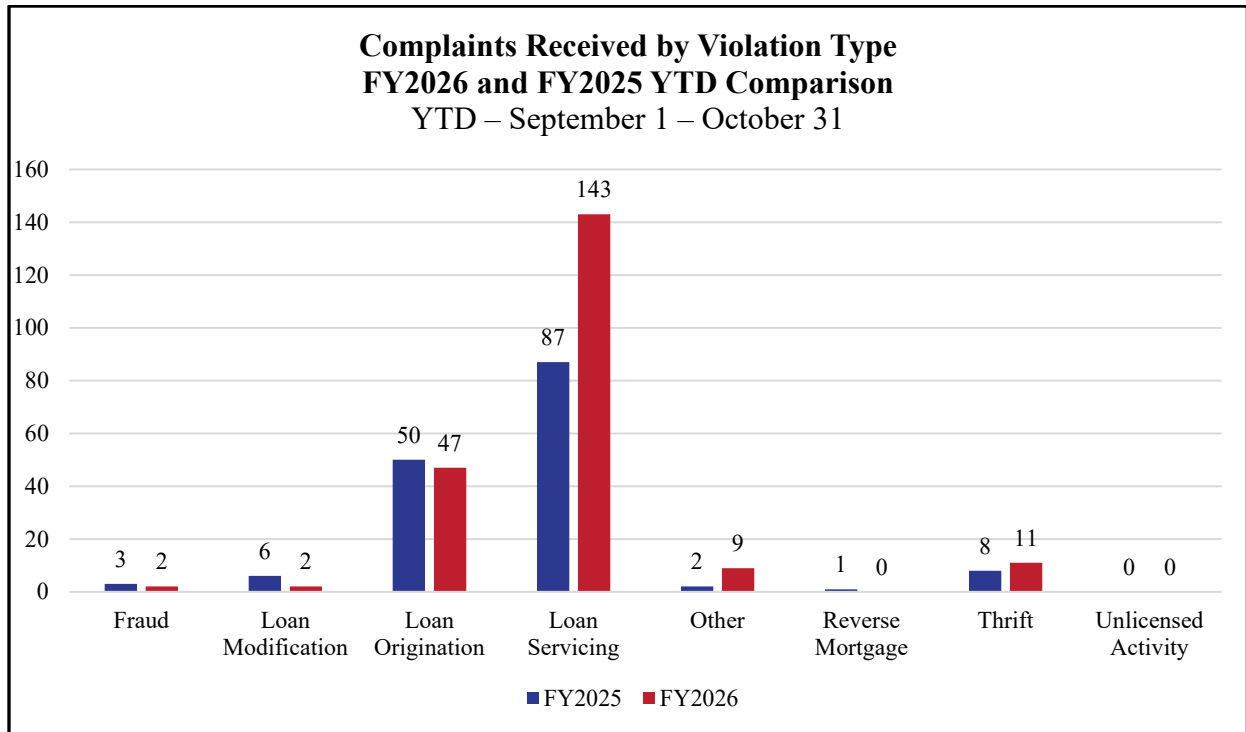
Outreach and Training

Staff remain actively engaged in ongoing training initiatives focused on cybersecurity, artificial intelligence, continuity planning, and role-specific skill development.

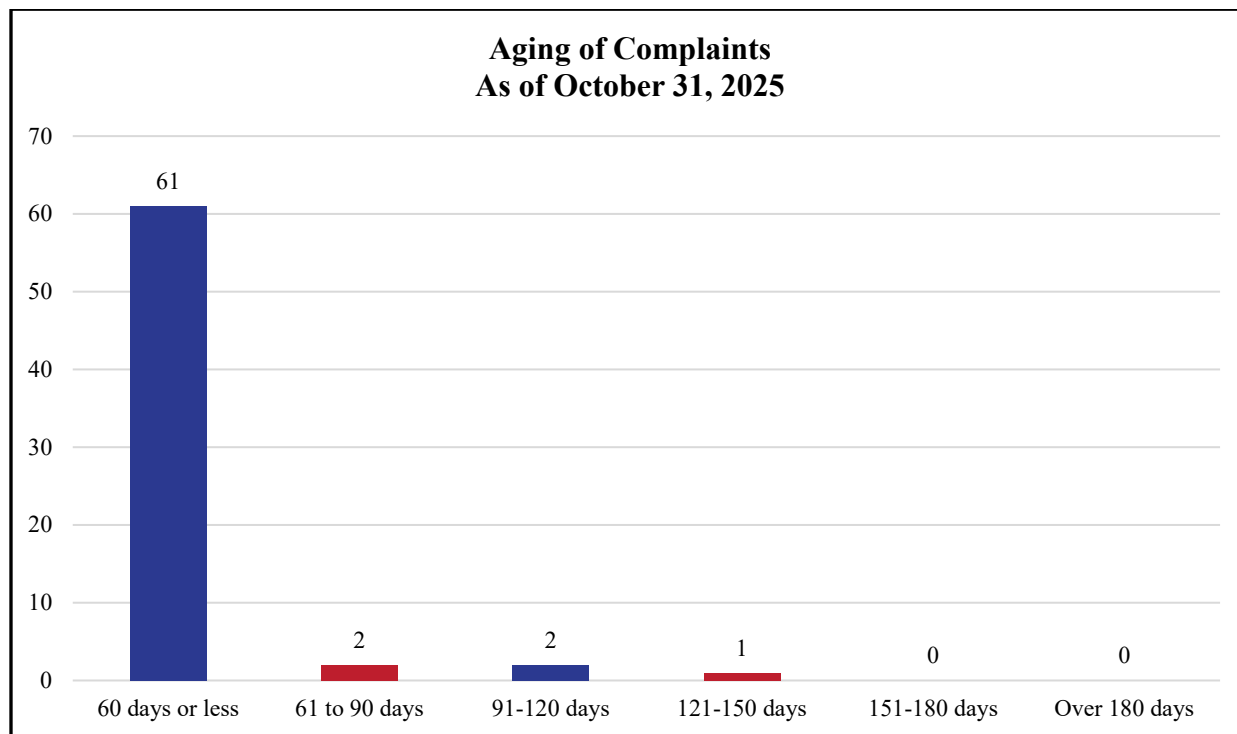
e) Legal Division Activities, including Consumer Complaints and Gift Reporting

Consumer Complaints Activity Report

Complaints Received – In September and October 2025 (FY2026), SML received 214 complaints, compared to 157 received in FY2025, a 36.31% increase.



Aging of Open Complaints – As of October 31, 2025, there were 66 open complaint files. Complaint aging is acceptable, with 98% of complaints open 120 days or less.



Closed Complaints

In September and October 2025, 244 complaints were closed. Data for the first quarter of FY2026 will be provided at the February 2026 meeting of the Finance Commission.

Legal and Enforcement Activity Report

In September and October 2025, 21 mortgage enforcement actions were taken. Data for the first quarter of FY2026 will be provided at the February 2026 meeting of the Finance Commission.

Recovery Claims

In September and October 2025, SML received one recovery claim application. Data for the first quarter of FY2026 will be provided at the February 2026 meeting of the Finance Commission.

Status of Pending Recovery Claim Applications as of October 31, 2025	
Pending Investigation	2
Pending Determination Letter	1
Total	3

Contested Cases at the State Office of Administrative Hearings (SOAH)

SML v. HomeStart Capital LLC (Docket No. 450-26-02013)

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. A hearing on the merits is scheduled for December 10, 2025.

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, 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 for providing mortgage loan origination services without a license. 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. On July 22, 2025, Melkeisha Smith was served with citation. On November 18, 2025, citation for Millard Smith was returned unserved, and an Affidavit of Due Diligence was filed, documenting the process server's unsuccessful attempts to personally serve Millard Smith. On November 19, 2025, citation was issued to Millard Smith by certified mail.

Public Information Requests

During September and October 2025, SML received 29 public information requests. Data for the first quarter of FY2026 will be provided at the February 2026 meeting of the Finance Commission

SML Future Rule Activity		
Rule	Rulemaking Action	Projected Date
Chapter 75, Savings Banks	Proposed Rule Changes Resulting from Rule Review	FY2026

Gift Reporting

During September 23 – 25, 2025, Manager of Licensing Chris Osuna attended a meeting of the CSBS Mortgage Testing and Education Board. Travel expenses totaling, \$1,354.00 were paid by CSBS.

During October 6 – 8, 2025, Director of Mortgage Regulation William Purce attended the “Responsible AI in the Mortgage Industry” training presented by the American Association of Residential Mortgage Regulators (AARMR). The registration fee of \$225.00 was waived.

f) Legislative Activities

On November 4, 2025, Texas voters approved 17 amendments to the Texas Constitution. Proposition 7 (arising from HB 2508/HJR 133) creates an exemption from property taxes of the total appraised value of the residence of the surviving spouse of a veteran who was not rated 100% disabled at the time of the veteran's death, if the deceased veteran had a qualifying condition or disease that is presumed to be service-connected under federal law. Proposition 13 (arising from SB 4/SJR 2) raises the homestead exemption from general school district property tax from \$100,000 to \$140,000, effective January 1, 2025.

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, 458th District Court, Fort Bend County, Texas

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C.

Texas Department of Banking

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Charles G. Cooper
Commissioner

TEXAS DEPARTMENT OF BANKING

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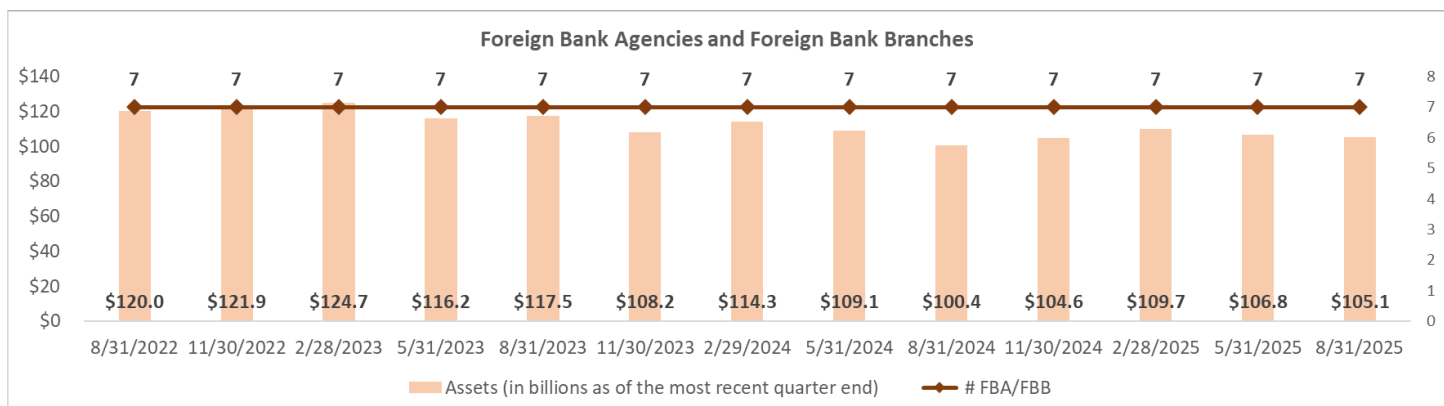
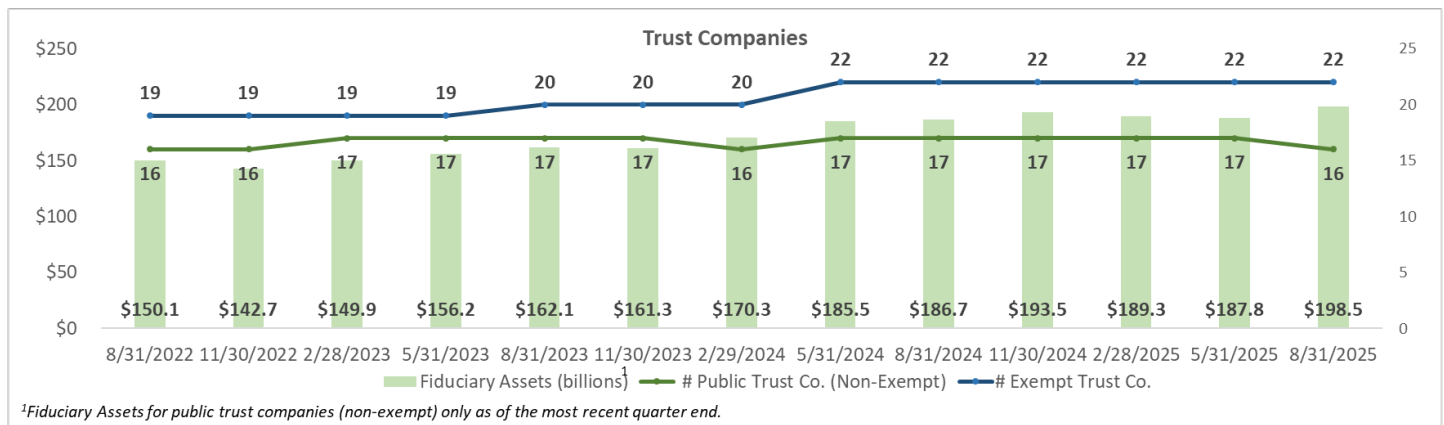
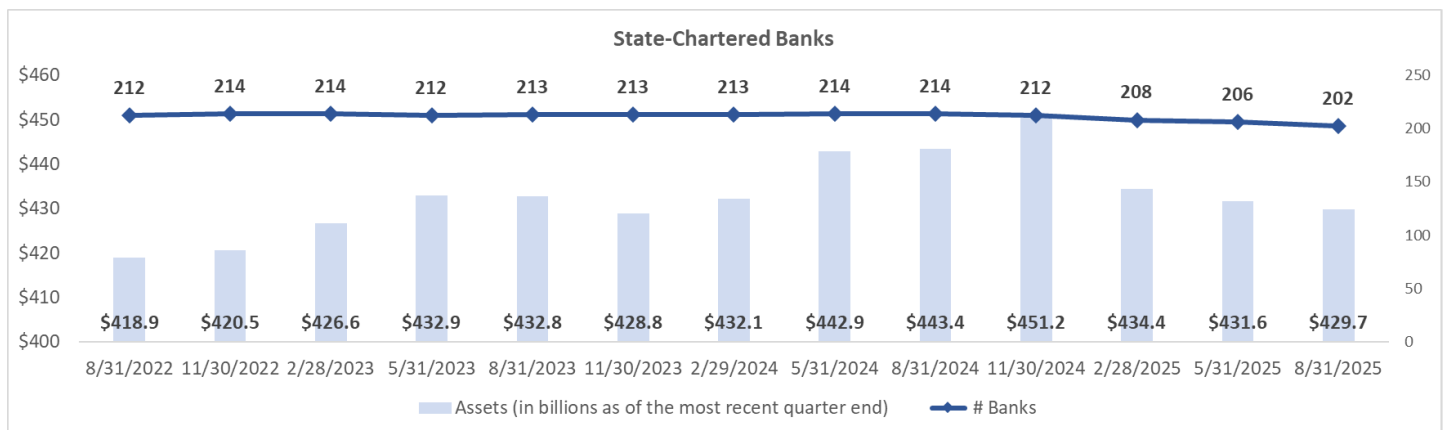
512-475-1300 / 877-276-5554

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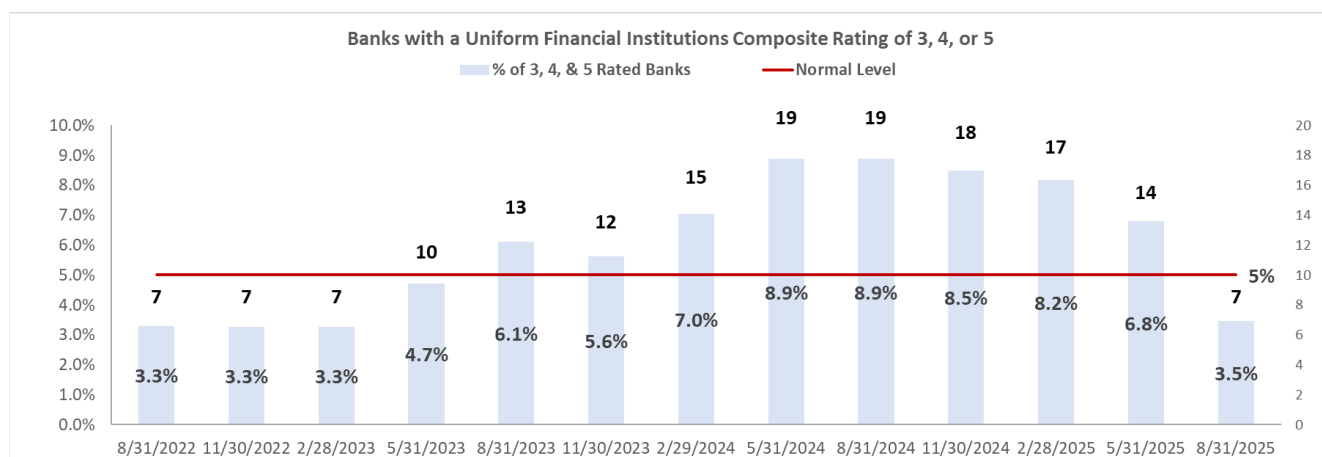
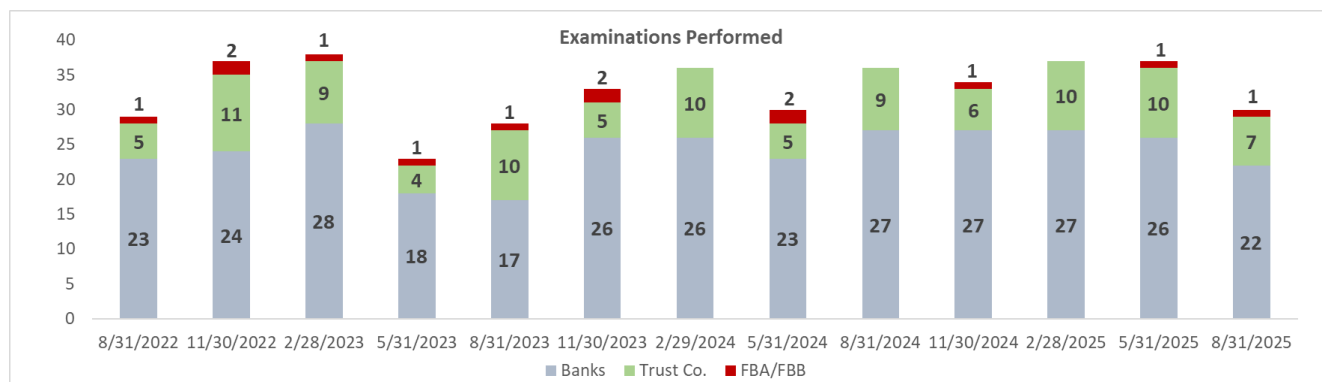
To: Finance Commission Members
From: Jared Whitson, Deputy Commissioner of Bank and Trust Supervision
Date: December 1, 2025
Subject: Summary of the Bank & Trust Supervision Division Activities

Bank and Trust Supervision – Industry Profiles

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

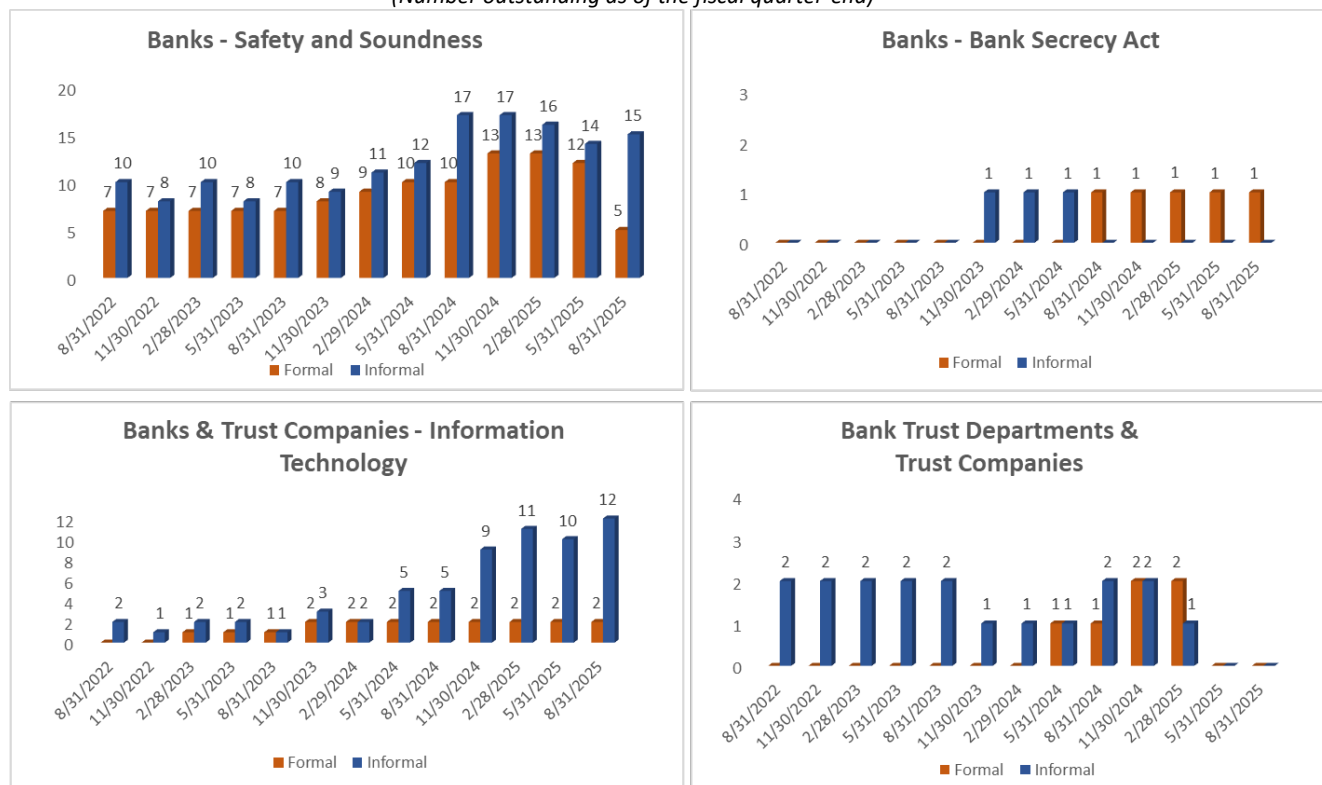


The reduction in state-chartered banks and assets since the prior period is due to M&A activity. All four banks merged with and into national-chartered banks.



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.

Compliance with Examination Priorities

Percent of examinations conducted within Department guidelines.

Entity Type	FY 2025	FY 2026 (YTD – Oct 2025)
Commercial Banks	90%	80%
IT	82%	83%
Trust Departments	87%	100%
Foreign Banks (FRB)	100%	100%
Trust Companies (DOB)	100%	100%
IT	33%	50%

Examination categories with examinations not conducted within guidelines for FY 2026 include:

- Bank Examinations – 5 exams past due by an average of 21 days.
- IT Examinations of Banks – 4 exams past due by an average of 19 days.
- IT Examinations of Trust Companies – 1 exam past due by an average of 11 days.

Due to the reduction in problem banks, we anticipate compliance with examination priorities for commercial banks in FY 2026, but IT examination priorities will remain challenging.

Division Highlights

- **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:**

- Commissioner Charles G. Cooper, Executive Deputy Commissioner Wendy Rodriguez, and Deputy Commissioners Jesse Saucillo and Jared Whitson attended the Conference of State Bank Supervisors (CSBS), District II & IV Combined Fall Meeting held in St. Louis, Missouri, beginning on October 8, 2025. Commissioner Cooper is the Chair of CSBS District IV.
- Commissioner Cooper and Regional Director Greg Wisian (RD) represented the Department at Sam Houston State University's (SHSU) 2025 Banking Day and attended the Smith-Huston Endowed Chair of Banking Advisory Board Meeting, on October 16, 2025. Commissioner Cooper is a member of the Advisory Board.
- RD Tom Susany represented the Department as a regulatory panelist at Southern Methodist University (SMU), Certified Community Bank Directors Program in Dallas, Texas, on October 22, 2025.
- Review Examiner Melissa Dvoracek represented the Department as a regulatory panelist at the Independent Bankers Association, Women in Banking Conference held in Fort Worth, Texas, on October 23, 2025.
- Commissioner Cooper represented the Department at the Federal Reserve Bank of Dallas, Atlanta, and Cleveland - The Evolving Landscape of Bank Funding Conference held in Dallas, Texas, beginning on October 30, 2025. Commissioner Cooper introduced one of many panels at the conference.
- Chief IT Security Financial Examiner Larry Filer represented the Department as a regulatory panelist at the Cyber Risk Institute Examiner Panel held in Austin, Texas, on November 3, 2025; topics included Cybersecurity Frameworks, Artificial Intelligence, and Digital Currencies.
- Commissioner Cooper represented the Department at the 2025 Bank Operations Institute and was a panelist on the Virtual Regulatory Panel, on November 12, 2025; topics included budget forecasting, strategic planning, and bank simulation.

- Financial Examiner Emmanuel Salinas represented the Department as a regulatory panelist at the AcctoFi's 2025 Dallas Expo Conference, sponsored by Texas Society of Certified Public Accountants held in Addison, Texas, on November 13, 2025.



Charles G. Cooper
Commissioner

TEXAS DEPARTMENT OF BANKING

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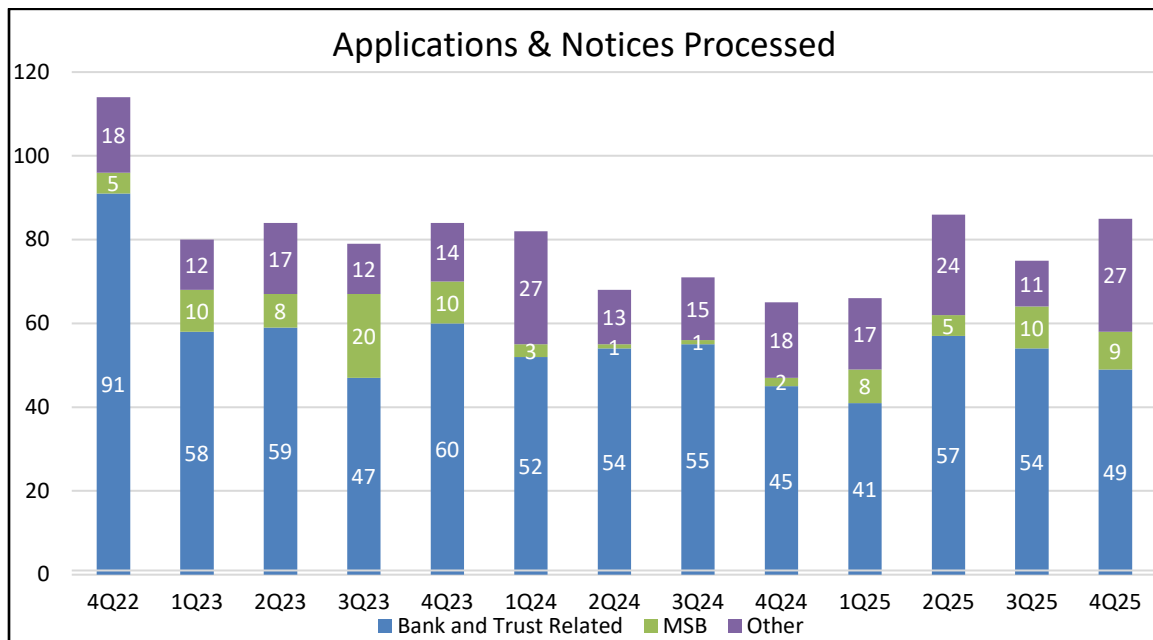
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To: Finance Commission Members

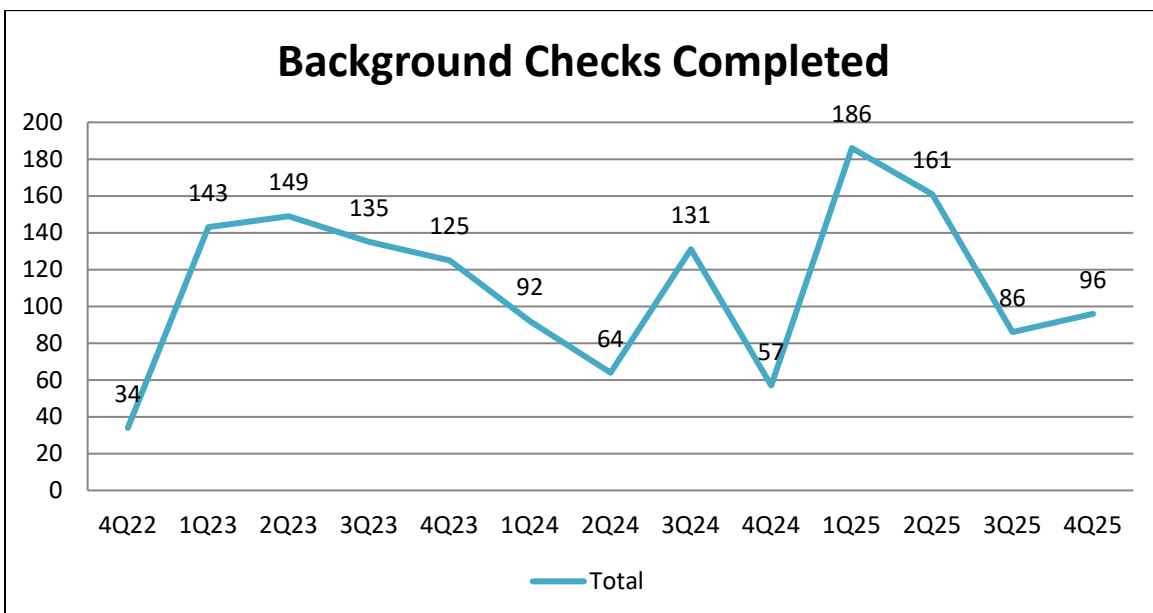
From: Dan Frasier, Director of Corporate Activities and Financial Innovation DBF

Date: December 1, 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	August 31, 2025	Received	*Returned	Processed	October 31, 2025	# Change	% Change
Bank	29	41	-	47	23	-6	-21%
MSB	40	8	3	7	38	-2	-5%
Other	1	11	-	11	1	0	0%
Trust	2	0	-	0	2	0	0%
Total	72	60	3	65	64	-8	-11%

*Incomplete MSB applications which were returned.

The number of open filings under review declined 11% as compared to the level reported at the last Finance Commission meeting. The volume of bank and MSB filings received has moderated over this reporting period while the division successfully processed an increased number of bank related filings. However, resolving pending MSB applications remains challenging for the division due to their complexity and divisional staffing.

Division Highlights

- **Personnel:** Interviews for the division's open Corporate Analyst position will be conducted in December 2025.
- **Significant Applications:** Since the last report, the following significant bank and trust applications have been received:
 - Yoakum National Bank, Yoakum, Texas, has applied to convert to a Texas state bank [estimated gain in state banking assets of \$374 million].
 - Vista Bank, Dallas, Texas, has submitted notice that it will merge with and into NBH Bank, Greenwood Village, Colorado [estimated loss in state banking assets of \$2.5 billion].
 - Peoples Bank, Lubbock, Texas, has submitted notice that it will merge with and into Cornerstone Capital Bank, SSB, Houston, Texas [estimated loss in state banking assets of \$1.2 billion].
 - Comerica Bank, Dallas, Texas, has submitted notice that it will merge with and into Fifth Third Bank, Cincinnati, Ohio [estimated loss in state banking assets of \$77 billion].
 - Tolleson Trust Company, Dallas, Texas, has applied for a de novo trust company charter.
 - Prosperity Bank, El Campo, Texas, has applied to acquire by merger, Texas Partners Bank, San Antonio, Texas [no change in state banking assets].

- Third Coast Bank, Humble, Texas, has applied to acquire by merger, Keystone Bank, SSB, Bee Cave, Texas [estimated gain in state banking assets of \$1.1 billion].
- **Charter, Conversion, and Merger Activity:** Since the last report, the following transactions have consummated:
 - *Banks*
 - Veritex Community Bank, Dallas, Texas, merged with and into The Huntington National Bank, Columbus, Ohio [estimated loss in state banking assets of \$12.5 billion].
 - Citizens State Bank, Roma, Texas, merged with and into Texas National Bank, Mercedes, Texas [estimated loss in state banking assets of \$81 million].
 - First-Lockhart National Bank, Lockhart, Texas, converted to a Texas state bank with the name of First Lockhart Bank [estimated gain in state banking assets of \$386 million].
 - *Trust Companies*
 - None



Charles G. Cooper
Commissioner

TEXAS DEPARTMENT OF BANKING

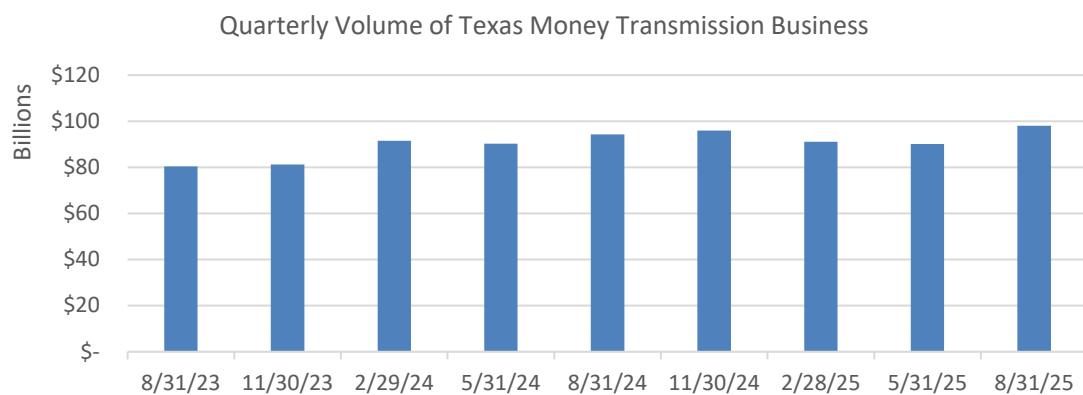
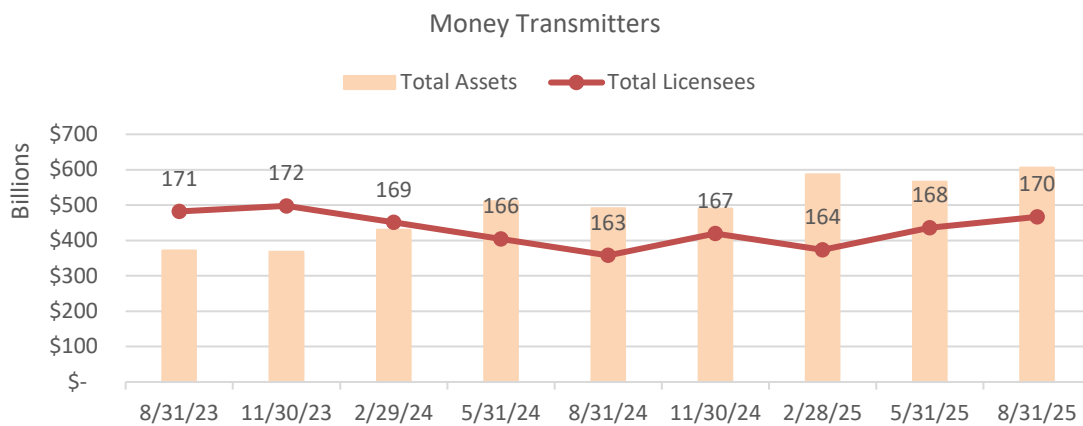
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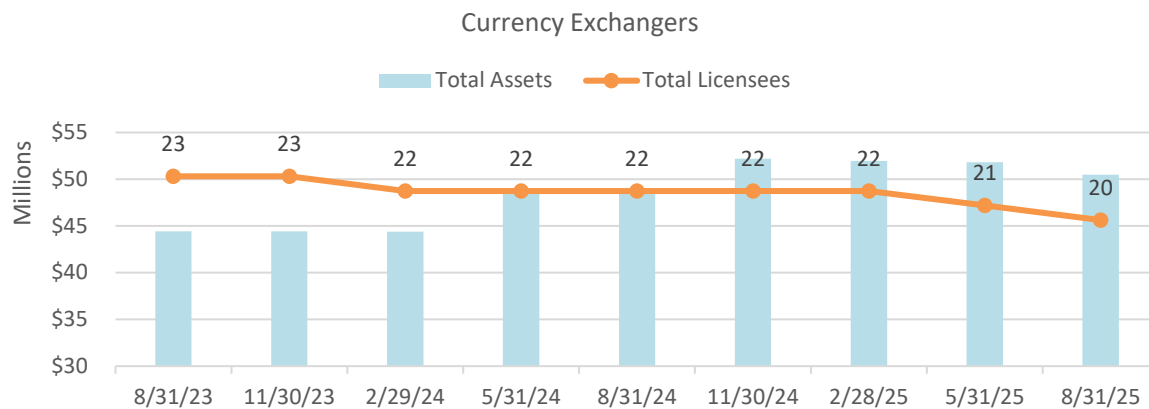
www.dob.texas.gov

To: Finance Commission Members
From: Jesus "Jesse" Saucillo, Deputy Commissioner of Non-Depository Supervision
Date: December 1, 2025
Subject: Summary of Non-Depository Supervision (NDS) Activities

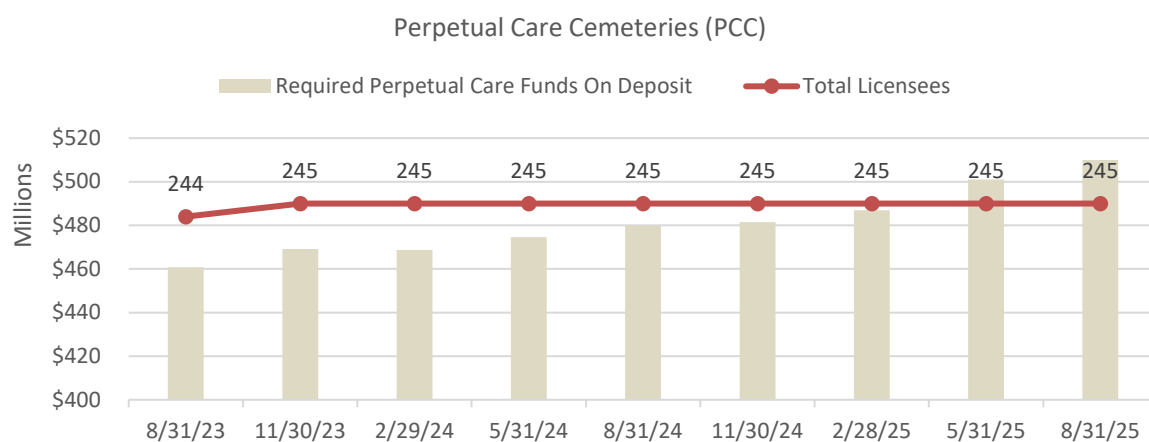
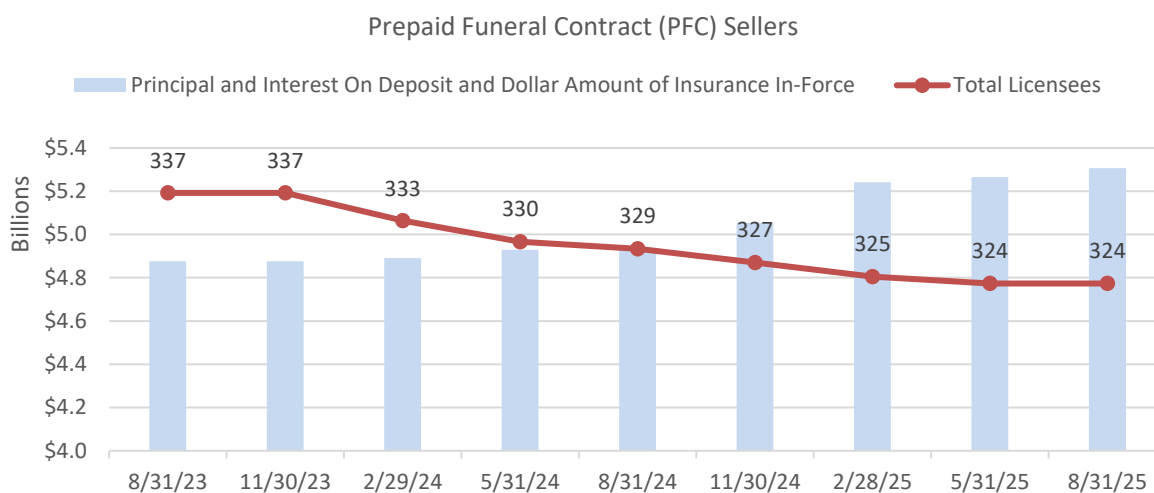
Non-Depository Supervision – Industry Profiles



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. Data for the first quarter of Fiscal Year 2026 has not been finalized. The graphs will be updated in the division's next summary report.

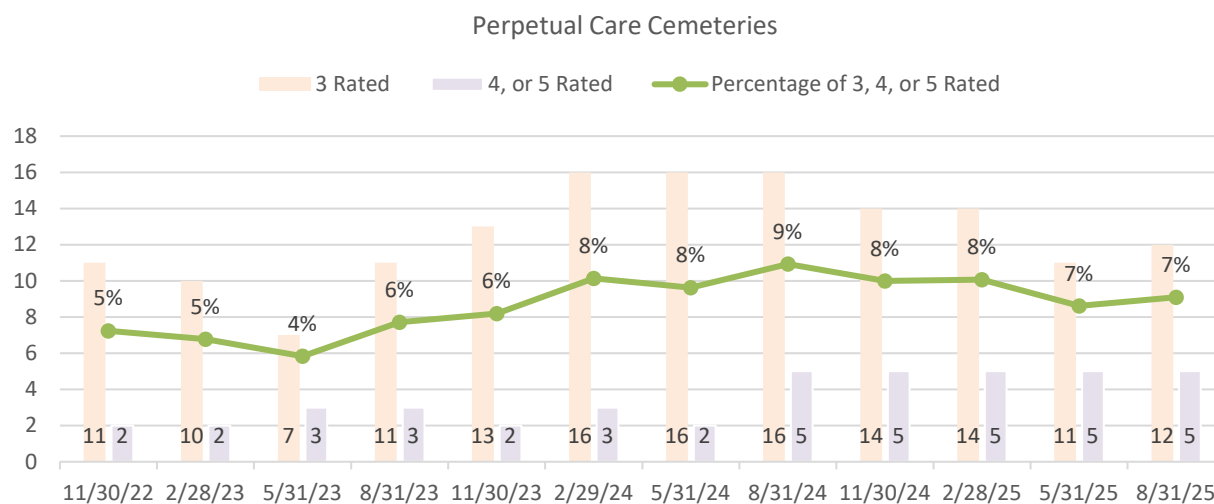
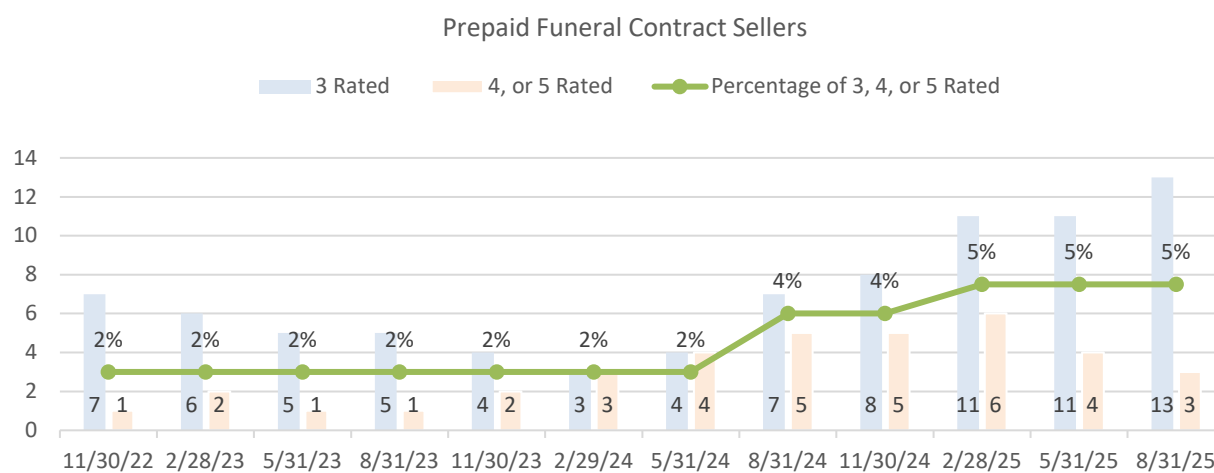
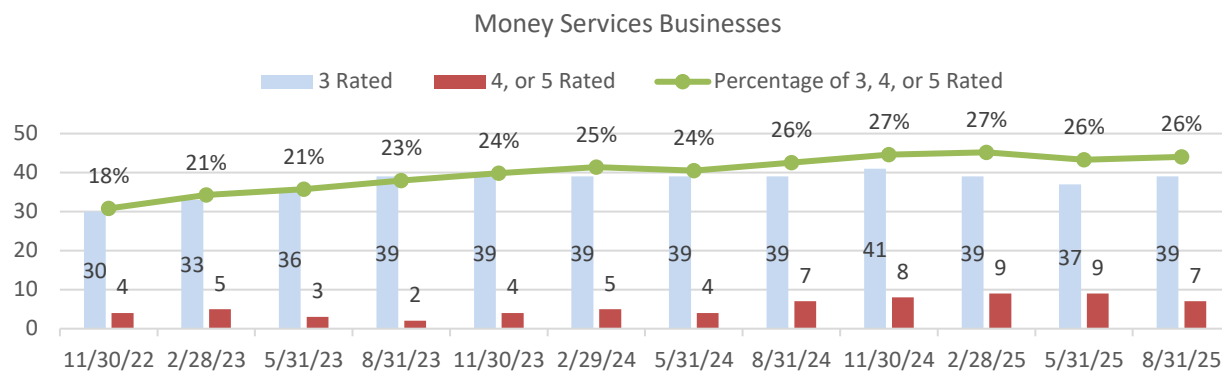


Total assets noted above are based on annual reports and quarterly reports provided by currency exchange licensees.



PFC and PCC fund balances noted above are based on the most current examination data. Data for the first quarter of Fiscal Year 2026 has not been finalized. The graphs will be updated in the division's next summary report.

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



Data for the first quarter of Fiscal Year 2026 has not been finalized. The graphs will be updated in the division's next summary report.

Examinations Performed

ENTITY TYPE	FY 2025	FY 2026 (YTD – November 2025)
MSB	82	*
MSB Limited Scope	2	*
MSB Accepted other State	7	*
PFC	214	*
PFC Limited Scope	4	*
PCC	142	*
PCC Limited Scope	5	*
Total	456	*

Noncompliance with Examination Priorities (Past Due)

ENTITY TYPE	FY 2025	FY 2026 (YTD – November 2025)
MSB	7	*
PFC	14	*
PCC	6	*

Data for the first quarter of Fiscal Year 2026 has not been finalized. The tables will be updated in the division's next summary report.

Division Highlights

- **Examination Activities:**
 - Despite ongoing financial examiner vacancies and training of less-tenured financial examiners, the division anticipates meeting examination performance measures for the first quarter of Fiscal Year 2026.
 - The division continues to allocate significant staff resources to coordinate offsite monitoring and legal administrative matters with other MSB state regulators. Regular meetings coordinated by Conference of State Bank Supervisors and Money Transmitter Regulators Association are held to address issues impacting the MSB industry and companies with noncompliant matters.
- **Recruitment:**
 - Effective December 1, 2025, the division filled one of its MSB financial examiner vacancies, and the one remaining PFC/PCC financial examiner vacancy. The division will continue recruiting efforts to fill the remaining MSB financial examiner vacancies in early 2026.

- **Events:**

- Deputy Commissioner Saucillo and other Department staff participated in the CSBS District II and IV Combined Fall Meeting held on October 7-8, 2025, in St. Louis, Missouri. Topics regarding events impacting both banking and non-depository industries were discussed.
- A senior examiner participated in the State Examination System (SES) Fly-In on November 5-6, 2025, in Washington, D.C. Initiatives to improve MSB examination processes and add additional functions in SES were discussed.



TEXAS DEPARTMENT OF BANKING

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Memorandum

To: Finance Commission Members
From: Pam Pennington, Human Resources Manager
Date: December 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	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	Accountant V (Reposted)	Admin. Services	<i>Open Until Filled</i>	Recruiting

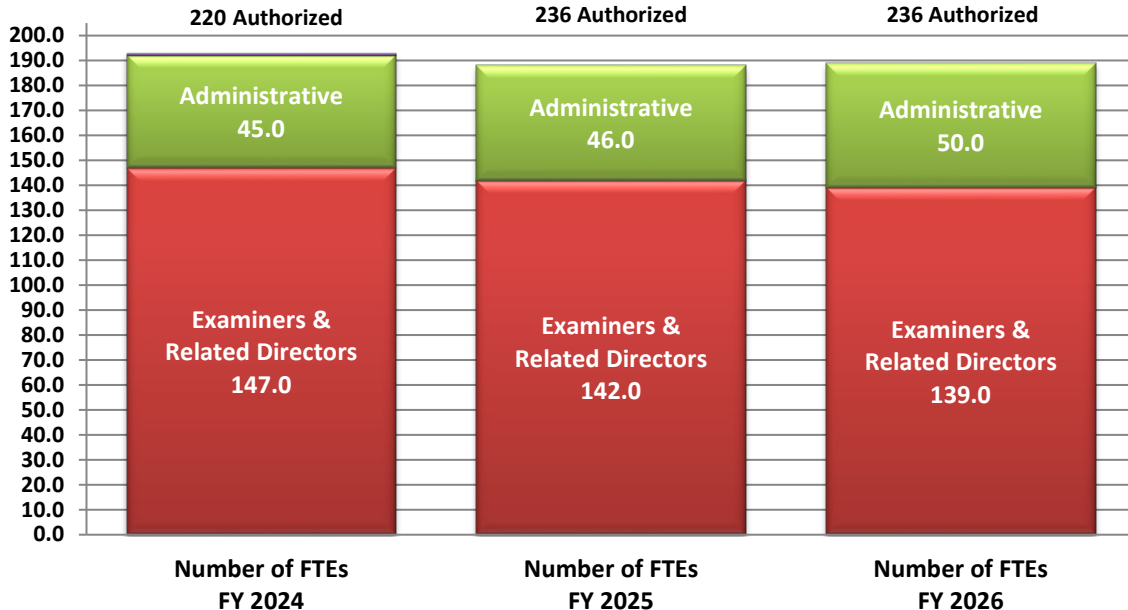
Status of Postings that Closed before December 1, 2025				
<i>Number of Positions</i>	<i>Position</i>	<i>Division</i>	<i>Status</i>	<i>Activities</i>
1	Accounting Technician – Summer Intern (Dallas)	Bank & trust	<i>Closed October 26, 2025</i>	Not Filling
1	Financial Examiner V – VII: Examiner Resources & Policy Coordinator	DSS	<i>Closed October 28, 2025</i>	Filled
1	Law Clerk (Part Time)	Legal	<i>Closes October 6, 2025</i>	Filled
1	*Corporate Analyst I - Austin	Corporate	<i>Closed November 12, 2025</i>	Screening

*If this posting is filled, the CA III-VI will be closed. There is only 1 position available to be filled.

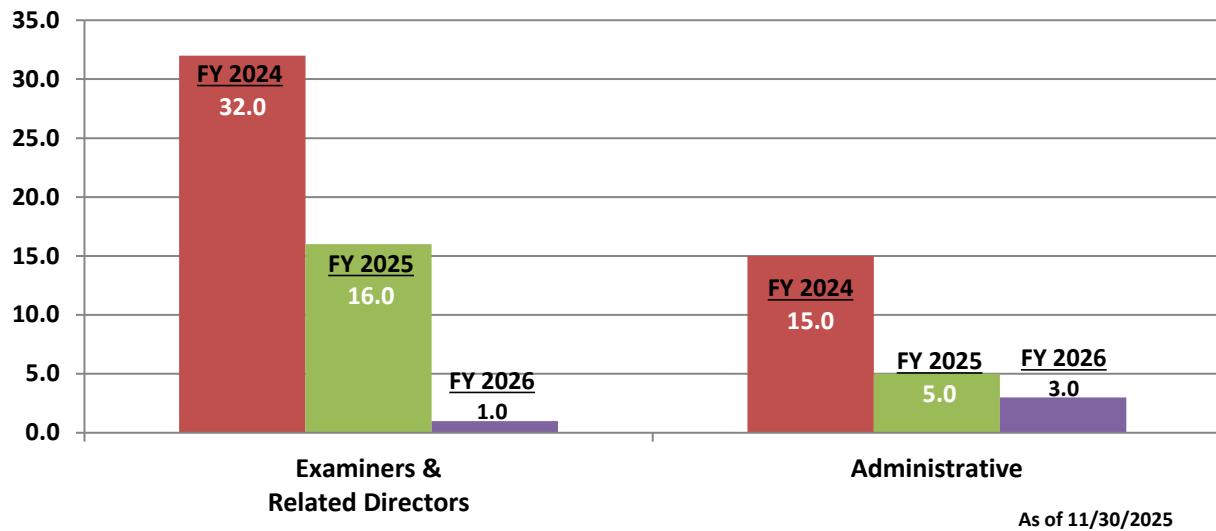
Division Activities:

- *New Employee Orientation (NEO):*
 - On October 5, 2025, one IT Support Specialist in MIS, and two Administrative Services Division employees, one Accountant III and one Manager VI, participated in NEO.
 - On November 3, 2025, one Financial Examiner I (Commercial) in the Bank & Trust Division participated in NEO.
 - On December 1, 2025, two Financial Examiner I (Commercial) in Bank & Trust, one Financial Examiner I (MSB), one Financial Examiner I (PFC/PCC) in Non-Depository Supervision and one Law Clerk in the Legal Division participated in NEO.
- *Annual Performance Appraisals:*
 - HR is reviewing and revising, if appropriate, position and division competencies for personnel. Performance appraisals for Department staff will be released in December 2025.

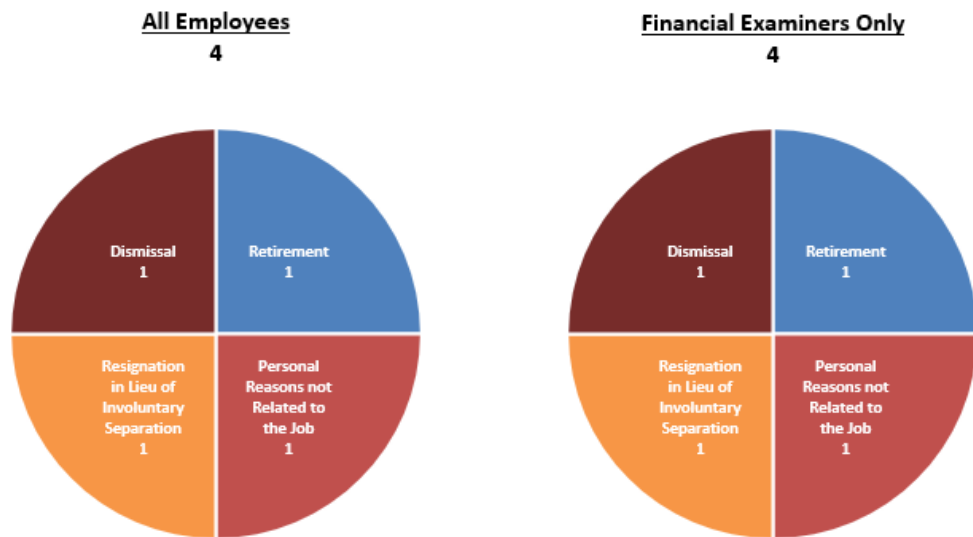
Texas Department of Banking Employee Data for Fiscal Years 2024, 2025, and 2026 as of 11/30/2025



New Hire Data for Fiscal Years 2024, 2025, and 2026



FY 2026 Employee Turnover Reasons



As of 11/30/2025



Charles G. Cooper
Commissioner

TEXAS DEPARTMENT OF BANKING

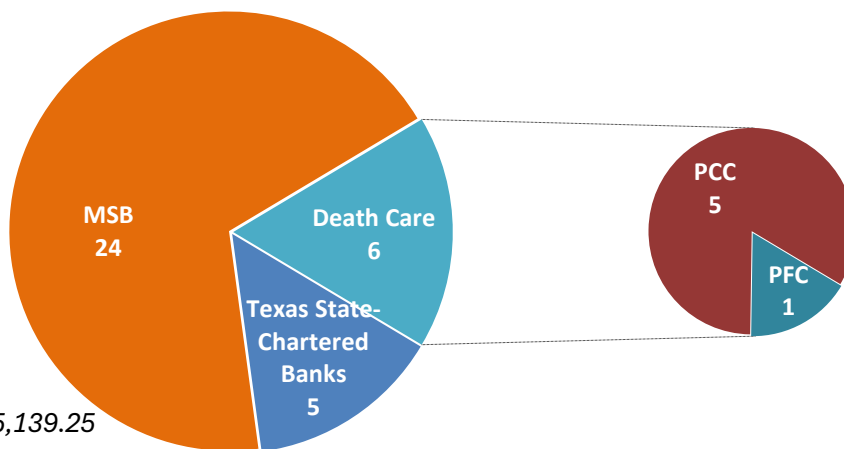
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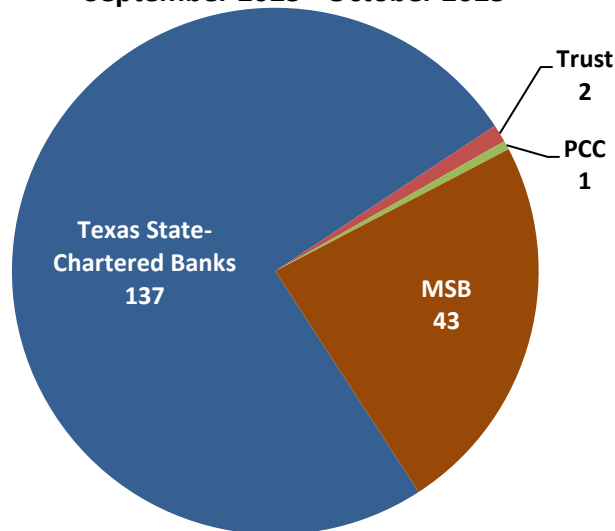
To: Finance Commission Members
From: Lilliana R. Abbassi, Director of Strategic Support
Date: December 1, 2025
Subject: Summary of the Strategic Support Division Activities

Jurisdictional Written Complaints September 2025 - October 2025



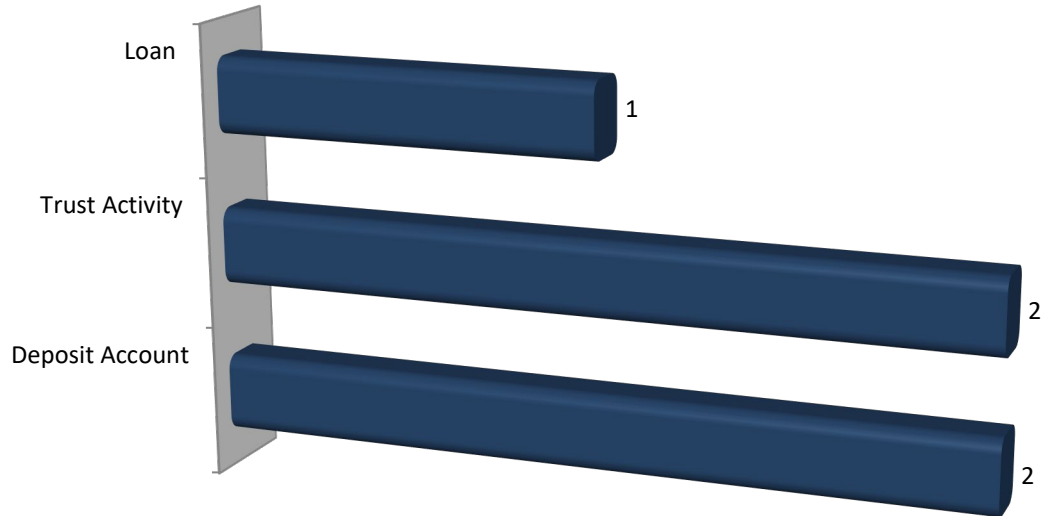
Recoveries = \$25,139.25
Total = 35

Inquiries on Jurisdictional Entities September 2025 - October 2025



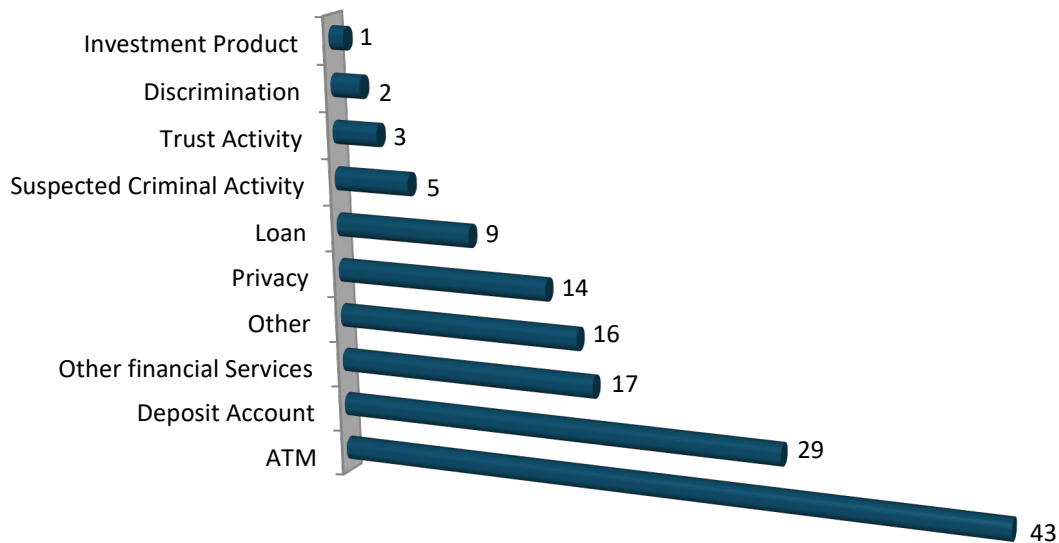
Total = 183

State-Chartered Bank and Trust Companies
Written Complaints by Type
September 2025 - October 2025



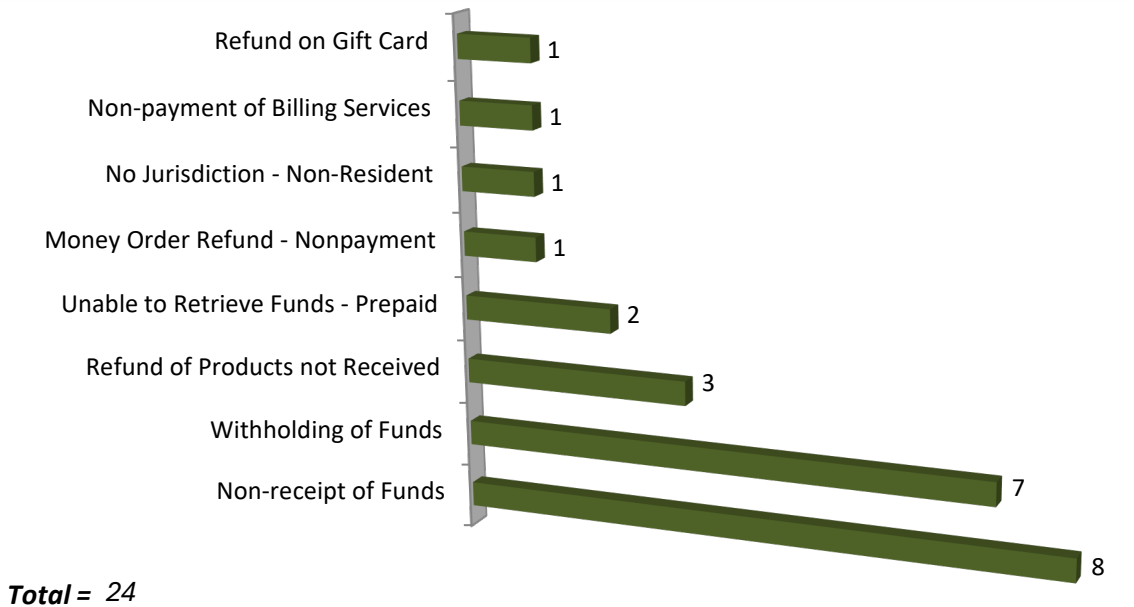
Total = 5

State-Chartered Bank and Trust Companies
Inquiries by Type
September 2025 - October 2025

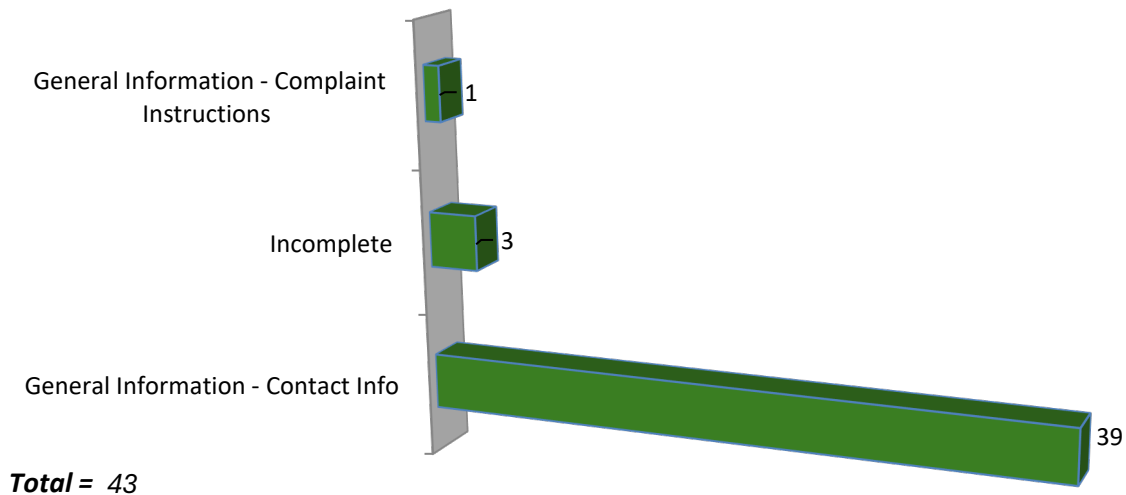


Total = 139

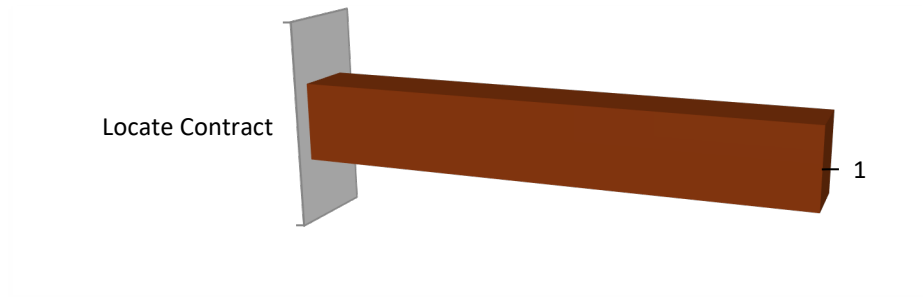
**Money Services Business
Written Complaints by Type
September 2025 - October 2025**



**Money Services Business
Inquiries by Type
September 2025 - October 2025**



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

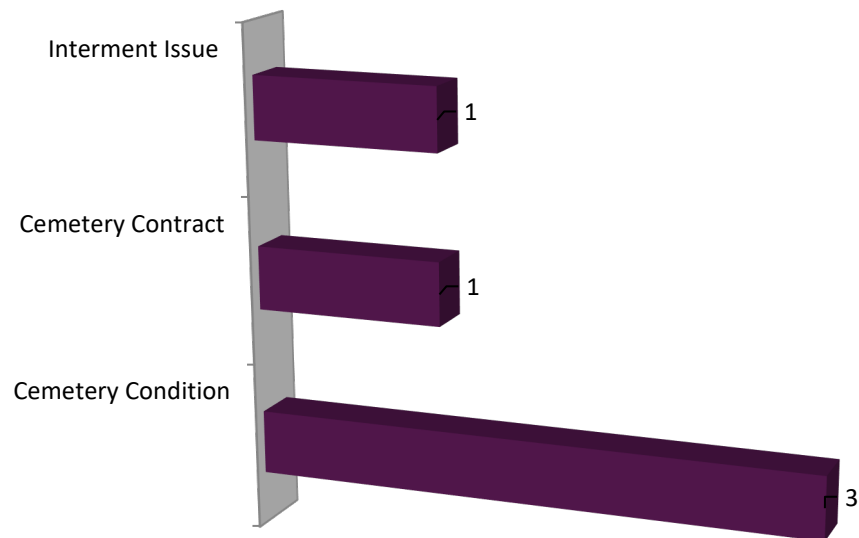


Total = 1

**Prepaid Funeral Contract Sellers
Inquiries by Type
September 2025 - October 2025**

No inquiries were reported during this period.

**Perpetual Care Cemeteries
Written Complaints by Type
September 2025 - October 2025**



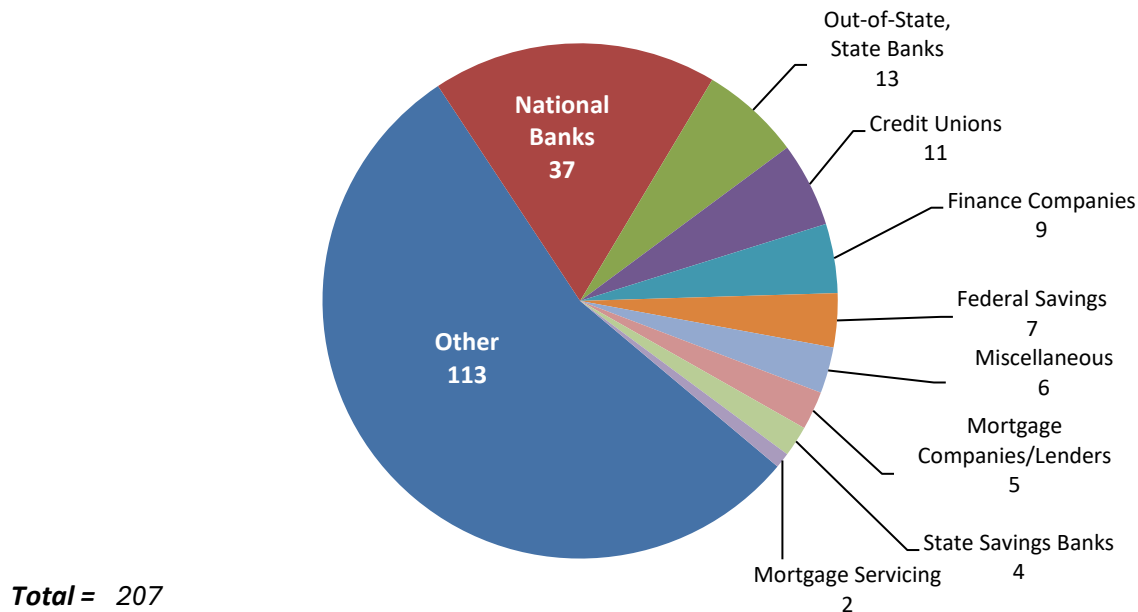
Total = 5

**Perpetual Care Cemeteries
Inquiries by Type
September 2025 - October 2025**



Total = 1

Complaints and Inquiries Against Non-Jurisdictional Entities September 2025 - October 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	N/A	N/A	N/A	N/A
Percentage of Written Complaints Resolved Within 90 days	N/A	N/A	N/A	N/A
Number of Written Complaints Resolved	N/A	N/A	N/A	N/A
Trust				
Avg. Number of Days to Close a Written Complaint	N/A	N/A	N/A	N/A
Percentage of Written Complaints Resolved Within 90 days	N/A	N/A	N/A	N/A
Number of Written Complaints Resolved	N/A	N/A	N/A	N/A
PFC/PCC			-	-
Avg. Number of Days to Close a Written Complaint	N/A	N/A	N/A	N/A
Percentage of Written Complaints Resolved Within 90 days	N/A	N/A	N/A	N/A
Number of Written Complaints Resolved	N/A	N/A	N/A	N/A
MSB			-	-
Avg. Number of Days to Close a Written Complaint	N/A	N/A	N/A	N/A
Percentage of Written Complaints Resolved Within 90 days	N/A	N/A	N/A	N/A
Number of Written Complaints Resolved	N/A	N/A	N/A	N/A

*First quarter Fiscal Year 2026 data is not available.

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

Entity	Enrolled	Compromised Accounts Reported
Texas State-Chartered Banks	172	305
Texas State-Chartered Savings Banks	24	32
Federal Savings Banks	10	0
State Credit Unions	135	535
Federal Credit Unions	229	446
National Banks	171	47
Out-of-State State-Chartered Banks	12	38
Out-of-State National Banks	6	0
Total	759	1,403

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

	FY 2023	FY 2024	FY 2025	FY 2026 As of 11/30/2025
I. General Knowledge	4	8	11	1
II. Loan Analysis	3	5	2	0
III. Panel	4	4	5	0
IV. Test Bank	6	3	6	2
Total FE3	14	14	21	21

Promotions

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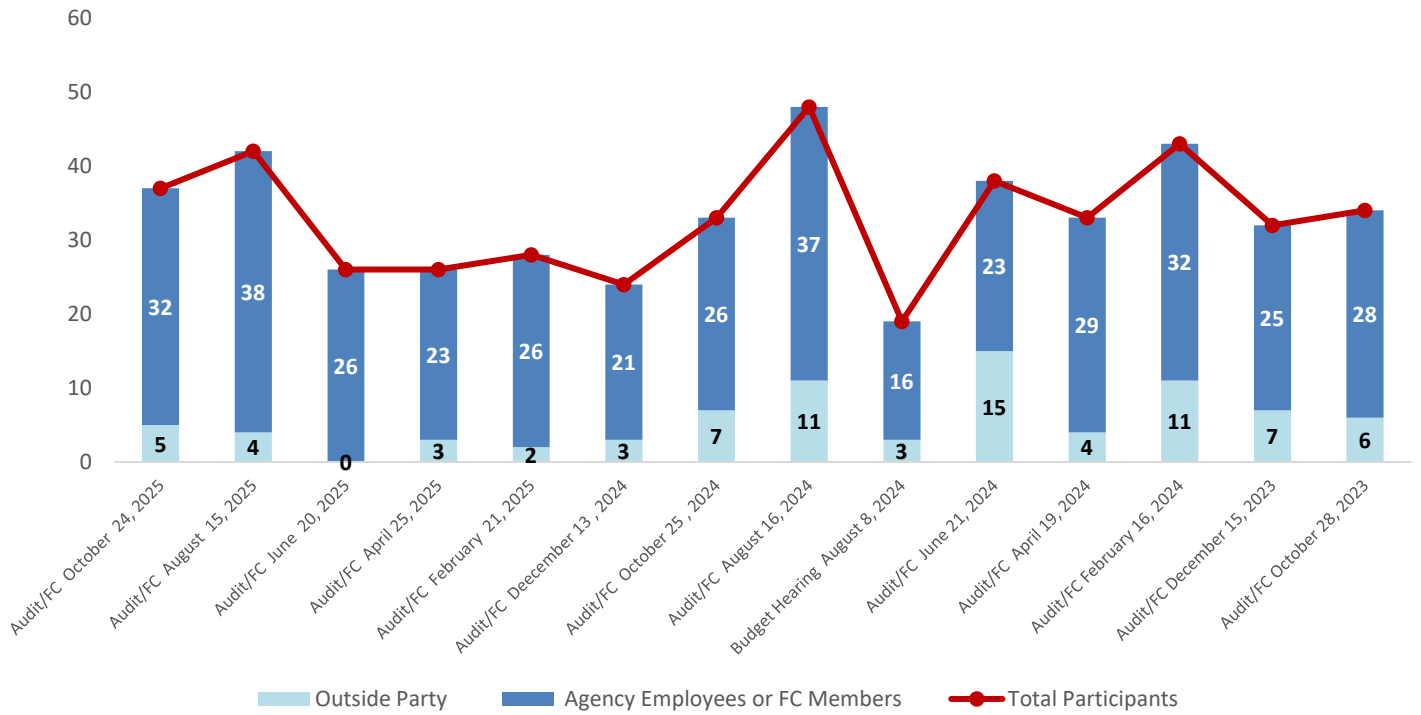
*One credit specialist successfully completed the process in March 2025.

Other Divisional Items:

- *Financial Education:*
 - The [financial education brochure](#) was updated in October 2025.
 - The Texas Department of Banking and the Office of Consumer Credit Commissioner hosted the [Earning and Budgeting: Your Pathway to a Strong Financial Foundation webinar](#) on November 19, 2025. The webinar focused on understanding your income, the discipline of budgeting, spending less than you earn, and establishing an emergency fund. The webinar was intended for individuals that are new to budgeting or merely need a refresher on how to get started. Forty-one consumers registered for the webinar, and 22 consumers were in attendance.
- *Training:*
 - The third financial examiner training class is in its fifth month. Sessions have been held in San Antonio, Houston and Plano, Texas. The program ended in November 2025.

- *Publications:*
 - Work has begun on the Winter Edition of the Texas Bank Report.
- *Policy Revisions/Updates:*
 - Administrative Memorandums (AM)
 - AM 2042 – Deletion of Records (October)
 - Personnel Policy and Procedures
 - Section 3 – Training Policy (October)
- *Examination Procedure Revisions/Updates:*
 - Commercial Procedures:
 - #1 - Planning & Control (October)
 - Pre-Scope Request List (October)
 - Request List (October)
 - Offsite Review Request List (October)
 - Onsite Memorandum (October)
 - Prep Memorandum (October)
 - BHC Prep Memorandum (October)
 - IT Procedures:
 - IT-18 Planning Procedure (October)
 - Request List (October)
 - Examination Notification Email (October)
 - Trust Procedures:
 - Planning & Control – Streamlined (October)
 - Planning & Control – Expanded (October)
 - Notification Letter (October)
 - Trust Company Request Lists (October)
 - Trust Department Request List (October)
 - Small Trust Department Request List (October)
 - Exempt Trust Company Notification Letters (October)
 - Examination reference materials for commercial and trust (October)

Finance Commission Webcast Historical Data





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: Robert Nichols, General Counsel
Date: December 1, 2025
Subject: Legal Division Update

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. 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 case was dismissed without prejudice on September 15, 2025, but Hrcir appealed and the matter is now pending before the Fifth Circuit Court of Appeals.

Orders Issued October 1, 2025 – November 30, 2025

The Commissioner issued no enforcement orders during this period.

Public Information Requests

From October 1, 2025, through November 30, 2025, staff received and responded to 18 requests for public information addressed to the Department of Banking and received 8 inquiries through the "Ask a Question" feature. During the same period, we received no public information requests addressed to the Finance Commission.

Gifts

Non-Depository Supervision Financial Examiner VII Molina attended a CSBS SES Fly-in, in Washington, D.C., to participate in meetings November 5-6, and CSBS paid the hotel costs.

FY 2026 Quarterly Order Activity

BANK				
Type of Action	1st	2nd	3rd	4th
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

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	0	0	0	0
Cease & Desist	0	0	0	0
Final Order after hearing	0	0	0	0
Total	0	0	0	0

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	0	0	0	0
Cease & Desist	0	0	0	0
Final Order	0	0	0	0
Total	0	0	0	0

Ray Boone

Ray Boone is a retired Clorox Company executive.

Mr. Boone has been a member of Funeral Consumers Alliance (FCA) for over 20 years. He joined while living in the San Francisco and San Diego areas in California. After moving to Boerne, Texas, in 2020, Mr. Boone transferred his membership to the San Antonio FCA. He has previously served as the San Antonio FCA Board.

The San Antonio FCA is a non-profit educational and service organization, founded in 1948. They provide information and support to help consumers navigate the funeral process, and educate consumers on end-of-life planning.

Jerie Olson
Vice President, Operations
National Guardian Life Insurance Company (NGL)

Jerie Olson joined NGL in 1999 and has nearly 30 years of experience in the insurance industry. She currently leads the policy and service operations areas, ensuring end-to-end processes align with corporate strategies, enhance the user experience and provide top-tier service to our partners, funeral homes, and policyholders. This includes new business, claims, payments and processing, agent contracting and commissions.

Prior to shifting to the operations area, Jerie oversaw compliance for her first 23 years at NGL and has worked with the DOB as a permit holder since 2001. She draws on her strong background in legal and compliance initiatives to manage NGL's operational and workforce risks.

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D.

**Office of Consumer Credit
Commissioner**

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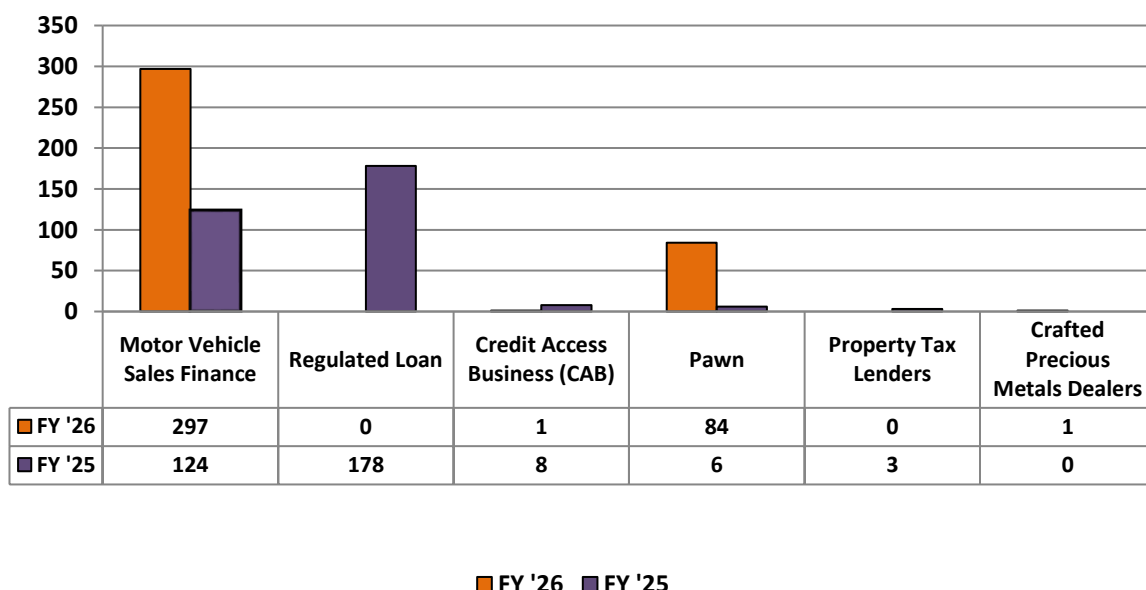
Consumer Protection and Consumer Assistance Report

The FY '26 examination program is well underway. Regulated lending, mortgage, property tax, and credit access business examinations have been strategically scheduled to maximize the efficiencies offered through SES for examination processing and administration. In parallel, exam staff are developing updated work tools and templates for motor vehicle, pawn, and crafted precious metal dealer examinations in preparation for a broader rollout of these exam types within SES. Overall, the OCCC remains on track to meet or exceed its first-quarter performance targets.

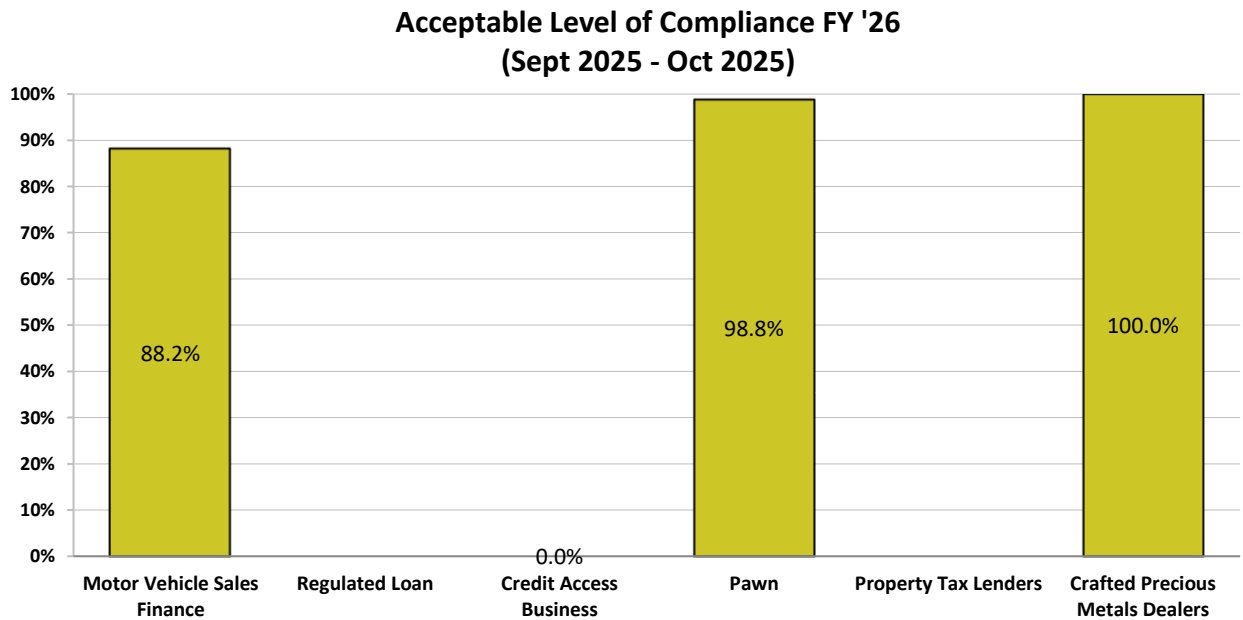
Currently one multi-state motor vehicle finance examination is being finalized for submission to the appropriate multi-state exam committee for review and administrative work is concluding on a second examination. Coordination efforts for additional multistate examinations for FY '26 are also underway. The OCCC intends to continue serving in leadership roles—either as Examiner-In-Charge or Single-Point-Of-Contact—based on the requirements of each multistate examination.

In October, a large cohort of examiners completed mortgage and property tax classroom training. These examiners will now begin field training as they work toward certification. Completion of the classroom training represents a significant milestone in the commitment to strengthening examiner development and enhancing subject-matter expertise across the division.

Examinations Conducted: Sept - Oct Fiscal Year Comparison

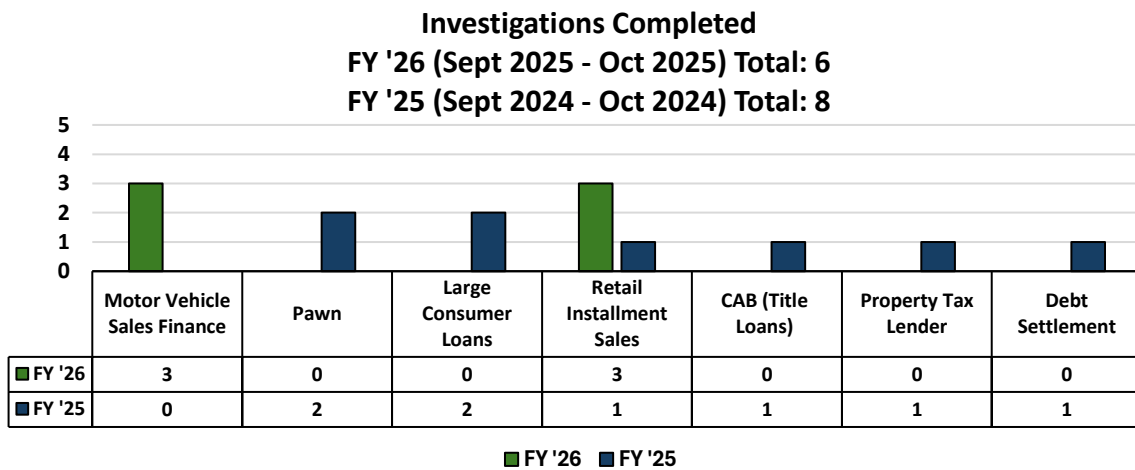


The following chart denotes the acceptable level of compliance for exams completed for September and October of FY 2026. There were no completed Regulated Loan or Property Tax Lenders exams for the reporting period. The percentage for Credit Access Businesses is due to a small number of complete examinations with non-acceptable ratings. These ratings should show more typical results at the end of the 1st quarter.



Investigations

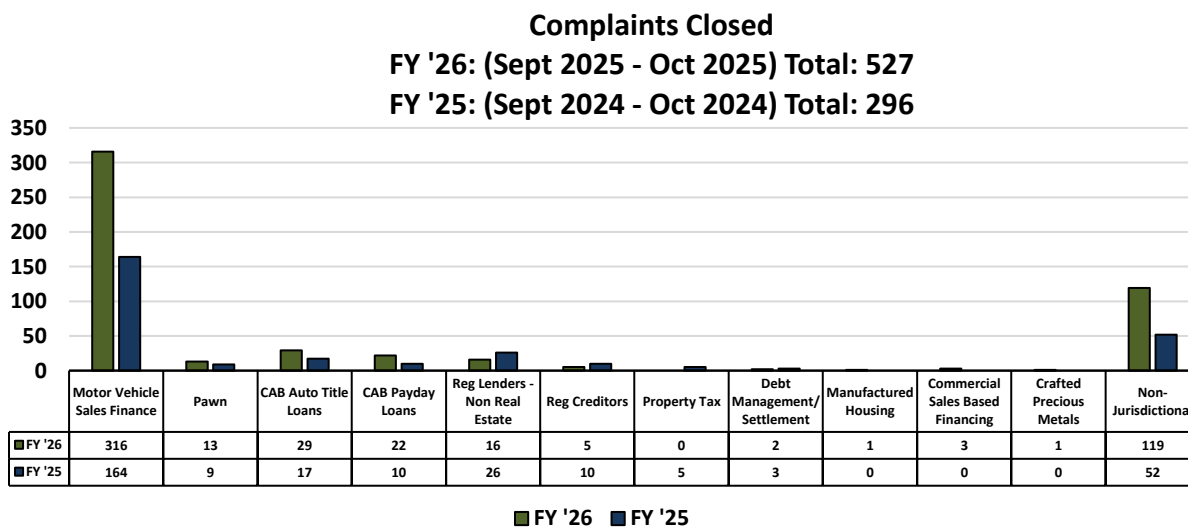
For FY 2026, the OCCC completed 6 investigations out of the annual goal of 75.



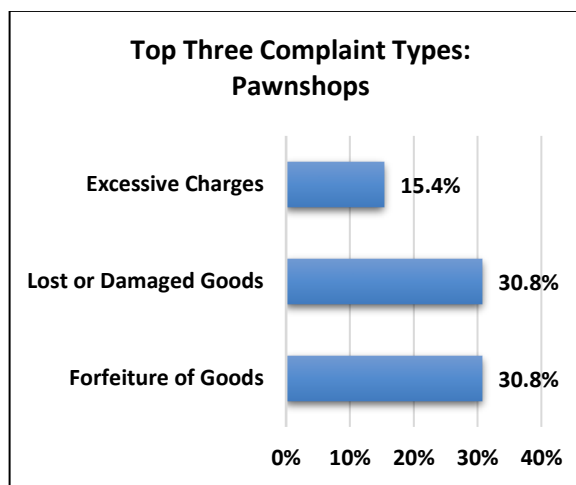
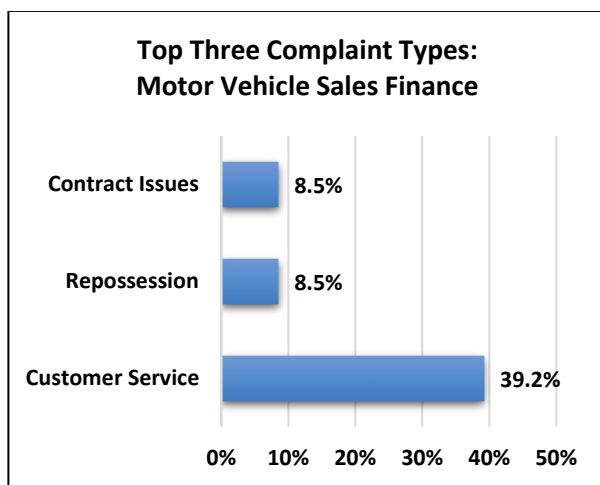
Consumer Assistance

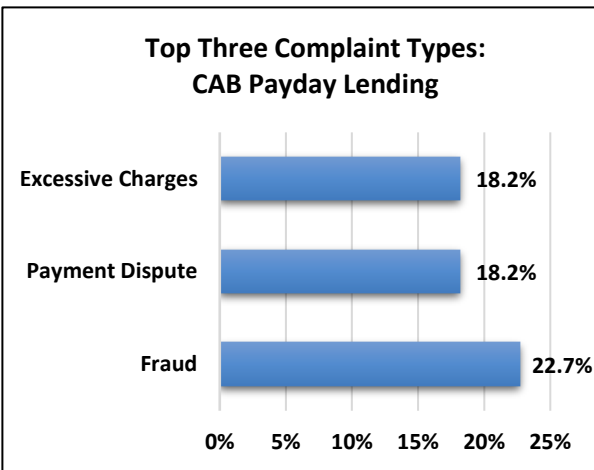
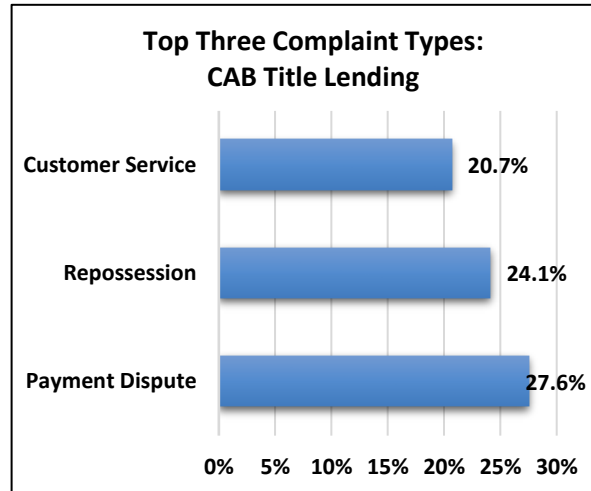
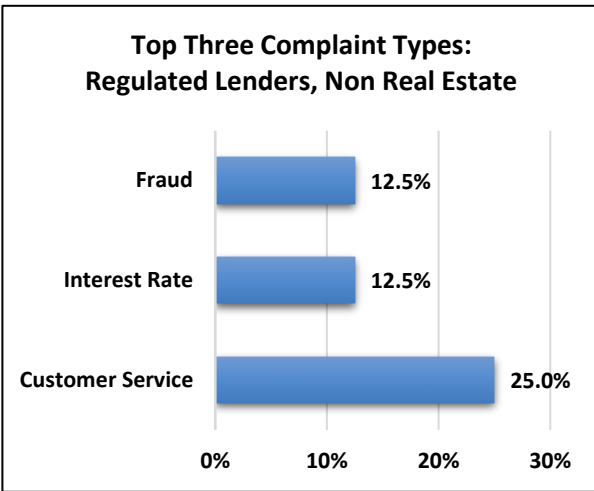
During this reporting period, 527 complaints were closed, of which 119 were non-jurisdictional. This is a 78% increase from this same period in FY '25. Although complaints are higher overall, this very large increase is primarily a result of complaints against a single motor vehicle sales finance company. The department is processing regulated lending, property tax, and mortgage complaints in SES and has implemented an internal database to track complaint data as the agency transitions from ALECS to SES.

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 60% of all complaints. The second largest category was Credit Access Business complaints, which were 9.7% collectively, separately this was 4.2% for payday loans and 5.5% for title loans. Regulated Lenders – Non-Real Estate were the third largest complaint category at 3% and the fourth largest complaint category was Pawnshops at 2.5%.



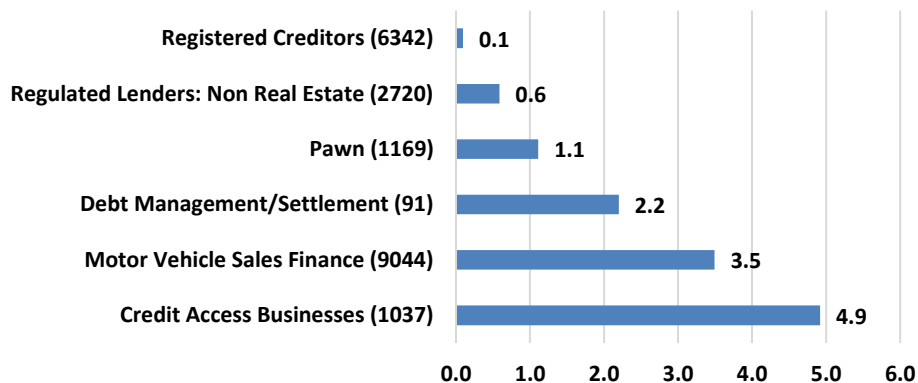
The following charts represent the top three complaint areas per license type.





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 Credit Access Businesses, followed by Motor Vehicle Sales Finance, Debt Management/Settlement, and Pawn.

**Ratio of Complaints to Total Active Licenses and Registrants
FY '26: Sept 2025 - Oct 2025**





Licensing Department Report- Dec 2025

Mirand Diamond, Director of Licensing, Finance & HR
Ginger Harmon, Manager

Renewals Report

Motor Vehicle Sales Finance

The department has successfully completed the renewal cycle for motor vehicle and commercial motor vehicle sales finance licenses. Approximately 88% of motor vehicle sales finance and 94% of commercial motor vehicle sales finance licenses completed renewal.

Registered Creditors and Credit Access Business

The registration renewal window for registered creditors is now officially open. Based on historical patterns, a renewal rate of approximately 80% is anticipated.

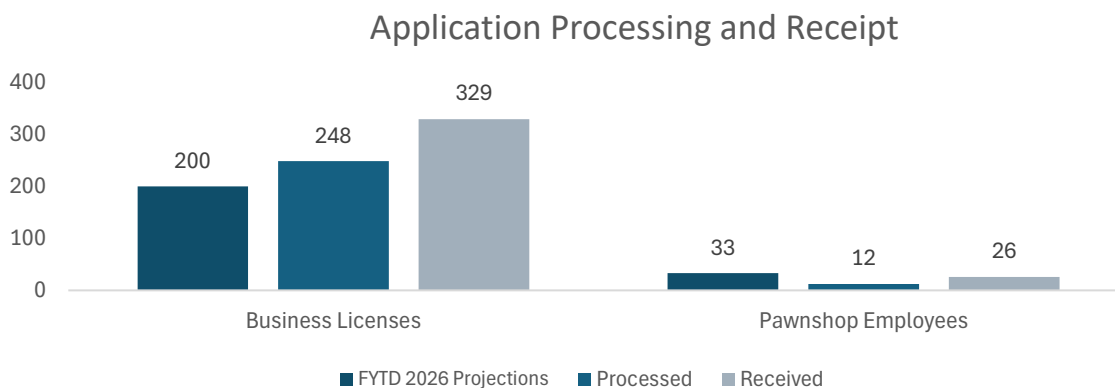
The renewal period for credit access businesses is also underway. Eighty-five percent of credit access businesses are projected to complete their renewals during this cycle.

Regulated Lenders and Property Tax Lenders

Additionally, the renewal window for regulated lenders and property tax lenders is open through December 31. This year, renewals for these licenses will be processed exclusively through the NMLS platform.

Application Processing

The following chart includes application processing and receipt information for FY 2026.



NMLS Transition

Preparations are underway for credit access businesses and other groups to transition to NMLS in 2026, while the remaining pending transition applications for regulated lender licenses are still being processed.



ADMINISTRATION REPORT

FINANCIAL EDUCATION AND TFE

OCCC staff hosted an *Earning and Budgeting* webinar along with the Department of Banking in November. The *Money Talks* podcast recorded in collaboration with the Employee's Retirement System was released in November. Staff are actively working to identify opportunities within the community and coordinate with partners to schedule additional presentations.

TFEE grant-related activities proceed as usual, and the fourth and final semi-annual reporting period for the 2024-2025 grant cycle ends on December 31, 2025. The 2026-2027 grant cycle will begin on January 1, 2026. New grantees received all pertinent information, including an offer letter, grant agreement, and budget. The selected organizations will attend a New Grantee Orientation Session later this month.

COMMUNICATION

Staff collectively raised \$1,244.00 for the State Employee Charitable Campaign through various fundraising efforts. Director Graham was interviewed by NBC 5 in Dallas regarding Debt Management/Debt Settlement organizations. The story aired in November. The fall newsletter was published, and staff are currently developing the winter edition. Additionally, the OCCC continues to communicate with stakeholders, and staff have provided presentations to regulated entities and other groups as follows:

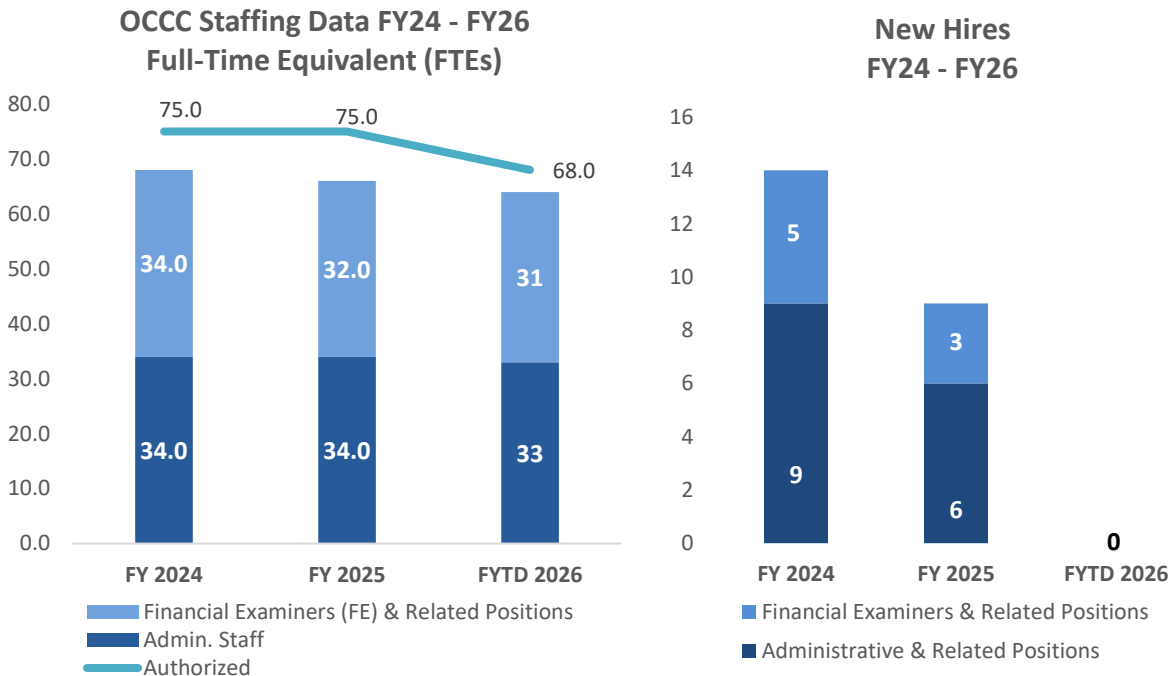
- On October 2, 2025, Financial Examiners Brooks and Verrett hosted a webinar for automobile dealers sponsored by the Texas Department of Motor Vehicles.
- On October 6, 2025, Commissioner Pettijohn, General Counsel Nance, Director Diamond, Director Graham, Licensing Manager Harmon, Assistant General Counsel Spalding, and Paralegal Fisher conducted a Property Tax Lender Rule Review Webinar.
- On October 7, 2025, Commissioner Pettijohn, General Counsel Nance, Director Diamond, Licensing Manager Harmon, Assistant General Counsel Spalding, and Paralegal Fisher conducted a Regulated Lender Licensing Rules Webinar.
- On November 6, 2025, Financial Examiners Trawick and Verrett hosted a webinar for automobile dealers sponsored by the Texas Department of Motor Vehicles.
- On November 10, 2025, General Counsel Nance attended a meeting of the TDLR Residential Solar Retailers Stakeholder Work Group as an ex-officio member of the work group.

- On November 19, 2025, Commissioner Pettijohn, General Counsel Nance, Director Diamond, Deputy Director Hubenthal, Assistant General Counsel Spalding, and Paralegal Fisher conducted a Commercial Sales-Based Financing Rules Webinar.

HUMAN RESOURCES

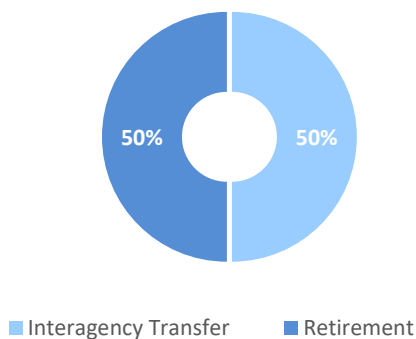
As of October 31, 2025, the OCCC is staffed with a total of 64 FTEs.

The following charts represent staffing data for fiscal years 2024-2026.

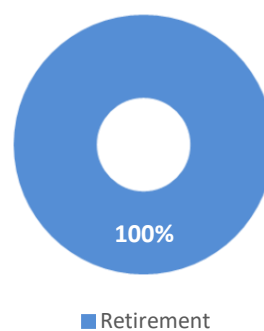


The FY26 turnover ratio as of 10/31/2025, is 2.9 %. The charts below represent FY26 data.

**OCCC Turnover
FY 26 - All Employees**
2 total: 1 - Interagency Transfer, 1 - Retirement



**OCCC Turnover
FY26 - FE Series**
1 total: 1 - Retirement



INFORMATION TECHNOLOGY

Technology modernization and deployment

As part of the ongoing commitment to technology modernization and efficiency, the OCCC has initiated a strategic project to modernize its website and redeploy core services on a new platform and server environment. This initiative is designed to improve long-term maintainability, enhance system security, and streamline administrative support while significantly reducing third-party administration costs. By leveraging the new infrastructure, the website will deliver a faster, more reliable user experience with improved navigation, accessibility, and responsiveness across devices. Through proactive records management, the project also streamlines information retention, resulting in reduced storage requirements for storage and backups and measurable cost savings. Development and testing are more than 95% complete and on-target for seamless launching before the end of the calendar year.

Cybersecurity

Mitigation efforts responding to findings from the annual external penetration test are nearly complete. The remaining mitigation efforts are in testing and are expected to be approved and released in December.

ACCOUNTING

Financial Reporting

The accounting staff concluded work on the Annual Financial Report in November and completed fiscal year end close for FY 25 in CAPPs. Staff are currently working on activity for the first quarter of fiscal year 26 in preparation for the close of the first quarter. The accounting team is implementing new procedures and enhanced controls to strengthen the quarter close process, ensuring greater accuracy and timeliness in financial reporting.

Other Items

In compliance with Government Code, Section 2101.0115, the required Annual Non-Financial Report will be submitted to the Office of the Governor and the Legislative Budget Board by 12/31.



Legal Department Report

Matthew Nance, General Counsel

December 2025

Enforcement Report

Contested Cases

As of November 15, 2025, the OCCC has no pending contested cases before the State Office of Administrative Hearings (SOAH). The OCCC recently resolved two cases that were previously pending:

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

This case was an appeal of the OCCC's denial of a pawnshop employee license application based on the applicant's failure to provide criminal history information necessary to file a complete license application. The applicant requested a hearing on the denial. A contested case hearing was held before SOAH 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. The applicant did not request a rehearing within the applicable time period. The OCCC has filed the final order with SOAH and closed the case.

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

This case was an appeal of the OCCC's denial of a motor vehicle sales finance license application based on unlicensed activity. The applicant requested a hearing on the denial, and the OCCC docketed the case with SOAH. After discussions with OCCC legal staff, the applicant agreed to address unlicensed activity by paying a late filing fee in installments. The applicant finished paying the late filing fee in October 2025, and the OCCC approved the license application. At the OCCC's request, SOAH dismissed the case and canceled the hearing previously scheduled for November 20, 2025. This case is now closed.

Enforcement Case Highlights

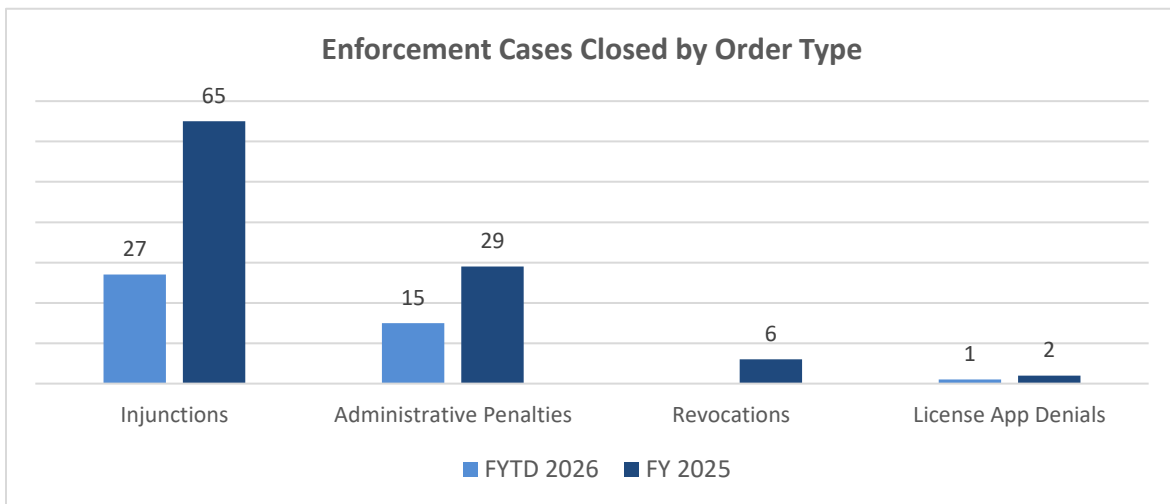
Orders on reporting violations

The Texas Finance Code and its implementing rules require credit access businesses and pawnshops to file periodic reports with the OCCC describing transaction activity. If a licensee violates this requirement, the OCCC's typical practice is to send an injunction for the first violation, followed by administrative penalties for subsequent violations. In November 2025, the OCCC issued five enforcement orders against credit access businesses for failing to file 2025 second quarter reports by the deadline of July 31, 2025. Also in November, the OCCC issued 15 enforcement orders against pawnshops for failing to file 2024 annual reports by the deadline of July 31, 2025.

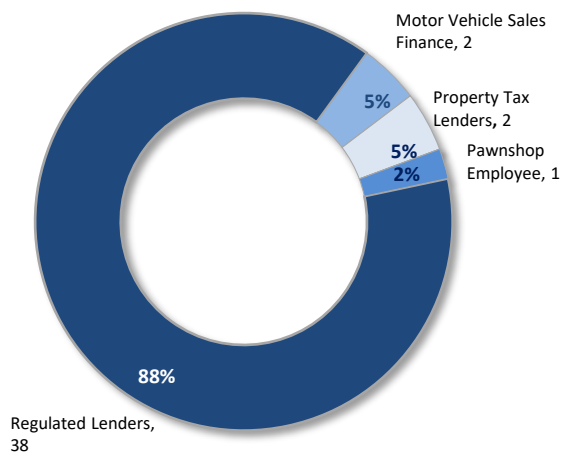
Enforcement Case Tracking

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

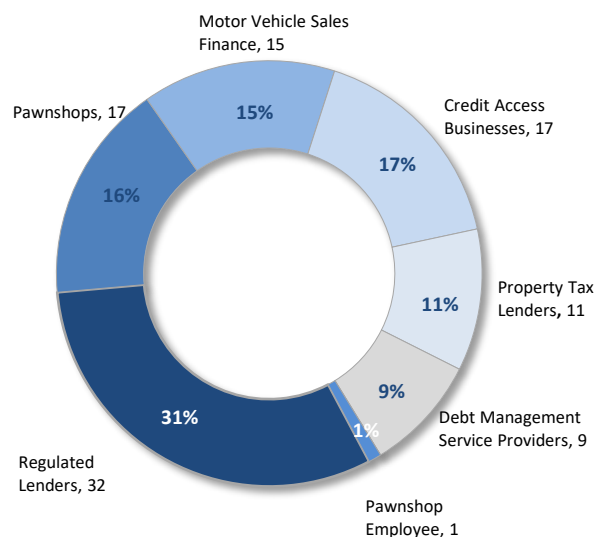
Enforcement Case Tracking Information	FYTD 2026	FY 2025
Enforcement Cases Opened	22	140
Enforcement Cases Closed	43	102
Enforcement Cases Closed by Final Order	42	99
Average Number of Days to Close an Enforcement Action	91	86
Contested Cases Docketed at SOAH	0	2



**Cases Closed by Industry
FYTD 2026**



**Cases Closed by Industry
FY 2025**



Rulemaking

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

- Readoption of 7 TAC Chapter 88 (relating to debt management providers) resulting from rule review.
- Adoption of amendments to 7 TAC Chapter 83, Subchapter A (relating to regulated lenders) to implement the transition to NMLS.
- Adoption of amendments to 7 TAC Chapter 89 (relating to property tax lenders) resulting from rule review.

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

- Readoption of 7 TAC Chapter 83, Subchapter A (relating to regulated lenders), as well as any proposed amendments to that subchapter, resulting from rule review.
- Proposed rules on commercial sales-based financing to implement HB 700 (2025).

Advisory Guidance

From October 1, 2025, to October 31, 2025, the OCCC did not issue any advisory bulletins.

From October 1, 2025, to October 31, 2025, the OCCC did not receive any requests for official interpretations of the Texas Finance Code. As of October 31, 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	31	122
Public Information Requests Closed	28	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	4.1	2.8

Gifts Received by the OCCC

The American Association of Residential Mortgage Regulators (AARMR) waived the \$965 registration fee for one OCCC staff member to attend the AARMR's Annual Regulatory Conference & Training. The conference took place in Fort Worth on August 5-7, 2025.

From October 1, 2025, to October 31, 2025, the OCCC received no gifts.

D. OFFICE OF CONSUMER CREDIT COMMISSIONER

3. Discussion of and Possible Vote to Take Action on the Readoption of 7 TAC, Part 5, Chapter 88, Concerning Debt Management Providers, Resulting from Rule Review

PURPOSE: Pursuant to Texas Government Code, §2001.039, the OCCC has completed the review of 7 TAC Chapter 88, 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 88 following rule review, because the reasons for the rules continue to exist.

RECOMMENDED MOTION: I move that the Finance Commission readopt 7 TAC Chapter 88 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 88. Consumer Debt Management Services

The Finance Commission of Texas (commission) has completed the rule review of Texas Administrative Code, Title 7, Part 5, Chapter 88, concerning Consumer Debt Management Services, in its entirety. The rule review was conducted under Texas Government Code, §2001.039.

Notice of the review of 7 TAC Chapter 88 was published in the October 3, 2025, issue of the *Texas Register* (50 TexReg 6547). The commission received no comments in response to that notice. 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 88 continue to exist, and readopts this chapter in accordance with the requirements of Texas Government Code, §2001.039.

The commission and the Office of Consumer Credit Commissioner, which administers these rules, anticipate that amendments to 7 TAC Chapter 88 may be proposed in 2026. This may include amendments to registration rules to implement a future transition to the Nationwide Multistate Licensing System (NMLS), an online platform used by state financial regulatory agencies to manage licenses and registrations. This may also include separate amendments to 7 TAC §88.107 (relating to Fees), in order to ensure that registration assessments cover the current and expected costs of regulation.

D. 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 83, Subchapter A, Concerning Rules for Regulated Lenders

PURPOSE: The purposes of the 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 adoption of the amendments to 7 TAC Chapter 83, Subchapter A.

RECOMMENDED MOTION: I move that the Finance Commission approve the adoption of the amendments to 7 TAC Chapter 83, Subchapter A.

Title 7. Banking and Securities

Part 5. Office of Consumer Credit Commissioner

Chapter 83. Regulated Lenders and Credit Access Businesses

Subchapter A. Rules for Regulated Lenders

The official comment period for these rule amendments ends on December 7, 2025.

Written material for the adoption of the amendments will be provided as a supplement after the end of the official comment period.

D. OFFICE OF CONSUMER CREDIT COMMISSIONER

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

PURPOSE: The purpose of the 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.

RECOMMENDED ACTION: The OCCC requests that the Finance Commission approve the adoption of the amendments to 7 TAC Chapter 89.

RECOMMENDED MOTION: I move that the Finance Commission approve the adoption of the amendments to 7 TAC Chapter 89.

Title 7. Banking and Securities

Part 5. Office of Consumer Credit Commissioner

Chapter 89. Property Tax Lenders

The official comment period for these rule amendments ends on December 7, 2025.

Written material for the adoption of the amendments will be provided as a supplement after the end of the official comment period.

D. OFFICE OF CONSUMER CREDIT COMMISSIONER

6. Discussion of and Possible Vote to Take Action on a Petition to Initiate Rulemaking to Amend 7 TAC, Part 5, Chapter 84, Concerning Motor Vehicle Installment Sales

PURPOSE: The OCCC received a rulemaking petition to amend 7 TAC Chapter 84 by adding requirements related to notice and inventory of nonattached personal property, monthly accounting statements, limitations on collection lawsuits, and complaint procedures.

RECOMMENDED ACTION: The OCCC recommends that the Finance Commission deny the rulemaking petition.

RECOMMENDED MOTION: I move that the Finance Commission deny the petition to amend 7 TAC Chapter 84.

On November 22, 2025, Justin Long of Angleton, Texas submitted a petition for rulemaking to the Office of Consumer Credit Commissioner (OCCC). The petition requests amendments to rules governing motor vehicle sales finance transactions in 7 TAC Chapter 84. The Finance Commission of Texas (commission) denies the petition for the reasons described below.

Under Texas Government Code, §2001.021, an interested person may request adoption of a rule by petition to a state agency. Not later than the 60th day after submission of the petition, a state agency shall either: (1) deny the petition in writing, stating its reasons for the denial, or (2) initiate a rulemaking proceeding. Under the commission's rule for rulemaking petitions at 7 TAC §9.82, a finance agency receiving a petition will present the petition and the agency's recommendation to the commission.

The petitioner's recommendations relate to existing requirements under Texas Finance Code, Chapter 348 and in the rules at 7 TAC Chapter 84. First, under Texas Finance Code, §348.407, if a holder repossesses nonattached personal property when repossessing a motor vehicle, then the holder must send written notice of the acquisition of the property. The holder must mail or deliver the notice to the retail buyer's most recent address no later than the 15th day after discovering the property. The notice must state that the buyer may identify and claim the property at a reasonable time before the 31st day after the notice, and must give the location and reasonable times for the buyer to identify and claim the property. Second, the OCCC's current recordkeeping rules require holders to maintain transaction records, including a complete file for each transaction file, an account file with collection contacts, and a report of repossessions. See 7 TAC §84.708(e)(2), (e)(3), (f)(1), §84.709(e)(2), (e)(3), (f)(1).

The petitioner recommends the following rule changes in 7 TAC Chapter 84:

- A new rule requiring holders to maintain proof of mailing or delivery for a notice of nonattached personal property. Acceptable proof would include certified mail, a signed acknowledgment of receipt from the buyer, or a process server affidavit, but would not include regular mail without certified delivery.
- A new rule requiring holders to conduct an immediate inventory of any nonattached personal property in repossessed collateral, including photographic documentation, and a detailed written inventory with descriptions and estimated value, which the holder would be required to provide to the buyer within five business days of repossession.
- A new rule requiring holders to provide monthly periodic account statements. The petitioner argues that this is necessary to ensure compliance with the federal Truth in Lending Act (15 USC §1638), Regulation Z (12 CFR §1026.41), the Fair Debt Collection Practices Act (15 USC §1692g), and the Federal Trade Commission Act (15 USC §45).
- A new rule requiring verification before filing collection lawsuits and limiting the number of collection lawsuits a holder could file without approval from the OCCC. The petitioner states: "PACER records document that [one motor vehicle acceptance company] filed approximately 5,000 collection lawsuits against Texas consumers from January through June 2025—averaging 800 per month." Based on this, the petitioner argues that there is systematic abuse that needs to be addressed through rulemaking.

- A new rule requiring the OCCC to demand documentary proof of notice delivery when investigating complaints, and requiring the OCCC to order restitution and impose administrative penalties if a holder cannot provide required documentation.

In general, the petitioner's recommended changes go beyond statutory requirements under Texas Finance Code, Chapter 348, and are outside the intended scope of the rules in 7 TAC Chapter 84.

Regarding the proof of mailing and inventory for the notice of nonattached personal property, the petitioner's recommendations go beyond the statute's requirements. Under Texas Finance Code, §348.407, the notice must be mailed or delivered to the buyer's most recent address, but the statute does not require certified mail or verification through an affidavit. Likewise, Section 348.407 requires notice of the acquisition of property but does not require a detailed inventory with estimated values. The petitioner recommends "Texas legislative reform of Chapter 348 to require verification of notice and property disposal," suggesting that these changes would require statutory changes that go beyond rule changes to 7 TAC Chapter 84. The OCCC's examination process currently includes a review of compliance with recordkeeping requirements and compliance with collection contacts.

Regarding monthly accounting statements, the petitioner's recommendations go beyond requirements in Chapter 348, which does not require any monthly accounting statement. In addition, the federal laws cited by the petitioner do not require monthly accounting statements for motor vehicle credit transactions. The cited section of the Truth in Lending Act, 15 USC §1638, requires up-front disclosures of transaction terms for closed-end credit transactions, but does not require monthly accounting statements. The cited section of Regulation Z, 12 CFR §1026.41, requires monthly accounting statements for residential mortgage loans, but does not apply to nonmortgage motor vehicle credit transactions. The cited section of the Fair Debt Collection Practices Act, 15 USC §1692g, requires a debt collector to provide certain validating information about a debt within five days after an initial communication, but does not require monthly accounting statements. The Federal Trade Commission Act, 15 USC §45, generally prohibits unfair trade practices but does not mention monthly accounting statements.

Regarding a limitation on the number of collection lawsuits, the OCCC was unable to substantiate the information provided by the petitioner. Although an attachment to the petition mentions a spreadsheet listing data from PACER, this spreadsheet was not actually included in the attachments to the petition. PACER is a system that tracks federal lawsuits in district courts, as well as federal bankruptcy cases. The OCCC reviewed information in PACER for the four federal district courts in Texas (Northern District, Eastern District, Southern District, Western District) and searched for cases involving the motor vehicle acceptance company described in the petition. The OCCC identified some cases where the company was a defendant and some bankruptcy cases where the company was a creditor party, but did not identify any cases where that company was a plaintiff (i.e., lawsuits filed by the company). The petitioner did not provide the available data or information that would show a need for the proposed rule. In addition, a limitation on the number of lawsuits a company may file would be outside the intended scope of the rules and may infringe on judicial powers and jurisdiction.

RESPONSE TO RULEMAKING PETITION

7 TAC CHAPTER 84

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Regarding complaint procedures, the petitioner's recommendations would unnecessarily restrict the OCCC's ability to find that a complaint contains no violation, as described in the OCCC's rule governing complaint procedures at 7 TAC §82.4(c).

For these reasons, the commission denies the rulemaking petition under Texas Government Code, §2001.021(c), and 7 TAC §9.82(c).

Issued in Austin, Texas on December 12, 2025.

Justin Long,
6112 Bending Bough Drive
Angleton, TX 77515
Phone: 832-897-3425
Email: justin@longenergyllc.com

November 22, 2025

Texas Office of Consumer Credit Commissioner
Attn: Rule Comments
Email: rule.comments@occc.texas.gov
2601 N. Lamar Blvd
Austin, TX 78705

RE: PETITION FOR EMERGENCY RULEMAKING

Texas Finance Code Chapter 348 - Consumer Protection Gaps
Proposed Amendments to 7 TAC § 84 (Credit Services Organizations)

To the Consumer Credit Commissioner:

I hereby petition the Texas Office of Consumer Credit Commissioner to initiate emergency rulemaking to close critical consumer protection gaps in Texas Finance Code Chapter 348 and implementing regulations. Current law, as interpreted by the OCCC, permits systematic consumer abuse by allowing creditors to dispose of property and file collection actions without meaningful verification requirements. This petition is supported by evidence of 5,000 collection lawsuits filed by a single creditor in six months, demonstrating that regulatory gaps are being exploited at industrial scale.

I. AUTHORITY FOR RULEMAKING

The OCCC has statutory authority to adopt rules under Texas Finance Code § 14.101, which grants the Finance Commission power to adopt rules "necessary to accomplish the purposes of" Title 4 of the Finance Code, including consumer protection provisions of Chapter 348.

Further, Texas Government Code § 2001.024 permits agencies to adopt emergency rules when:

1. An imminent peril to public health, safety, or welfare requires adoption of a rule on fewer than 30 days' notice, and
2. The agency finds the need for immediate action justifies the shortened notice period

The systematic exploitation of consumers documented herein—5,000 lawsuits in six months, property disposal without verification, refusal to provide legally required account statements—constitutes imminent peril to consumer welfare justifying emergency rulemaking.

II. CURRENT REGULATORY FAILURE

A. OCCC's Interpretation of Chapter 348

In response to consumer complaints about [REDACTED] practices, OCCC Consumer Assistance Manager Debrah Watts stated on October 31, 2025:

"Please keep in mind that the holder is not required to provide proof that notifications have been sent. They are only required to be able to provide a copy of the correspondence. Providing proof of mailing is not addressed in Chapter 348, Texas Finance Code or its implementing regulations."

And further:

"Texas Finance Code does not require the holder to provide proof of how nonattached personal property is disposed of."

This interpretation creates a regulatory framework where:

- Creditors can claim they sent notice to any address with no burden of proof
- Draft emails are legally equivalent to verified delivery
- Property can be disposed of with no documentation of what existed, where it was stored, or how it was disposed
- Consumers have no recourse to verify creditor claims
- The OCCC will find "no violations" regardless of actual facts

This is not consumer protection. This is regulatory theater that provides legal cover for systematic abuse.

B. Scale of Abuse Enabled

PACER records document that [REDACTED] filed approximately 5,000 collection lawsuits against Texas consumers from January through June 2025—averaging 800 per month. This volume demonstrates:

- Systematic exploitation is occurring at industrial scale
- Chapter 348's gaps are not theoretical; they are being actively exploited
- Current law incentivizes automation without accountability
- Thousands of Texas consumers are being harmed monthly
- Other creditors will adopt similar practices if Chapter 348 is not reformed

III. SPECIFIC CONSUMER HARMS REQUIRING REGULATORY RESPONSE

A. Property Disposal Without Verification

Under current practice:

- Creditors send "notices" via text message to unverified phone numbers
- "Appointments" are scheduled 100+ miles away during business hours—designed to be impossible to attend
- Property is disposed of with no photographs, no storage documentation, no disposal records
- Consumers have no way to verify what property existed or how it was valued
- Creditors provide generic descriptions post-hoc ("strap tools, aper charger") with no proof
- OCCC accepts creditor claims at face value with no verification

Result: Consumers lose property with no recourse and no documentation to challenge creditor claims.

B. Refusal to Provide Monthly Statements

██████ systematically refuses to provide monthly account statements, claiming no legal obligation exists. This violates federal law (TILA, FDCPA) but Chapter 348 is silent, creating enforcement gap. Without statements:

- Consumers cannot verify payment application or debt amounts
- Consumers cannot detect unauthorized fees or interest miscalculations
- Consumers cannot mount effective defenses to collection lawsuits
- Creditors file sworn affidavits claiming amounts consumers cannot verify
- Default judgments are obtained based on unverifiable claims

Result: Information asymmetry enables creditor overreach and consumer inability to challenge false claims.

C. Automated Litigation Without Oversight

██████ 800 lawsuits per month are only achievable through automation. Evidence suggests:

- No bankruptcy screening (resulting in automatic stay violations)
- No individualized factual review (Fed. R. Civ. P. 11 violations)
- Form complaints without verification of underlying facts
- Systematic targeting of financially vulnerable consumers
- Reliance on pro se defendants' inability to respond

Result: Industrial-scale debt collection with no accountability for legal compliance.

IV. PROPOSED RULES - CHAPTER 348 AMENDMENTS

I propose the following amendments to 7 TAC § 84 or new implementing regulations under Chapter 348:

PROPOSED RULE 1: VERIFICATION OF NOTICE

Section __.101. Proof of Notice Required

(a) A holder who repossesses collateral and disposes of nonattached personal property must maintain proof of notice for inspection by the Commissioner.

(b) Acceptable proof of notice includes:

- (1) Certified mail receipt with delivery confirmation;
- (2) Return receipt from registered or certified mail;
- (3) Signed acknowledgment of receipt from consumer;
- (4) Process server affidavit of personal delivery;
- (5) Electronic delivery confirmation showing message was opened by recipient.

- (c) The following do NOT constitute proof of notice:
- (1) Draft emails or text messages without delivery confirmation;
 - (2) Regular mail without certified delivery;
 - (3) Messages sent to addresses or phone numbers not provided by consumer;
 - (4) Communications to addresses known to be inaccurate.

(d) The holder bears the burden of proving notice was sent by a method reasonably calculated to provide actual notice to the consumer.

(e) Notice scheduling appointments for property retrieval must be reasonably accessible, considering:

- (1) Distance from consumer's residence;
- (2) Time of day (must include after-hours or weekend options);
- (3) Consumer's work schedule if known;
- (4) Reasonable advance notice (minimum 10 business days).

Rationale: Current law permits creditors to claim notice with no verification. This creates perverse incentive to use ineffective notice methods, harming consumers and rewarding bad actors. Proof requirements are standard in analogous contexts (UCC Article 9, federal foreclosure law).

PROPOSED RULE 2: PROPERTY DOCUMENTATION REQUIREMENTS

Section 102. Documentation of Personal Property

- (a) Upon repossession of collateral, the holder must:
- (1) Conduct immediate inventory of all nonattached personal property;
 - (2) Create photographic documentation of all items;
 - (3) Prepare detailed written inventory with item descriptions, condition, and estimated value;
 - (4) Store property in secure facility with documented location.
- (b) The holder must maintain records showing:
- (1) Date and time of inventory;
 - (2) Name of person(s) conducting inventory;
 - (3) Storage location and conditions;
 - (4) Method and date of disposal;
 - (5) Proceeds received from disposal, if any;
 - (6) How proceeds were applied to consumer's account.
- (c) The holder must provide copy of inventory to consumer within 5 business days of repossession.
- (d) All documentation must be maintained for 4 years and provided to Commissioner upon request.
- (e) If holder disposes of property without maintaining required documentation, holder forfeits right to claim deficiency balance related to that property.

Rationale: Current practice allows property disposal with no documentation, enabling fraud and preventing consumers from challenging creditor claims. Documentation requirements are minimal burden on creditors but provide essential consumer protection.

PROPOSED RULE 3: MONTHLY STATEMENT REQUIREMENTS

Section __.103. Periodic Account Statements

- (a) Every holder must provide periodic account statements to borrowers at least monthly.
- (b) Statements must include:
 - (1) Payment amount due and due date;
 - (2) Current account balance;
 - (3) Principal and interest breakdown;
 - (4) Itemization of all fees and charges;
 - (5) Payment history for billing period;
 - (6) Year-to-date payment summary;
 - (7) Explanation of how payments are applied;
 - (8) Contact information for customer service;
 - (9) Dispute resolution procedures.
- (c) Statements must be provided in writing by:
 - (1) U.S. Mail to address of record, or
 - (2) Electronic delivery if consumer has opted in.
- (d) Failure to provide required statements is prohibited practice under Chapter 348.
- (e) Before filing any collection action, holder must:
 - (1) Provide complete account history from loan origination;
 - (2) Include all statements, payments, fees, and charges;
 - (3) Certify under oath that account documentation is accurate and complete.

Rationale: Refusing to provide statements violates federal law (TILA, FDCPA) but enforcement gap exists. Texas regulation is necessary to protect consumers from being sued for amounts they cannot verify. This codifies what every other major lender already does.

PROPOSED RULE 4: AUTOMATED LITIGATION SYSTEMS

Section __.104. Requirements for Collection Litigation

- (a) Before filing any collection action, holder must:
 - (1) Verify debtor is not in bankruptcy by searching PACER;
 - (2) Verify all account calculations are accurate;
 - (3) Verify proper notice and property disposal procedures were followed;
 - (4) Verify venue is proper under applicable law.
- (b) Holder must maintain records demonstrating:

- (1) Date and method of bankruptcy search;
- (2) Name and bar number of attorney who reviewed individual case;
- (3) Factual basis for each allegation in complaint;
- (4) Calculation worksheet showing how amount claimed was derived.

(c) Holder using automated e-filing systems must:

- (1) Register system with Commissioner;
- (2) Submit compliance procedures for review;
- (3) Provide annual audit showing bankruptcy screening occurred in all cases;
- (4) Immediately suspend filings if automatic stay violation is identified.

(d) Volume limitations:

- (1) Holders filing more than 100 collection actions per month must obtain prior approval from Commissioner;
- (2) Approval requires demonstration of adequate compliance systems;
- (3) Commissioner may impose additional requirements on high-volume filers.

(e) Violation of this section subjects holder to:

- (1) Administrative penalties up to \$10,000 per violation;
- (2) Suspension of collection activities;
- (3) Referral to appropriate disciplinary authorities.

Rationale: 800 lawsuits per month by single creditor demonstrates automation without oversight. Volume filing should trigger enhanced scrutiny, not regulatory blind spot. Bankruptcy screening is legally required but not occurring. Registration and audit requirements create accountability.

PROPOSED RULE 5: ENHANCED ENFORCEMENT

Section __.105. Commissioner Enforcement Authority

(a) The Commissioner must verify compliance, not merely accept creditor representations.

(b) When investigating complaints, Commissioner must:

- (1) Demand documentary proof of notice delivery;
- (2) Demand property inventory and disposal records;
- (3) Demand account statements and calculation worksheets;
- (4) Conduct independent verification, not accept creditor assurances.

(c) If holder cannot provide required documentation, Commissioner must:

- (1) Find violation;
- (2) Order restitution to consumer;
- (3) Impose administrative penalties;

(4) Refer for criminal prosecution if fraud is evident.

(d) Commissioner must publish annual report showing:

- (1) Number of complaints received by creditor;
- (2) Nature of violations found;
- (3) Enforcement actions taken;
- (4) Penalties imposed;
- (5) Patterns of systematic abuse.

(e) 'No violations found' determinations must include:

- (1) Specific documentation reviewed;
- (2) Verification methods used;
- (3) Factual findings supporting conclusion;
- (4) Not merely statement that law imposes no requirements.

Rationale: Current enforcement consists of accepting creditor claims with no verification. OCCC states 'no violations found' while acknowledging law requires no proof. This regulatory nihilism enables systematic abuse. Enforcement must be enforcement, not rubber-stamping.

V. LEGAL AUTHORITY AND PRECEDENT

These proposed rules are within OCCC's statutory authority and supported by analogous regulatory frameworks:

- UCC Article 9 requires 'reasonable notification' with burden on creditor to prove compliance
- Federal mortgage servicing rules (Regulation X) impose detailed notice and documentation requirements
- CFPB servicing rules require periodic statements, property inspection documentation, and verification procedures
- Federal bankruptcy rules impose strict notification requirements with sanctions for violations
- Other Texas regulatory agencies impose documentation requirements on regulated entities (e.g., insurance, medical)

Texas stands virtually alone in permitting consumer lenders to operate with no verification requirements. This is not protecting Texas businesses—it is enabling predatory practices that harm Texas consumers.

VI. ECONOMIC IMPACT AND PUBLIC INTEREST

A. Minimal Impact on Legitimate Businesses

These rules impose minimal burden on creditors who already follow best practices:

- Most major lenders already provide monthly statements
- Most lenders already use certified mail for important notices
- Most lenders already document property found in repossessed vehicles
- Most lenders already screen for bankruptcy before filing lawsuits
- Compliance costs are minimal compared to consumer harm prevented

These rules only burden bad actors who currently exploit regulatory gaps.

B. Massive Public Interest Benefit

These rules would:

- Protect thousands of Texas consumers from property loss
- Ensure consumers can verify debt amounts before being sued
- Prevent systematic bankruptcy law violations
- Reduce burden on overwhelmed court systems
- Establish Texas as national leader in consumer protection, not laggard
- Signal to industry that automation does not excuse legal compliance
- Prevent race to the bottom as other creditors adopt [REDACTED] tactics

VII. EMERGENCY NATURE OF REQUEST

Emergency rulemaking is warranted because:

- [REDACTED] has filed 5,000 lawsuits in six months—approximately 27 per business day
- Every day without rules, more consumers lose property without proper notice
- Every day without rules, more collection actions may violate bankruptcy stay
- Every day without rules, more consumers pay amounts they cannot verify
- [REDACTED] success will prompt other creditors to adopt similar practices
- Standard rulemaking timeline (months/years) will result in thousands more consumer harms
- Federal enforcement is slow and Texas consumers need immediate protection

This meets the statutory definition of 'imminent peril to public welfare' justifying emergency action.

VIII. CONCLUSION AND REQUEST FOR ACTION

Chapter 348, as currently written and interpreted, enables systematic consumer abuse. The OCCC has taken the position that the statute imposes no meaningful obligations on creditors and requires no verification of compliance. This interpretation has created a regulatory vacuum that predatory creditors exploit at industrial scale.

The evidence is overwhelming:

- 5,000 lawsuits in six months by single creditor
- Systematic refusal to provide monthly statements
- Property disposal without documentation
- Text message 'notices' to unverified phone numbers
- Impossible 'appointment' conditions
- OCCC finding 'no violations' while acknowledging no proof required

I HEREBY REQUEST:

1. Emergency rulemaking to adopt proposed rules or substantially similar provisions
2. Public hearing on Chapter 348 enforcement failures
3. Investigation of [REDACTED] practices
4. Immediate guidance to industry that automation does not excuse compliance

5. Commitment to verify creditor claims rather than accept representations
6. Publication of complaint data showing patterns of abuse by creditor
7. Legislative recommendation if rulemaking authority is insufficient

The OCCC can regulate, or it can continue providing cover for systematic consumer exploitation. There is no middle ground.

I urge immediate action to protect Texas consumers.

Respectfully submitted,

Justin Long

Enclosures:

- Exhibit A: OCCC Complaint #125713 and Response
- Exhibit B: PACER Data Summary (5,000 lawsuits Jan-Jun 2025)
- Exhibit C: Legal Analysis Memorandum
- Exhibit D: Statement Refusal Supplement
- Exhibit E: Executive Summary of Systematic Abuses

LEGAL ANALYSIS MEMORANDUM

Systematic Violations of Federal and State Law

This memorandum analyzes the legal violations demonstrated by [REDACTED] systematic debt collection and litigation practices, including gaps in Texas Finance Code Chapter 348 that enable abuse, violations of the automatic stay under 11 USC § 362, Rule 11 issues arising from automated litigation, and the UDAAP framework applicable to [REDACTED] conduct.

I. TEXAS FINANCE CODE CHAPTER 348: REGULATORY GAPS ENABLING ABUSE

A. Statutory Framework

Texas Finance Code Chapter 348 governs consumer loans in Texas, including requirements for notice of disposition of collateral after repossession. Section 348.407 requires creditors to provide notice of disposition but imposes no verification requirements.

B. Critical Gaps in Chapter 348

As interpreted by the Texas OCCC, Chapter 348 contains no requirements for:

- Proof that notice was actually mailed or delivered
- Verification that notice address was accurate or current
- Documentation of personal property found in vehicle
- Records of property storage location or conditions
- Proof of how property was disposed of
- Accounting for proceeds from property disposal
- Verification that property retrieval appointments were reasonably accessible

This creates a system where creditors self-report compliance with no verification burden. The OCCC's position, explicitly stated in response to complaints, is that creditors need only "be able to provide a copy of correspondence", not prove it was sent or received.

C. Comparison to UCC Article 9

By contrast, UCC Article 9 (governing secured transactions) requires "reasonable notification" and creditors bear the burden of proving compliance. Texas Business and Commerce Code § 9.613 requires notification that is "reasonable" considering all circumstances. Courts have held this requires proof that notice was sent by a method reasonably calculated to provide actual notice.

Chapter 348's lack of similar verification requirements creates a consumer protection gap that [REDACTED] exploits systematically.

D. Federal Law Preemption

Even if Chapter 348 imposes no state law requirements, federal law still applies. The OCCC's interpretation that permits violations of TILA, FDCPA, and FTC Act provisions is not a defense for [REDACTED]. Federal consumer protection law preempts contrary state interpretations.

II. AUTOMATIC STAY VIOLATIONS: 11 USC § 362

A. Legal Framework

Upon filing of a bankruptcy petition, an automatic stay immediately goes into effect under 11 USC § 362(a). The stay prohibits:

- Commencement or continuation of judicial proceedings against the debtor (§ 362(a)(1))
- Enforcement of judgments obtained prepetition (§ 362(a)(2))
- Any act to collect, assess, or recover a claim against the debtor (§ 362(a)(6))

The stay is self-executing: no court order is required. Creditors are deemed to have notice of the stay upon filing, and actual knowledge is not required for contempt sanctions.

B. Consequences of Violation

Willful violation of the automatic stay subjects creditors to:

- Actual damages (§ 362(k)(1))
- Punitive damages in appropriate circumstances (§ 362(k)(1))
- Costs and attorney fees (§ 362(k)(1))
- Contempt of court sanctions
- Voiding of actions taken in violation of stay

"Willful" requires only intentional action, not knowledge that the action violated the stay. If [REDACTED] intentionally filed collection actions, and those actions violated the stay, the violation is "willful" for purposes of § 362(k).

C. Pattern Evidence from Volume

[REDACTED] filing volume—800 lawsuits per month—makes stay violations statistically certain. Even assuming only 5% of targets are bankruptcy debtors, that would be 40 stay violations per month, or 240 violations over six months.

The systematic nature suggests either:

1. [REDACTED] e-filing system lacks bankruptcy screening, or
2. [REDACTED] knowingly files against bankruptcy debtors, relying on debtor inability to respond

Either scenario exposes [REDACTED] to massive liability and demonstrates systematic disregard for federal bankruptcy protections.

D. Judicial Response

Bankruptcy courts take stay violations seriously. In cases involving systematic violations by creditors with sophisticated operations, courts have imposed:

- Substantial punitive damages as deterrent
- Compensatory damages for emotional distress
- Injunctions requiring improved compliance procedures
- Referral to U.S. Trustee for investigation
- Criminal contempt proceedings in egregious cases

[REDACTED] volume and automation make this an ideal case for meaningful sanctions that would establish precedent deterring similar practices industry-wide.

III. FEDERAL RULE OF CIVIL PROCEDURE 11 VIOLATIONS

A. Rule 11 Requirements

Fed. R. Civ. P. 11(b) requires that by presenting a pleading to the court, an attorney certifies that:

- It is not being presented for any improper purpose
- Claims and legal contentions are warranted by existing law
- Factual contentions have evidentiary support or are likely to after reasonable investigation
- Denials of factual contentions are warranted based on evidence or reasonable investigation

The signature constitutes a certificate that the attorney has conducted "reasonable inquiry" into the factual and legal bases for the filing.

B. Automated Filings and Rule 11

The volume of [REDACTED] filings, an unconscionable 800 per month, raises serious questions about whether reasonable inquiry occurred.

Specifically:

- Did attorneys verify defendants are not in bankruptcy before filing?
- Did attorneys investigate anything beyond (literal) rubberstamping lawsuits?
- Did attorneys verify account calculations are accurate?
- Did attorneys verify property disposal procedures were followed?
- Did attorneys conduct individualized venue analysis?
- Did attorneys verify proper service of process will be possible?

If the answer to any of these is "no," Rule 11 violations exist. If [REDACTED] uses form complaints without individualized review, every filing potentially violates Rule 11.

C. Sanctions for Violations

Rule 11(c) authorizes sanctions including:

- Monetary sanctions (payable to court or opposing party)
- Non-monetary directives (additional training, compliance procedures)
- Referral to disciplinary authorities
- In egregious cases, dismissal with prejudice

Given the volume and systematic nature of apparent violations, sanctions should focus on deterrence and systemic reform rather than compensation in individual cases.

IV. UNFAIR, DECEPTIVE, OR ABUSIVE ACTS OR PRACTICES (UDAAP)

A. Legal Framework

The Consumer Financial Protection Act (12 USC § 5531) prohibits covered persons from committing unfair, deceptive, or abusive acts or practices. The CFPB has enforcement authority over non-bank financial services companies like [REDACTED].

B. Unfair Practices

Under § 5531(c), an act or practice is unfair if it:

1. Causes or is likely to cause substantial injury to consumers
2. The injury is not reasonably avoidable by consumers
3. The injury is not outweighed by countervailing benefits

██████████ practices meet all three elements:

- Substantial injury: Property loss, inflated debt claims, litigation costs, emotional distress
- Not reasonably avoidable: Without statements, consumers cannot verify amounts; without notice, cannot retrieve property; without resources, cannot defend litigation
- No countervailing benefits: Proper procedures cost minimal amounts and are legally required

C. Deceptive Practices

A practice is deceptive if it involves a material representation, omission, or practice likely to mislead consumers acting reasonably. ██████████ deceptive practices include:

- Representing proper notice was provided when only unverified calls or text messages were sent – scanned letters not requested of consumer; presumed delivered if ██████████ “says so”.
- Claiming compliance with legal requirements when no verification exists
- Implying property was inventoried and stored when no documentation exists
- Filing lawsuits claiming specific amounts without providing account statements
- **The new loophole – attempt to collect a debt unless recipient is in bankruptcy, then in that SAME letter, rescind the position and say ‘this is NOT’ an attempt to collect a debt.**

D. Abusive Practices

Under § 5531(d), a practice is abusive if it takes unreasonable advantage of:

- Consumer lack of understanding of material risks, costs, or conditions
- Consumer inability to protect their interests
- Consumer reasonable reliance on covered person to act in their interests

E. UNCONSCIONABILITY STANDARD:

██████████ targeting of bankruptcy debtors, consumers in documented financial distress, with automated litigation systems takes unreasonable advantage of their inability to protect their interests.

V. CONCLUSION

██████████ practices violate multiple provisions of federal and state law:

- Chapter 348 gaps enable property disposal without verification, but federal law still applies
- Systematic automatic stay violations constitute contempt of court with per-case damages
- Automated filings without individualized review violate Rule 11 certification requirements
- Refusal to provide statements, deceptive notice practices, and exploitation of vulnerable consumers constitute UDAAP violations

The volume—5,000 cases in six months—demonstrates this is not isolated error but systematic business model. Federal enforcement action is necessary to protect consumers and maintain integrity of legal processes.

SUPPLEMENTAL EVIDENCE

██████████ Refusal to Provide Monthly Account Statements

CRITICAL VIOLATION ENABLING ALL OTHER ABUSES

I. THE CORE VIOLATION

██████████ has a policy of refusing to provide monthly account statements to borrowers, claiming no legal obligation exists. This practice is not an isolated error—it is systematic policy that violates multiple federal consumer protection laws and serves as the foundation enabling all other abusive practices.

When confronted about the lack of statements, ██████████ representatives state: "We are not required to send monthly statements." This position is legally indefensible and demonstrates either stunning ignorance of federal consumer protection law or deliberate exploitation of consumer rights.

II. FEDERAL LAW VIOLATIONS

A. Truth in Lending Act (TILA)

15 USC § 1638(a) and Regulation Z § 1026.41 require creditors and servicers to provide periodic statements for closed-end consumer credit transactions. The requirements include:

- Amount of payment due
- Due date for payment
- Account balance
- Explanation of how payment will be applied
- Itemization of fees and charges
- Transaction history

██████████ refusal to provide any statements violates these explicit statutory requirements. This is not a matter of interpretation—the law is clear and unambiguous.

B. Fair Debt Collection Practices Act (FDCPA)

15 USC § 1692g requires debt collectors to provide validation of debts including:

- Amount of the debt
- Name of the creditor
- Statement of consumer's right to dispute the debt

Without monthly statements, consumers cannot verify debt amounts, detect errors, or exercise their right to dispute. ██████████ refusal to provide statements makes effective debt validation impossible.

C. FTC Act § 5 - Unfair Practices

Refusing to provide account statements is unfair under 15 USC § 45(n) because it:

1. Causes substantial injury (consumers cannot verify accuracy, detect fraud, or defend collection actions)
2. Consumers cannot reasonably avoid (they have no alternative means of obtaining account information)
3. No countervailing benefits (providing statements costs minimal amounts and is legally required)

III. HOW STATEMENT REFUSAL ENABLES OTHER ABUSES

██████ refusal to provide statements is not coincidental, or sloppy, it is strategic. Without statements, consumers cannot:

- Verify payment application - ██████ can claim payments were late or not received
- Detect unauthorized fees - Late charges, repossession fees, storage fees can be assessed without consumer knowledge
- Calculate accurate payoff amounts - Consumers cannot determine what they actually owe
- Identify errors - Mistakes in principal, interest, or fee calculations go undetected
- Defend collection lawsuits - Without account history, consumers cannot challenge ██████ claimed amounts
- Prove compliance with loan terms - Consumers have no documentation to show they were current
- Exercise bankruptcy rights - Accurate accounting is essential for bankruptcy schedules and plan confirmations
- Challenge property disposal claims - Without statements showing account status at repossession, consumers cannot verify ██████ timeline

This is not an oversight. This is systematic information asymmetry designed to prevent consumer challenges to ██████ claims.

IV. EVIDENTIARY IMPACT

In litigation, ██████ files collection actions claiming specific amounts owed. Consumers cannot effectively challenge these claims without monthly statements showing:

- When payments were made and how they were applied
- What fees were assessed and when
- Whether consumer was actually in default at time of repossession
- What balance existed at repossession versus what ██████ now claims

██████ 800 lawsuits per month succeed largely because pro se defendants cannot challenge claimed amounts without documentation ██████ refuses to provide.

V. COMPARISON TO INDUSTRY STANDARD

Every major auto lender and servicer in the United States provides monthly statements:

- Ally Financial - provides detailed monthly statements
- Capital One Auto Finance - provides monthly statements

- Wells Fargo Auto - provides monthly statements
- Chase Auto - provides monthly statements
- Santander Consumer USA - provides monthly statements
- Credit Acceptance Corporation - provides monthly statements (even for subprime)

██████████ claim that statements are not "required" is contradicted by universal industry practice and clear legal requirements. Their position is not defensible.

VI. CRIMINAL IMPLICATIONS

If ██████████ files sworn court pleadings claiming specific amounts owed, but refuses to provide consumers with the account documentation to verify those amounts, this raises potential criminal issues:

- **18 USC § 1341 (Mail Fraud) - If ██████████ mails collection notices with false amounts**
- **18 USC § 1343 (Wire Fraud) - If electronic communications contain false debt amounts**
- **18 USC § 1621 (Perjury) - If sworn affidavits in collection cases contain false account information**
- **18 USC § 157 (Bankruptcy Fraud) - If proofs of claim filed in bankruptcy contain false amounts**

The refusal to provide statements that would allow verification of claimed amounts is circumstantial evidence of consciousness of false claims.

VII. REGULATORY RESPONSE

When I reported the statement refusal to the Texas Office of Consumer Credit Commissioner, they took no action. The OCC's position appears to be that if Texas Finance Code Chapter 348 does not explicitly require statements, then none are required, ignoring federal law entirely.

This regulatory failure necessitates federal enforcement action. State regulators have interpreted state law to permit violations of federal consumer protection law.

VIII. REQUESTED RELIEF

This statement refusal must be addressed in any enforcement action:

1. Immediate injunction requiring ██████████ to provide monthly statements to all current borrowers
2. Requirement that ██████████ provide complete account histories to all borrowers from loan origination to present
3. Audit of ██████████ account records to identify unauthorized fees, incorrect interest calculations, or misapplied payments
4. Restitution for any consumers who paid amounts exceeding actual debt due to inability to verify accuracy
5. Civil penalties for each month, ██████████ failed to provide required statements to each borrower

6. Criminal referral for potential fraud if account records reveal systematic overcharges

IX. CONCLUSION

██████████ refusal to provide monthly statements is not a technical violation, it is the linchpin of their entire abusive operation. Without statements:

- Consumers cannot verify debt amounts
- Consumers cannot detect fee stacking or interest miscalculations
- Consumers cannot defend collection lawsuits effectively
- ██████████ can dispose of property and claim any balance they choose
- Default judgments are obtained against consumers who lack documentation to challenge claims

Every enforcement action against ██████████ must address this foundational violation. No settlement should be considered that does not require immediate provision of monthly statements and complete account histories to all affected consumers.

This is not ambiguous. The law is clear. ██████████ is violating it systematically. Federal enforcement is required.

EXECUTIVE SUMMARY

Systematic Consumer Abuse Through Automated Litigation

Prepared by: Justin Long, Consultant, Long Strategic Advisors LLC
Date: November 22, 2025

I. THE SCHEME IN PLAIN ENGLISH

██████████, a subprime auto lender and subsidiary of ██████████, operates an industrial-scale lawsuit mill that has filed approximately 5,000 collection actions against Texas consumers in six months (January-June 2025). This volume, averaging 800 lawsuits per month, is only achievable through automated e-filing systems with minimal human oversight.

The business model:

1. Finance subprime auto purchases through ██████████ dealerships at high interest rates
2. Service loans through ██████████, refusing to provide monthly account statements despite federal law requirements
3. Repossess vehicles, often disposing of personal property without verifiable notice
4. File automated collection lawsuits for deficiency balances, including against bankruptcy debtors protected by automatic stay
5. Obtain default judgments against unrepresented consumers who lack account documentation to challenge claimed amounts
6. Rely on state regulatory gaps and overwhelmed bankruptcy courts to avoid accountability

This is systematic exploitation of procedural advantages against the most vulnerable consumers, those in bankruptcy, those without counsel, those who cannot afford to fight back.

II. KEY STATISTICS

PACER records document the scope of ██████████ operation:

Total Lawsuits Filed (Jan-Jun 2025): ~5,000 cases
Average Monthly Filing Rate: 800 lawsuits/month
Peak Filing Day: Enclosed Pacer Analysis
Bankruptcy Cases Targeted: [To be determined—cross-reference filing dates]
Estimated Automatic Stay Violations: [Conservative estimate: 5-10% = 250-500 cases]
Texas Districts Affected: Southern, Northern, Western, Eastern (all four)
Affected Consumers: Thousands—predominantly low-income, financially distressed

For context: This volume exceeds the entire consumer collection caseload of many mid-sized law firms. One company, targeting one vulnerable population, in one state, for six months.

III. CORE VIOLATIONS

A. Refusal to Provide Monthly Statements

██████████ refuses to provide monthly account statements, claiming no legal requirement exists. This violates:

- Truth in Lending Act § 128 (15 USC § 1638)
- Regulation Z § 1026.41 (periodic statement requirements)
- Fair Debt Collection Practices Act § 809 (validation requirements)
- FTC Act § 5 (unfair practice—prevents consumers from verifying accuracy)

Without statements, consumers cannot verify claimed debt amounts, detect fee stacking, or mount effective defenses to collection lawsuits. This is not oversight—it is strategic information asymmetry.

B. Property Disposal Without Verifiable Notice

██████ schedules "appointments" to retrieve personal property from repossessed vehicles at locations 100+ miles from consumer residences, during business hours, with only text message "notice." When consumers cannot attend (by design), ██████ disposes of property and provides no documentation of what existed, how it was stored, or how it was disposed of.

Texas OCCC found "no violations," stating Chapter 348 requires no proof of mailing or disposal documentation. This regulatory failure enables systematic consumer harm.

C. Automated Litigation Violating Bankruptcy Stay

The volume of filings—800/month—is only achievable through automation. PACER analysis will reveal collection actions filed after bankruptcy petition dates, violating the automatic stay (11 USC § 362). Each violation constitutes contempt of court and exposes ██████ to actual damages, punitive damages, and attorney fees.

The systematic nature suggests ██████ e-filing system lacks bankruptcy screening, or ██████ knowingly files against protected debtors relying on their inability to respond.

D. Form Complaints Without Individualized Review

Fed. R. Civ. P. 11 requires attorneys to conduct reasonable inquiry into factual allegations before filing. The volume of ██████ filings—coupled with automatic stay violations—suggests form complaints filed without individualized review of:

- Whether debtor is in bankruptcy
- Whether account calculations are accurate
- Whether property disposal followed legal requirements
- Whether venue is proper

IV. HARM TO CONSUMERS

practices cause multiple layers of consumer harm:

Monetary Harm:

- Loss of personal property disposed of without proper notice
- Payment of debt amounts that cannot be verified without statements
- Litigation costs and attorney fees for consumers who can afford representation
- Default judgments for inflated amounts against pro se defendants
- Damage to credit scores from judgments and collections

Procedural Harm:

- Inability to verify debt accuracy without monthly statements
- Inability to mount effective legal defense without account documentation
- Violation of bankruptcy protections designed to provide breathing space
- Forced litigation in venues convenient for , burdensome for consumers

Dignity Harm:

- Stress and anxiety from aggressive litigation tactics
- Humiliation of property disposal and collection actions
- Sense of powerlessness when facing automated corporate machinery
- Exploitation of vulnerability during financial crisis

These harms are not incidental to legitimate debt collection. They are systematic consequences of a business model designed to maximize recovery while minimizing consumer ability to challenge claims.

V. HARM TO COURTS

practices also harm the judicial system:

- Docket congestion: 5,000 cases in six months burden already overwhelmed bankruptcy and civil courts
- Contempt of court: Systematic automatic stay violations undermine bankruptcy judges' authority
- Wasted judicial resources: Courts must process improper filings requiring sua sponte dismissal or consumer motions for sanctions
- Erosion of public trust: When courts process automated lawsuits against protected debtors, the system appears rigged against consumers
- Precedent for abuse: Other creditors observe that high-volume automated filings face no consequences

Federal bankruptcy judges take automatic stay violations seriously—each violation is contempt of court. The systematic nature of apparent violations suggests either stunning incompetence or deliberate circumvention of judicial authority.

VI. STATE REGULATORY FAILURE

The Texas Office of Consumer Credit Commissioner (OCCC) has failed to regulate effectively:

- Interprets Chapter 348 to require no proof of mailing or notice delivery
- Requires no documentation of property disposal or storage
- Accepts creditor self-reporting without verification
- Found "no violations" despite documented failures to provide notice, statements, or property documentation
- Effectively provides regulatory cover for systematic consumer abuse

This regulatory capture necessitates federal enforcement action. State regulators have interpreted state law to permit violations of federal consumer protection law.

VII. WHY THIS MATTERS

This is not a dispute about one consumer transaction. This is documentation of:

- Systematic exploitation: 5,000 cases targeting the most vulnerable consumers
- Automation without accountability: E-filing systems that apparently lack basic legal compliance checks
- Regulatory capture: State regulator interprets law to impose no meaningful obligations on creditors
- Business model, not error: The pattern is too consistent to be accidental
- Precedent: If [REDACTED] succeeds, other creditors will adopt similar practices

Federal enforcement is necessary to protect consumers, maintain the integrity of bankruptcy protections, and signal to the industry that automation does not excuse legal compliance.

VIII. RECOMMENDED ENFORCEMENT ACTIONS

Immediate actions required:

1. CFPB supervisory examination focusing on UDAAP violations and bankruptcy compliance
2. FTC investigation of FDCPA and FTC Act § 5 violations
3. DOJ investigation of systematic bankruptcy stay violations
4. Bankruptcy court orders to show cause regarding contempt
5. Injunction requiring monthly statements to all current borrowers
6. Complete account history disclosure to all affected consumers

Longer-term reforms:

1. Texas legislative reform of Chapter 348 to require verification of notice and property disposal
2. CFPB rulemaking on automated debt collection systems
3. Bankruptcy court standing orders requiring creditors to certify bankruptcy screening occurred
4. Industry guidance on compliance requirements for e-filing systems

IX. CONCLUSION

[REDACTED] has filed 5,000 lawsuits in six months against Texas's most vulnerable consumers while:

- Refusing to provide monthly statements required by federal law
- Disposing of property without verifiable notice
- Apparently filing against bankruptcy debtors protected by automatic stay
- Using automated systems without adequate legal compliance checks

This is not legitimate debt collection. This is systematic exploitation enabled by regulatory capture. Federal enforcement action is necessary and warranted.

ATTACHMENTS

- Exhibit A: PACER Data Analysis (Spreadsheet)
- Exhibit B: Case Documentation (OCCC complaint, [REDACTED] notices, response letter)
- Exhibit C: Legal Analysis Memorandum
- Exhibit D: Statement Refusal Supplement
- Exhibit E: Regulatory Failure Documentation